

INTEGRATED PROGRAMME OF THE EU SOCIAL DIALOGUE 2009 – 2011  
JOINT STUDY OF THE EUROPEAN SOCIAL PARTNERS:

FLEXIBILITY AND SECURITY IN RECENT LABOUR MARKET  
AND SOCIAL POLICY REFORMS:

## COMPARATIVE RESULTS OF THE ANALYSIS

BULGARIA - LUXEMBOURG - THE NETHERLANDS – SLOVAKIA - SLOVENIA – SPAIN - UK

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**Fourth Cluster Seminar, The Hague, 8 Feb 2011**

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## METHODOLOGY AND DESIGN OF THE ANALYSIS

# The Draft National Fiches on Flexicurity

## The economic and social context

Economic crisis and recovery

Labour market indicators and trends

Flexicurity in the labour market and labour market policy

## Flexibility and security in recent labour market and social policy reforms

Lifelong learning and mobility of workers

External/internal flexicurity and contractual arrangements

Active labour market policy

Supportive social security systems

High quality and productive workplaces

Gender equality

Financial sustainability

## The role of social partners

Main instruments and levels of influence

Recent changes and challenges

Cases of good practice in the field of labour market flexibility and security

## PART A:

- FLEXIBLE AND RELIABLE CONTRACTUAL ARRANGEMENTS
- GREATER INTERNAL AND EXTERNAL FLEXICURITY
- COMPREHENSIVE LIFELONG LEARNING STRATEGIES
- EFFECTIVE LABOUR MARKET POLICY

# Labour market indicators in comparison

## Main labour market indicators 2008

	BULGARIA	LUXEMBOURG	NETHERLANDS	SLOVAKIA	SLOVENIA	SPAIN	UK	EU27
Employment rate 15-64	64.0	63.4	77.2	62.3	68.6	64.3	71.5	65.9
Employment rate older people 55-64	42.6	34.1	53.0	39.2	33.5	45.4	58.0	45.6
Self employed % total population	26.3	5.9	13.8	13.8	17.0	13.8	13.2	15.5
Employment in services % total employed	52.5	76.7	80.3	62.0	56.8	68.5	80.7	69.5
Employment in industry % total employed	28.2	21.8	16.7	34.4	34.6	27.3	17.7	24.9
Employment in agriculture % total employed	19.3	1.4	3.0	3.6	8.6	4.3	1.5	5.6
Unemployment 15+	6.9	5.1	2.7	9.5	4.5	11.3	5.6	7.0
Long term unemployment rate % labour force	2.9	1.6	1.0	2.9	1.9	2.0	1.4	2.6

Source: EU Commission: Employment in Europe Report 2009

## Labour market trends and challenges

<b>BULGARIA</b>	<ul style="list-style-type: none"> <li>• Significant improvement in GDP and employment foreseen</li> <li>• High self employed</li> <li>• High long term unemployment</li> <li>• High agricultural employment</li> </ul>
<b>LUXEMBOURG</b>	<ul style="list-style-type: none"> <li>• Continued growth in GDP and employment</li> <li>• Low employment of older people</li> <li>• High employment in services</li> </ul>
<b>NETHERLANDS</b>	<ul style="list-style-type: none"> <li>• Very high employment rate</li> <li>• High employment of older people</li> <li>• Service sector domination</li> <li>• Low long term unemployment</li> </ul>
<b>SLOVAKIA</b>	<ul style="list-style-type: none"> <li>• Continued economic growth</li> <li>• High share of industrial jobs</li> <li>• High unemployment but return to employment growth anticipated</li> <li>• High long term unemployment</li> </ul>
<b>SLOVENIA</b>	<ul style="list-style-type: none"> <li>• Very low employment rate of older workers</li> <li>• High employment in industry</li> <li>• Low and stabilizing unemployment</li> </ul>
<b>SPAIN</b>	<ul style="list-style-type: none"> <li>• Slow return to growth envisaged</li> <li>• Very high unemployment with no employment growth</li> <li>• High long term and youth unemployment</li> </ul>
<b>UK</b>	<ul style="list-style-type: none"> <li>• Slow return to economic and employment growth expected</li> <li>• Very high service employment</li> <li>• High employment rate and high levels of employment for older people</li> </ul>

# Contractual arrangements and internal flexicurity

## Main indicators

	BULGARIA	LUXEMBOURG	NETHERLANDS	SLOVAKIA	SLOVENIA	SPAIN	UK	EU
Part time employment	2.3	18.2	48.3	3.6	10.6	12.8	26.1	18.8
Fixed term employment	4.7	7.2	18.2	4.4	16.4	25.4	5.7	13.5
Access to flexitime	8.6	37.5	31.3	19.4	28.6	15.3	33.5	31.3

Note: *Access to flexitime* shows the proportion of employees having access to flexible working time arrangements, i.e. not having a fixed start and end of working day. It is chosen as an indicator of Flexible contractual arrangements. The data source is an LFS ad hoc module carried out in 2004. Only one year is available and the next data collection will be done in the LFS ad hoc module 2010.

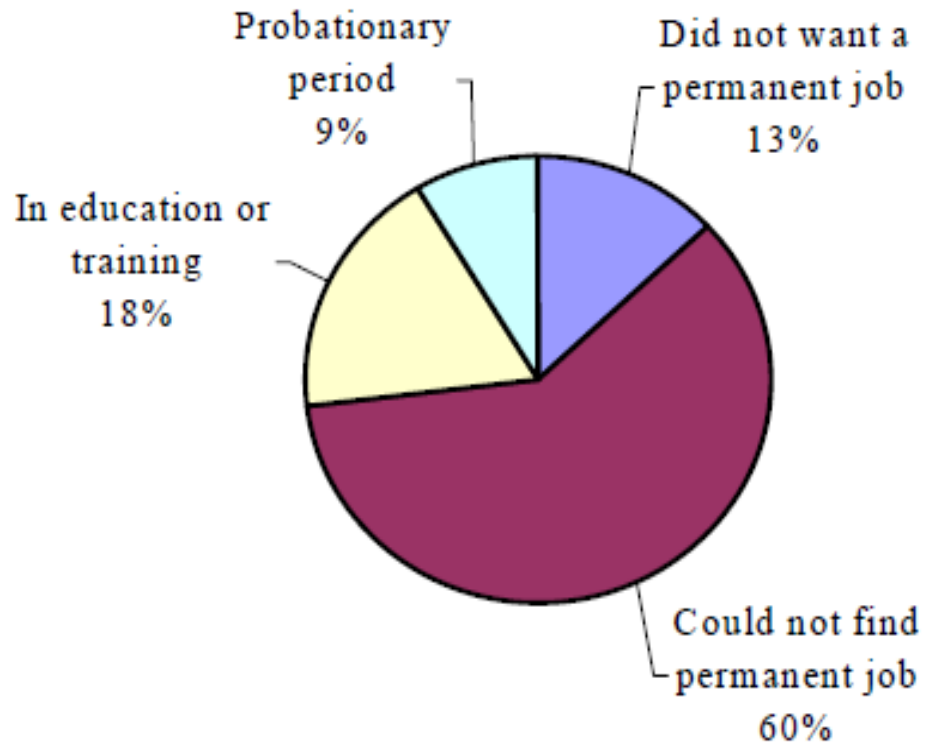
## Trends in contractual arrangements 2000 – 2009:

	BULGARIA	LUXEMBOURG	NETHERLANDS	SLOVAKIA	SLOVENIA	SPAIN	UK	EU
Part time employment 2000 - 2009	+0.9	-7.8	+7.8	-4.7	-4.1	+4.9	+1.0	+2.6
Fixed term employment 2000-2009	-1.6	1.9	+4.5	+2.3	+2.7	-6.8	-1.3	+1.2

Source: Employment in Europe Report 2010, Eurostat

## Contractual arrangements and internal flexicurity – a question of balance?

Reasons for having a temporary job,  
EU-27, 2007



Source: European Commission: Indicators of Job Quality in the European Union, 2009, p. 133



## Contractual arrangements and internal flexicurity

- Countries have very different labour markets in both flexibility and security arrangements NL vs Bulgaria and Slovakia;
- Trends moving in different directions on fixed term and part time work
- Reforms inspired by the idea of better balancing flexibility and security in the labour market
  - Labour Relations Act 2007 and Social Agreement 2007 – 2009 (Slovenia)
  - Flexibility and Security Act 1999 (Netherlands)
  - Time savings accounts (Luxembourg)
  - 2006 “Agreement for Improved Growth and Employment” (security inspired) versus 2010 “crisis” labour market reforms (flexibility inspired) in Spain
  - No major activity noted in Bulgaria
  - UK continues to be one of the more flexible labour markets in Europe
  - 2007 labour reforms increased security for workers in Slovakia

## External flexicurity

	BULGARIA	LUXEMBOURG	NETHERLANDS	SLOVAKIA	SLOVENIA	SPAIN	UK	EU
Strictness of employment protection overall	n.a.	3.25	2.1	1.44	3.05	3.0	1.1	1.94
Strictness of employment protection Regular contracts	n.a.	2.75	2.7	2.5	2.51	2.5	1.1	2.1
Strictness of employment protection Temporary contracts	n.a.	3.75	1.2	0.38	1.88	3.5	0.4	1.8

Source: National Fiches, based on Eurostat, EU Commission, OECD

- “Hiring and Firing” one aspect of flexicurity – but there are two other edges of the “Golden Triangle”
- Different patterns
  - NL, SLO, SLK, UK, EU: stronger EP in “standard” forms of employment than in temporary employment
  - LUX, ES: stronger EP in flexible forms of work than in regular forms.
  - UK: overall low EP an indicator of high labour market mobility
  - Greater external flexibility has resulted in segregation trends as well as social security deterioration
  - Trade unions reject the concept of external flexicurity and promote collectively agreed solutions on internal and/or functional flexicurity

## Lifelong learning strategies and practice

- Reminders: Flexicurity principle 2 - LLL and CVT a key factor to mobility and employability
- Regarded as a strength by most participants in the questionnaire survey
- Educational attainment and LLL strong focus of EU strategy from Lisbon to Europe 2020
- New targets focussing reducing the school-drop out rates (<10%) and tertiary educational attainment (40%)
- Wide variations in performance BG vs Slovenia
- Equal access a major challenge

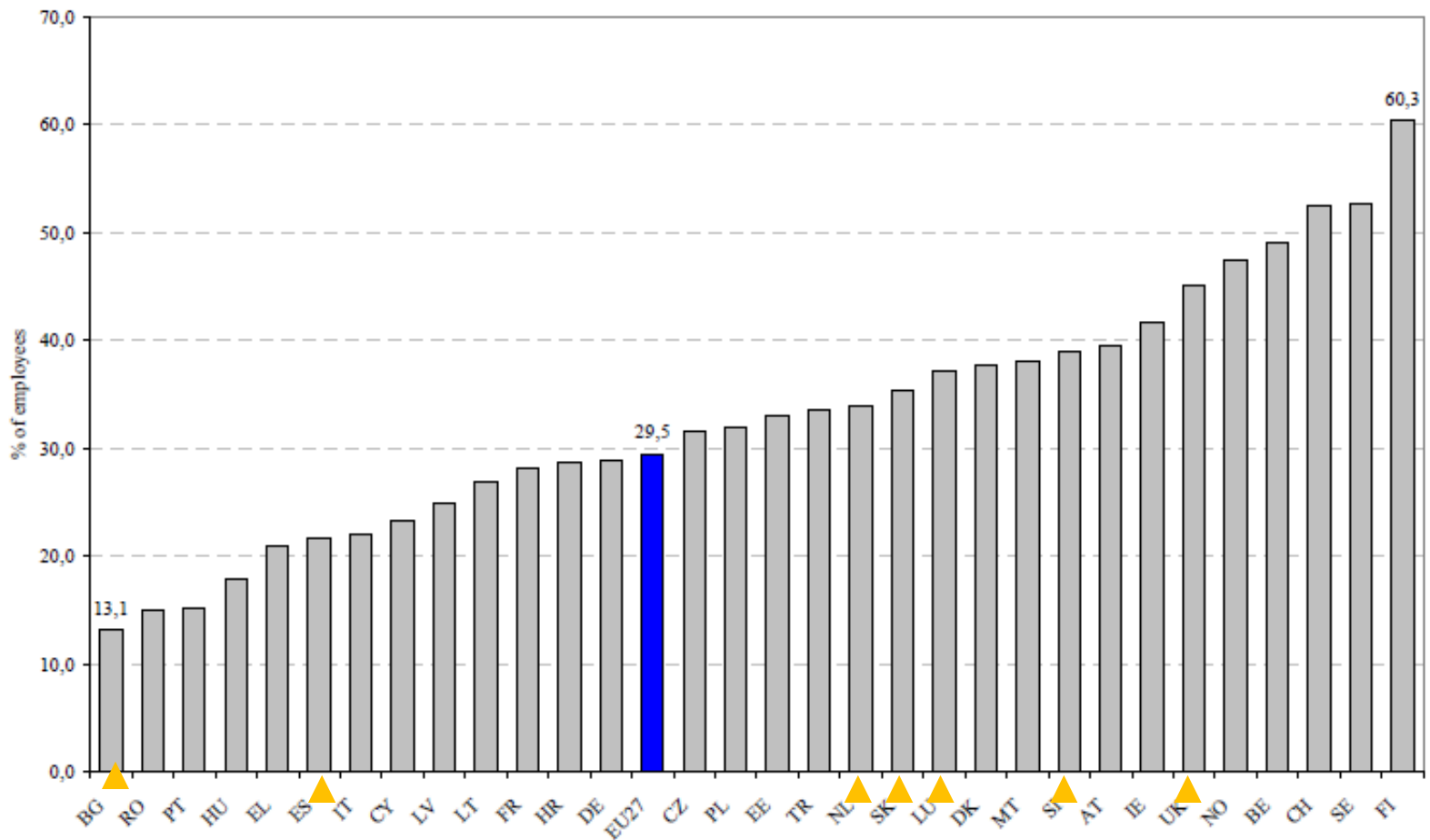
	BULGARIA	LUXEMBOURG	NETHERLANDS	SLOVAKIA	SLOVENIA	SPAIN	UK	EU
CVT Participation % employees participating in CVT 2005	15	49	34	38	50	33	33	33
Lifelong Learning % of employees participation in LLL in 2008	1.4	8.5	17.0	3.3	13.9	10.4	19.9	9.6
Investment by enterprises in training	1.1	2	2	1.8	2	1.2	1.3	1.6

Source: National Fiches, based on Eurostat, EU Commission, OECD

# Lifelong learning and CVT indicators in comparison

- Different points of departure and modes of implementation;

## Percentage of employees receiving on-the-job training



Source: European Commission: Indicators of Job Quality in the European Union, 2009, p. 137

- National reform packages in recent years addressing major and specific challenges in all countries
  - National Action plans on employment since 2003 in Slovakia
  - Critical Leitch review in UK in 2005 – emergence of TU learning representatives
  - Weakest element of labour market performance in Bulgaria
  - Vocational training roadmap in Spain in 2008
  - Right to training leave in 2007 in Luxembourg
  - Focus on disadvantaged groups in the Netherlands, strong performance underpinned by reforms in 2005
- Effects of the crisis on LLL and initiatives of skills development unclear

## Effective active labour market policy

- Reminder: addressed in several flexicurity principles in the context of
  - Inclusive labour markets
  - Support of those inactive, unemployed, in undeclared work, unstable employment or at the margins
  - Support for those in employment
  - Transitions from unemployment to employment
- Effectiveness being the topic of EU level debates and OMC for decades (“Activating Labour Market Policy”, “Promote and demand”)
- Significant differences in ALMP expenditure and character

	BULGARIA	LUXEMBOURG	NETHERLANDS	SLOVAKIA	SLOVENIA	SPAIN	UK	EU
Incidence of long term Unemployment % > 12 months	2.9	1.6	1.0	2.9	1.9	2.0	1.4	2.6
Public spend on passive labour market policies % of GDP	n.a.	0.5	1.3	0.4	n.a.	1.9	0.2	0.8
Public spend on active labour market policies % of GDP	n.a.	0.4	1.0	0.3	n.a.	0.7	0.3	0.6

Source: National Fiches, based on Eurostat, EU Commission, OECD

## Active labour market policies and conclusions on this part

- Sample reflects the wide variety of context situations, standards and progress in Europe
- Efficiency and effectiveness a major issue of reform in Spain
- Targeting specific groups for individualised approaches a general theme
  - Individualised return to work services in UK
  - Spain move to professionalise PES
  - Luxembourg – activation agreements
  - Netherlands – targeted disadvantaged groups
  - Slovenia – focus on targeted reactivation
- Flexicurity as a guiding principle only in the case of Netherlands (Flexibility and Security Act 1999)
- Internal/functional flexibility versus external/numerical flexibility and alternatives to flexicurity
- Finding a balanced approach between flexibility and security a growing debate and challenge (financial crisis)

- Different national contexts and frameworks:
  - Lack of experience regarding ALMP and LLL
  - Different frameworks and orientations in regard to flexible forms of work
  - Crisis or fiscal driven reforms as contested issues
- Flexicurity as a guiding principle only in a few cases (e.g. Working Time Act reform in Austria, Ireland)
- Internal/functional flexibility versus external/numerical flexibility and alternatives to flexicurity
- Finding a balanced approach a growing problem and challenge
- Alternatives to flexicurity addressing new trends in labour market and social segregation
  - “work security”
  - *“Modern social rights” / Lifecycle approach*



## PART B:

- SUPPORTIVE SOCIAL SECURITY SYSTEMS
- COST EFFECTIVE ALLOCATION OF RESOURCES
- GENDER EQUALITY
- FLEXIBILITY AND SECURITY IN THE CONTEXT OF CRISIS AND RECOVERY

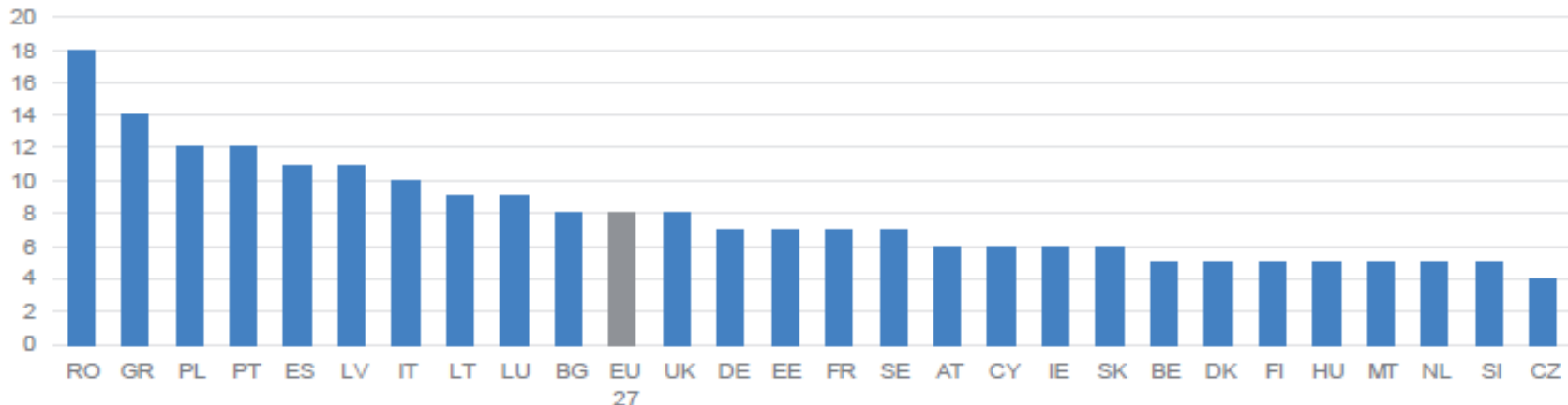
## Supportive social security systems

- Reminder: the Flexicurity principles address the following:
  - Principle 1 refers to “social cohesion”
  - Principle 2: *“Flexicurity involves the deliberate combination of flexible and reliable contractual arrangements, comprehensive lifelong learning strategies, effective active labour market policies, and modern, **adequate and sustainable social protection systems.**”*
- Better balancing flexibility and security major objective of the approach
- Social gaps within and between societies in Europe – Cohesion policy
- Low wage and social segregation a major debate in many countries
- Common reform trends: financial sustainability in the context of government debt and demographic change (private pension funds, raise of pension age etc.)
- Major challenges arising from fiscal effects of the 2008 crisis
  - High costs of the system criticised by employers in Slovenia or Spain
  - Affordability a challenge for NL, LU and ES
  - Benefits reduced in time and value in Bulgaria
  - Right and responsibilities approach in the UK
- What is an “adequate level” of social security?

## Challenge: In work at risk of poverty

- Although the unemployed and inactive are group most likely to face poverty, being in work is no guarantee of escaping poverty
- Comparatively high shares of those at-work risk of poverty (where disposable household income is 60% or less of median disposable income) in Spain as compared to countries such as NL or Slovakia
- Trends and shares are broadly in line with indicators of income inequality
- In-work at risk of poverty likely to rise in the context of the current economic situation in many countries

### In-work and at risk of poverty, 2008 (EU27=2007)

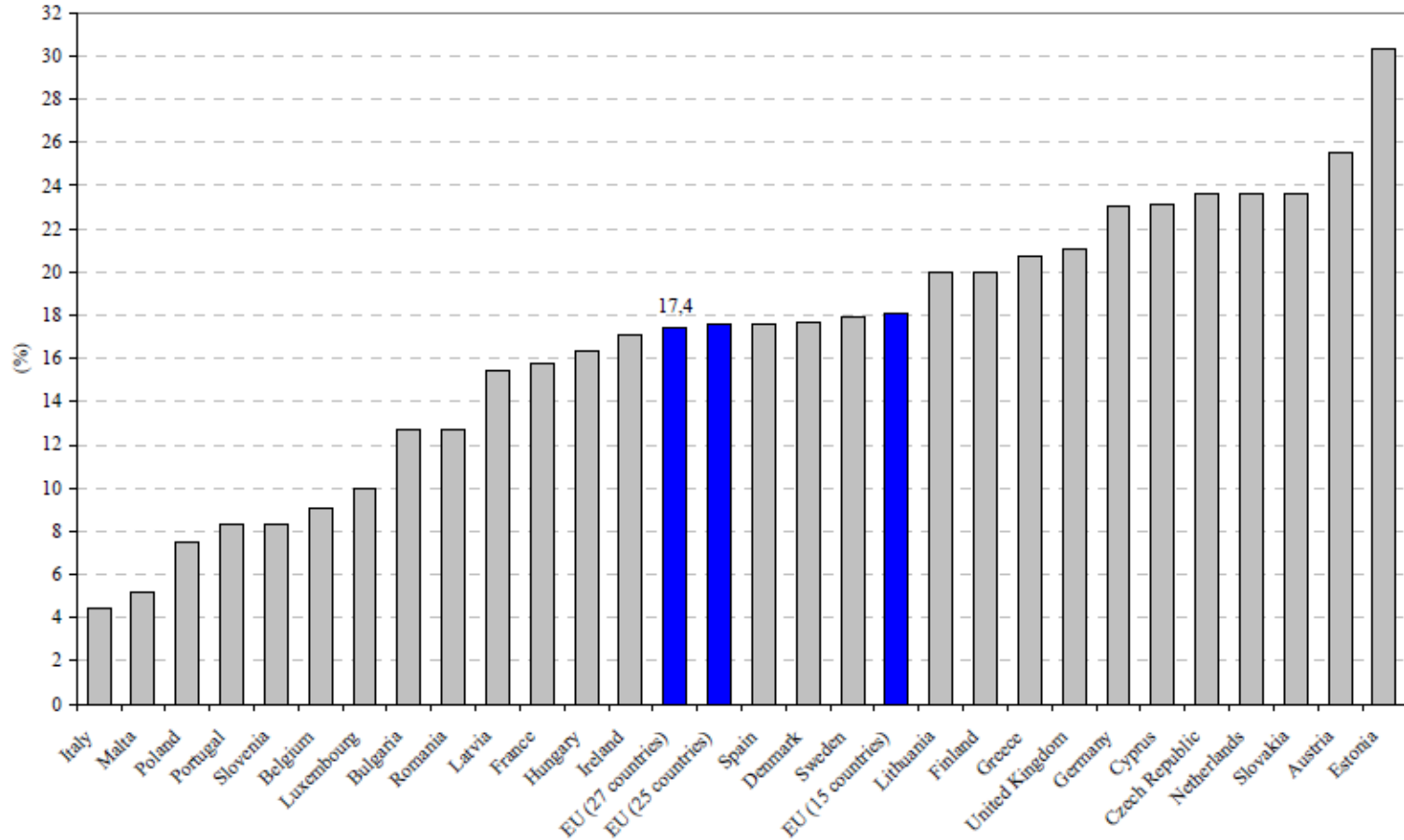


Source: ETUI Benchmarking Working Europe 2010, based on Eurostat

# Gender equality

- Large variety of wage gaps in Europe – compare LU and BG with Netherlands and Slovakia

Unadjusted gender wage gap, EU-27, 2007



Source: European Commission: Indicators of Job Quality in the European Union, 2009, p. 126

- Flexicurity principle 6:  
*“Flexicurity should support **gender equality**, by promoting equal access to quality employment for women and men and offering measures to reconcile work, family and private life”*
- Gender related aspects in flexicurity principles not addressed directly
- Work-life balance, inclusion, equal opportunities particularly addressed by social dialogue and bargaining at company level, in the context of CSR etc.
  - Slovakia has one of the largest gender wage gaps in Europe
  - Those with caring responsibilities are increasingly given the right to flexible working in the UK
  - The Spanish Law on Equality passed in 2007 contains family friendly terms including the right to paternity leave
  - Flexible working practices that match employer and worker preferences are the norm in the Netherlands
  - The Slovenian Parental Protection and Family benefit Act of 2007 offers right to part time working to help with work life balance

## FLEXIBILITY AND SECURITY IN THE CONTEXT OF CRISIS AND RECOVERY

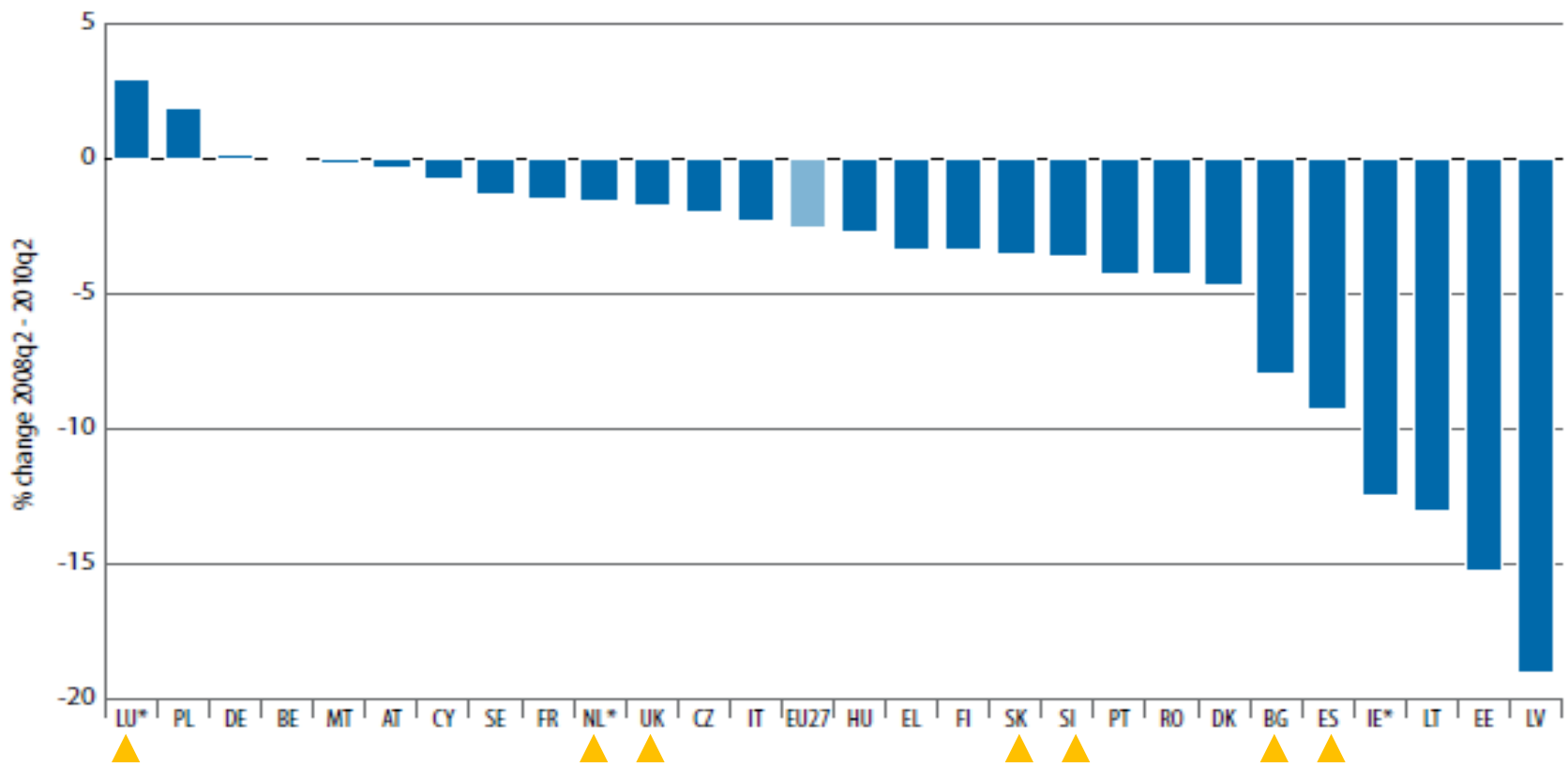
## Main economic indicators, 2010 and 2011 forecast

	Bulgaria		Luxemb.		Netherl.		Slovakia		Slovenia		Spain		UK	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
GDP – annual percentage change	-0.1	2.6	3.2	2.8	1.7	1.5	4.1	3.0	1.1	1.9	-0.2	0.7	1.8	2.2
Employment – annual percentage change	-5.2	0.7	1.7	2.0	-1.1	0.2	-2.8	0.3	-2.3	-0.2	-2.3	-0.3	-0.1	0.5
Unemployment rate (ILO Def.)	9.8	9.1	5.5	5.6	4.5	4.4	14.5	14.2	7.2	7.2	20.1	20.2	7.8	7.9

Source: EU Commission: Autumn 2010 Economic Forecast, 29 November 2010

# Flexibility and security in the context of crisis and recovery

Change in employment in EU member states from 2008q2 to 2010q2



\* Data for 2008q1 - 2010q1.

Source: Employment in Europe Report 2010



## Conclusions and questions arising

- New social challenges emerging in the context of restructuring and increasing flexibility of contracts and labour relations
  - Ensuring equal access to social security and other social rights regardless the type of contract or size of the company
  - “Transferability” and/or “portability” of social rights as a new challenge
- *“Flexicurity in bad weather”*
  - What are the effects on security aspects, social cohesion, equality, equal opportunities and the quality of work?
  - Increasing problems in the field of social cohesion; towards flexicurity 2<sup>nd</sup> generation; are recent measures undermining the “Golden Triangle”?
  - Good ideas not always function – e.g. combining temporary/partial unemployment or short-time work with training
  - Low public expenditure on social policy, high risks of in-work-poverty and income inequality
  - Are there “safe havens”?

## PART C:

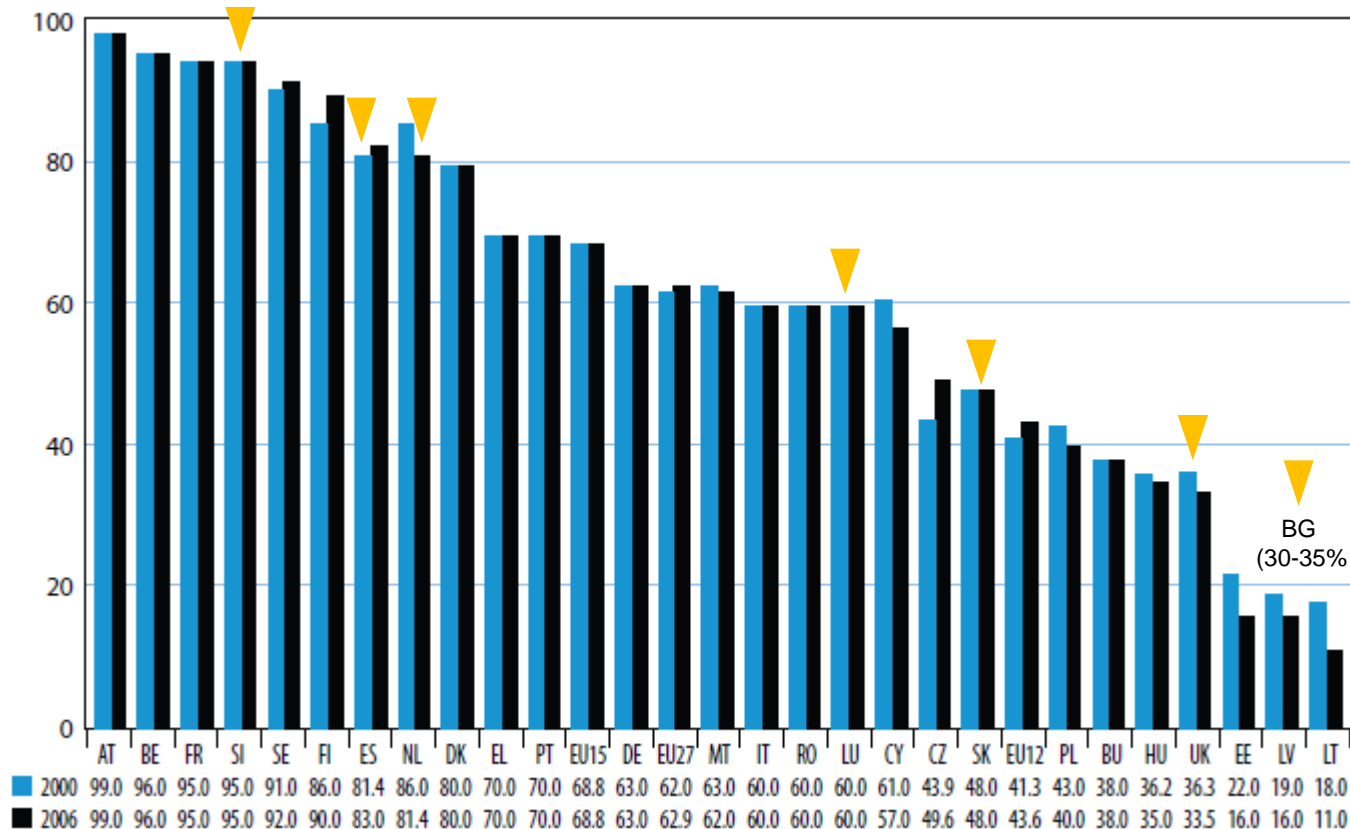
# SOCIAL DIALOGUE AND THE ROLE OF SOCIAL PARTNERS IN IMPLEMENTING THE COMMON PRINCIPLES OF FLEXICURITY

## The eight Principles of Flexicurity

1. Flexicurity is a means **to reinforce the implementation of the Lisbon Strategy, create more and better jobs, modernise labour markets, and promote good work** through new forms of flexibility and security to increase adaptability, employment and social cohesion.
2. Flexicurity involves the deliberate **combination of flexible and reliable contractual arrangements, comprehensive lifelong learning strategies, effective active labour market policies, and modern, adequate and sustainable social protection systems.**
3. Flexicurity approaches are not about one single labour market or working life model, nor about a single policy strategy: they should be **tailored to the specific circumstances of each Member State.** Flexicurity implies a balance between rights and responsibilities of all concerned. Based on the common principles, each Member State should develop its own Flexicurity arrangements. Progress should be effectively monitored.
4. Flexicurity should promote more open, responsive and inclusive labour markets **overcoming segmentation.** It concerns both those in work and those out of work. The inactive, the unemployed, those in undeclared work, in unstable employment, or at the margins of the labour market need to be provided with better opportunities, economic incentives and supportive measures for easier access to work or stepping-stones to assist progress into stable and legally secure employment. Support should be available to all those in employment to remain employable, progress and **manage transitions both in work and between jobs.**
5. **Internal (within the enterprise) as well as external flexicurity are equally important** and should be promoted. Sufficient contractual flexibility must be accompanied by secure transitions from job to job. Upward mobility needs to be facilitated, as well as between unemployment or inactivity and work. High quality and productive workplaces, good organisation of work, and continuous upgrading of skills are also essential. Social protection should provide incentives and support for job transitions and for access to new employment.
6. Flexicurity should support **gender equality**, by promoting equal access to quality employment for women and men and offering measures to reconcile work, family and private life.
7. Flexicurity requires a **climate of trust and broadly-based dialogue** among all stakeholders, where all are prepared to take the responsibility for change with a view to socially balanced policies. While public authorities retain an overall responsibility, the **involvement of social partners in the design and implementation** of Flexicurity policies through social dialogue and collective bargaining is of crucial importance.
8. Flexicurity requires a **cost effective allocation of resources** and should remain fully compatible with sound and financially sustainable public budgets. It should also aim at a fair distribution of costs and benefits, especially between businesses, public authorities and individuals, with particular attention to the specific situation of **SMEs.**

# Frameworks and background of social dialogue

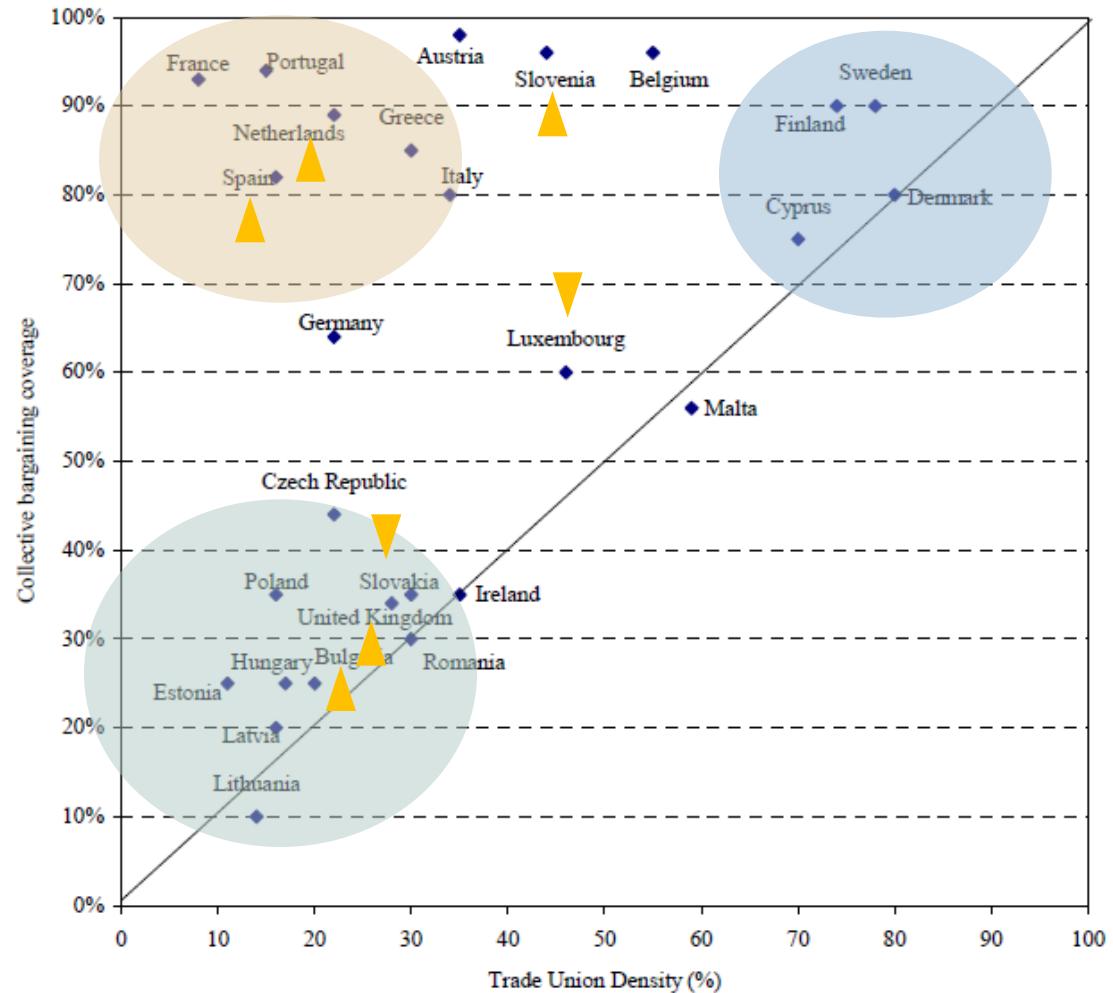
## Collective Bargaining Coverage 2000 and 2006



Source: European Commission, Industrial Relations in Europe Report 2008, 78.

# Trade union density and collective bargaining coverage

- Sample illustrates the three major groups within the Collective Bargaining / Union Density matrix in Europe
- ES / NL: high collective bargaining coverage whilst union density is quite moderate
- SLO/LUX: highest union membership in our sample but different coverage rates
- SLK/UK/BG: bottom left group of low union density and collective bargaining coverage



Source: European Commission: Indicators of Job Quality in the European Union, 2009, p. 135

## Main instruments , levels of influence and trends

- Differences in the tradition of social dialogue and “co-determination” of social partners in social, labour and economic issues
- Strong traditions and “national paths” in NL, LU, ES and SI while social dialogue and SP involvement in new member states and the UK is more limited...
  - Although Slovenian social dialogue is well developed, the social partners have yet to embrace flexicurity as a holistic concept
  - The Dutch Flexibility and Security Act of 1999 is one of the high watermarks of European social dialogue in flexicurity
  - The Luxembourg social partners play a very strong role in tripartite dialogue in the country
  - The Spanish social partners tend to disagree on whether the flexicurity model offers a balanced approach for workers and employers
  - In Bulgaria and Slovakia, the social partners agree on the need for greater lifelong learning but disagree on the flexibility and security balance
  - Flexicurity in the UK has been driven by government rather than by social partner coordinated activity

## Recent changes and challenges

- European Employment Strategy and the Flexicurity Principles have triggered debates and reform processes throughout the EU
- In some countries flexicurity represents a win-win approach whilst in others it remains a trade off
- Quite different challenges, depending very much on the “maturity” of the national social system and labour relations
- Financial effects of the crisis in all countries threatens the security related components in the flexicurity principle

## Initial conclusions

- Reminder: The 7<sup>th</sup> of the flexicurity principles states that,

*Flexicurity requires a **climate of trust and broadly-based dialogue** among all stakeholders, where all are prepared to take the responsibility for change **with a view to socially balanced policies**. While public authorities retain an overall responsibility, the **involvement of social partners in the design and implementation** of Flexicurity policies **through social dialogue and collective bargaining** is of crucial importance.*

- No clear picture regarding increase/decrease of influence of social dialogue and social partners (very much depending on political context, policy field, national framework)
- Social partners and the implementation of Flexicurity:
  - Significant variety of involvement and participation in national reforms
  - What are the preconditions of national “flexicurity models”?
  - Unions: Is flexicurity a “Trojan Horse” for flexibilisation and deregulation; flexicurity has no answer for growing segmentation of the labour market?
  - Employers: In many countries the employer view is that greater flexibility is needed
- National “flexicurity pathways”:
  - Different national challenges in regard to flexicurity pillars and principles
  - No “one-fits-all” solution but rather country-specific needs (e.g. ALMP, LLL, transitions/mobility, contractual arrangements)