



# ***Flexicurity:*** **European Experience in** **Building New Labor Market Policies**

***Conference***

***Lisbon strategy and labour policies: a comparative perspective***

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*Greet Vermeylen, research manager*

*European Foundation for the Improvement of Living and Working Conditions*



## What we heard so far: Flexicurity in the European debate

- Not a one fits all solution
  - ▶ Historical, cultural traditions, political choices, needs, possibilities
  - ▶ Different strategies in Europe
  - ▶ European Commission: flexicurity principles and pathways/  
Council
- However there are a number of ‘common elements’
  - ▶ Multilevel, multidimensional issue



## Building blocks

- Flexibility
  - ▶ Different forms of flexibility
  - ▶ Working time, non-permanent contracts, work organisation
  - ▶ Usually a combination of different forms of flexibility
  - ▶ Possibility to do this in win-win?
- Security: equip workers / tools to deal with flexibility
  - ▶ Lifelong learning: at workplace, in between spells, training, work organisation
  - ▶ Active labour market policies
  - ▶ Social protection (life course, first and second pillar) / social infrastructure
- Sometimes overlap: functional flexibility / skills development



## Different forms of flexibility

| Flexibility | Quantitative  | Qualitative  |
|-------------|---|--|
| External    | <p><b>Employment status</b></p> <ul style="list-style-type: none"><li>- Non permanent non full-time contracts</li><li>- Hire and fire</li></ul> <p>-&gt; <i>numerical/ contractual flexibility</i></p>                                      | <p><b>Production system</b></p> <ul style="list-style-type: none"><li>- subcontracting, outsourcing, and self-employed workers</li></ul> <p>-&gt; <i>productive/geographical flexibility</i></p> |
| Internal    | <p><b>Working hours and pay</b></p> <ul style="list-style-type: none"><li>- Changes on working time (overtime, working time accounts, parttime)</li><li>- Individualisation in pay</li></ul> <p>-&gt; <i>Time/financial flexibility</i></p> | <p><b>Work organisation</b></p> <ul style="list-style-type: none"><li>- teamwork, multiskilling, matrix organisation, etc</li></ul> <p>-&gt; <i>Functional/ organisational flexibility</i></p>   |



## Which mix?

- Different combinations chosen by the companies: choices embedded in labour market structure and systems, needs of the firms (and employees), sector etc
- External flexibility : often only for part of the workforce
  - ▶ Particular contractual arrangements which offer flexibility (FTC, TAW)
  - ▶ Risk of labour market segmentation (insider/outsider)
- Internal flexibility (working time or functional flexibility)
  - ▶ Equip workers to deal with changes (employment security)
- Important to make transitions possible



## Flexi-curity

- Flexicurity : integral combination of flexibility-oriented and security-oriented policies
- Combination of policy measures introduced simultaneously
  - ▶ Measures at company level
  - ▶ Labour market and social protection
  - ▶ Maybe also social infrastructure
- Need to tackle flexibility and security together
- Main idea: security does not come from ‘job security’ but from **security in employment and during transitions**



## Key to combine flexibility and security : trust

- In the future
  - ▶ If people believe in the future, they will take up more flexible employment, and combine it with having a family etc
  
- In changes
  - ▶ Trust that changes are not catastrophic and that the means are there to overcome and adapt (e.g. Danish flexicurity model)
  
- In work
  - ▶ People can plan over their life without too many inconveniences and risks for their career/pensions
    - Job/employment interruptions /transitions
    - Support structures to combine working & non-working life



# Measures to be undertaken to make a framework for a society of trust

- Company measures:
  - ▶ eg training, work organisation (can enhance employability)
- Labour market measures
  - ▶ EPL and tenure / temporary contracts
  - ▶ Flexible working time arrangements (also at request of employee)
  - ▶ Employment security / Employability: training, ALMP
  - ▶ Smoothen transitions in fragmented careers (FT, PT, unemployment spells)
- Social protection systems
  - ▶ (temporary) unemployment benefits, combined with ALMP
  - ▶ Maternity benefits, parental leave benefits
  - ▶ Adapted to new realities (e.g. pension rights for 'non-standard' workers)
  - ▶ Both first and second pillar systems
- Social infrastructures
  - ▶ Childcare facilities, out of school care (afterschool, sick children)
- While combating discrimination between men and women
  - ▶ Taking into account different career trajectories





## Key to combine flexibility and security: involvement of all partners

- If you want to create this ‘trust’ in change, you need to involve all actors at all level
- Social partners play a crucial role:
  - ▶ Different ways possible: very different traditions in the countries
  - ▶ Multilevel / multiactor
  - ▶ Legislative framework (eg labour market/social protection)
    - Role of social partners very different over EU:
      - > from involvement in legislative process through partnership (IRL) or systematic consultation (B), to own initiatives (collective agreements) which might be endorsed or taken over by gvt (eg F)
  - ▶ Sector and company level discussions/collective bargaining on a wide range of issues
    - Both for negotiation and implementation of company (or sector) policies



## Two 'routes' to flexicurity: 1) Flexicurity through normalisation of 'atypical' contracts

- **Dutch system:**
  - ▶ try and re-reflect upon 'non-permanent contracts' in order to push labour market dynamics:
    - Fixed-term contracts: get better rights
    - Temporary working agencies: idem
    - 'Transition' easing
    - Taking into account rights accumulated for 'life course'
- **Spanish system:** make transitions from FTC to permanent contracts smoother



## 2) Flexicurity: more flexibility for all workers

- **Austria** : Increase of occupational mobility:
  - ▶ Reform of severance pay system, which workers can 'take' with them
  - ▶ Berufsschutz
  - ▶ Entgeltsschutz
- **Denmark**: A golden triangle between :
  - ▶ A high labour mobility and liberal regime of employment protection (a high turnover of hire and fire)
  - ▶ A fairly generous and widespread social protection system (unemployment benefit, cash benefit for non-insured)
  - ▶ An active labour market policy – job and training offers combined with availability criteria and sanctions
  - ▶ + close cooperation between social partners and gvt



## How to create security : (reform of) social protection systems? what are its aims?

|   | Short-term  | Long-term   |
|---|---|---|
| Decommodification<br>(+ recommodification?) | Temporary income to protect people from precarious situations<br>Eg unemployment benefits | Continuation of income in the case of structural or LT events<br>Eg disability benefits , pensions not linked to previous LM activity |
| Employability                               | Re-employment, IIary status, FTC, integration schemes in companies                        | Dvt of personal projects that are not necessarily immediately profitable in the ST on the labour market, skills dvt                   |



## Changing social protection systems in the European Union?

- Embedded in historical traditions
- However, evolving: 'hybrid' models
- Flexicurity and social protection systems
  - ▶ Both first and second pillar systems
  - ▶ Some key principles as guidelines:
    - Coordination of rights over the life course
    - Equal treatment
    - Legislation for transitional labour markets
    - Aggregation of insurance periods
    - Transferability of rights



## Another way to create security: to 'equip' workers: skills and training

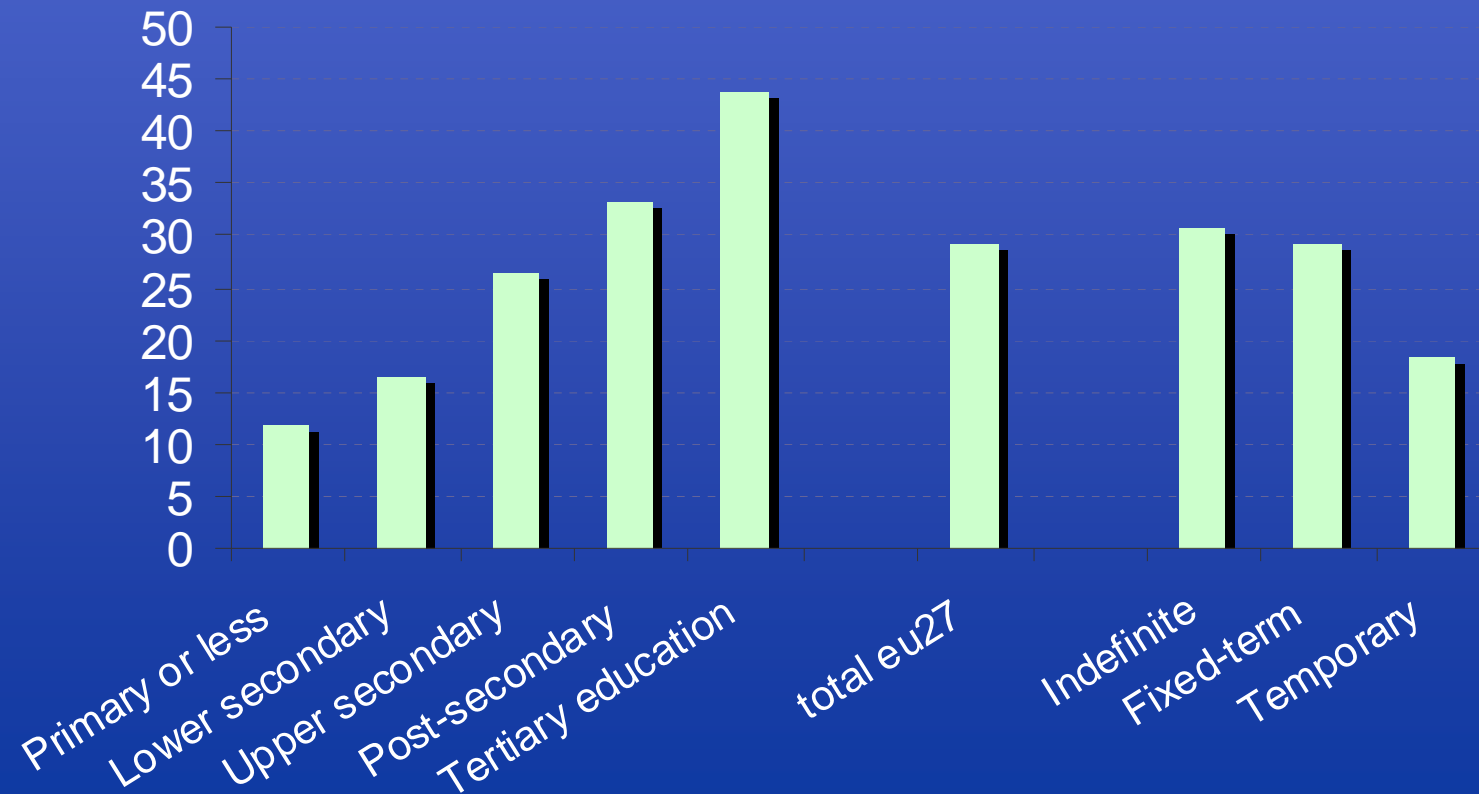
- Training :

From the 4<sup>th</sup> EWCS it emerges that:

- ▶ only 1 out of 4 workers have received training paid by their employer in previous year,
- ▶ 6% have undergone training paid by themselves.
- ▶ On the job learning and on site training are more widespread
- ▶ Twice as much training is provided in the public sector than in the private sector
- ▶ Age, educational level, contract ...



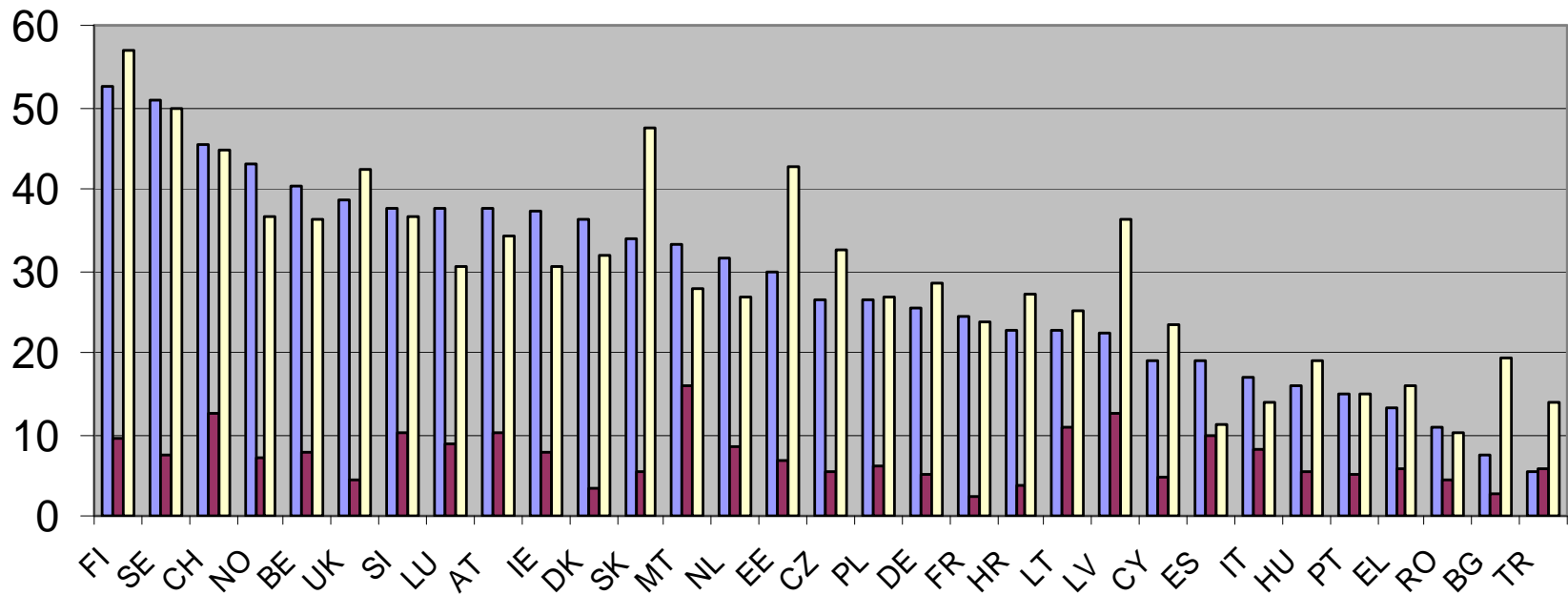
## Training paid by the employer or yourself by education and type of employment contract





# Training : big differences over countries

## Training



- Training paid for or provided by your employer, or by yourself if you are self-employed?
- Training paid for by yourself?
- On-the-job training?





## Qualitative follow-up interviews on development in the job

- Different traditions in life-long learning across countries
- Costs is the most often cited reason for insufficient training provision
- Time pressure may become an obstacle to participation in training, self learning and using full potential and creativity
- Quality of training and use of acquired skills at work more important than quantity of training
- Teamwork positively perceived in terms of job development



## Development of people in their jobs / training: role of different actors

- Government
  - ▶ Different traditions in the EU
  - ▶ Quite often determines minimum levels of training
  - ▶ Responsible for organisation of ALMP
  - ▶ Could give stimulus to make obligations for ‘training rights for all’
- Sector
  - ▶ Sectorial negotiations (national / European level)
  - ▶ Competition of companies within one sector
- Company
  - ▶ Organisation of training (incl financing)
  - ▶ Understanding of needs / possibilities
  - ▶ Social dialogue and collective bargaining



## Some of the challenges to reflect upon

- Flexicurity touches upon all the spheres
  - ▶ National, regional, workplace AND household level
  - ▶ Often decisions are made at the kitchen table
- Sustainability of the system
  - ▶ Economic situation & trust
  - ▶ Social infrastructure for an inclusive LM (eg affordable child care, etc)
  - ▶ Life course : building up of rights (eg pension rights, second pillar schemes)
- Risk of losers of this model:
  - ▶ Low qualified ?
  - ▶ 'Vulnerable workers' / new generation of working poor?

-> hence : a holistic reflection needed



## Summing up ...

- Flexicurity : potential to enhance competitiveness
- Trust is vital ingredient:
  - ▶ Involvement of all actors (companies, social partners, governments)
  - ▶ Employment status might have consequences / but it depends on your system... -> career trajectories ...
  - ▶ Employment security :
    - Rights: social protection rights / all pillars / life course (especially for dispersed careers)
    - Tools: specific attention to most vulnerable / employability (equip workers to deal with change) / skills building / training and work organisation



# Thank you

*More info : [www.eurofound.europa.eu](http://www.eurofound.europa.eu)*

*email: [gve@eurofound.europa.eu](mailto:gve@eurofound.europa.eu)*