

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

*Conference*

*Lisbon strategy and labour policies: a comparative perspective*

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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

<table>
<thead>
<tr>
<th>Flexibility</th>
<th>Quantitative</th>
<th>Qualitative</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>External</strong></td>
<td><strong>Employment status</strong></td>
<td><strong>Production system</strong></td>
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<td></td>
<td>- Non permanent non full-time contracts</td>
<td>- subcontracting, outsourcing, and self-employed workers</td>
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<td></td>
<td>- Hire and fire</td>
<td>&gt; productive/geographical flexibility</td>
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<td>&gt; numerical/contractual flexibility</td>
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<td><strong>Internal</strong></td>
<td><strong>Working hours and pay</strong></td>
<td><strong>Work organisation</strong></td>
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<td>- Changes on working time (overtime, working time accounts, parttime)</td>
<td>- teamwork, multiskilling, matrix organisation, etc</td>
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<td></td>
<td>- Individualisation in pay</td>
<td>&gt; Functional/organisational flexibility</td>
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<td>&gt; Time/financial flexibility</td>
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**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
  - Entgeltschutz

- **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?

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<th>Short-term</th>
<th>Long-term</th>
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<tbody>
<tr>
<td>Decommodification (+ recommodification?)</td>
<td>Temporary income to protect people from precarious situations Eg unemployment benefits</td>
<td>Continuation of income in the case of structural or LT events Eg disability benefits, pensions not linked to previous LM activity</td>
</tr>
<tr>
<td>Employability</td>
<td>Re-employment, Ilary status, FTC, integration schemes in companies</td>
<td>Dvt of personal projects that are not necessarily immediately profitable in the ST on the labour market, skills dvt</td>
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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 4th 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

- Primary or less
- Lower secondary
- Upper secondary
- Post-secondary education
- Tertiary education
- Total EU27
- Indefinite
- Fixed-term
- Temporary
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

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