

BPI group 



# Flexibility and security in recent labour market and social policy reforms – part A

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## State of play of the implementation of the common principles

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- ❑ **Flexible and reliable contractual arrangements**
- ❑ **Greater internal and external flexicurity**
- ❑ **Comprehensive lifelong learning strategies**
- ❑ **Effective active labour market policies**

## Flexible and reliable contractual arrangements (I)

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- ❑ Countries with acceptance for flexible contractual arrangements and those with strong preference for indefinite duration employment contracts
- ❑ Countries with comprehensive social protection and those with significant discrepancies in social protection levels linked to different contractual arrangements
- ❑ Countries/sectors where flexible arrangements are more in tune with workers needs and national tradition and those where they are perceived as „worse and forced” and „violate” employment tradition
- ❑ Relations between flexible arrangements and participation rates of different groups representatives
- ❑ Different attitudes towards dismissals

## Contractual arrangements – chosen indicators (2008)

	Belgium	Czech Republic	Estonia	Finland	Greece	Italy	Malta	Poland	UE27
Employment rate	62.4	66.6	69.8	71.7	61.9	58.7	55.2	59.2	65.9
Unemployment rate	7.0	4.4	5.5	6.4	7.7	6.8	10.0	7.1	7.0
Long-term unemployment rate	3.3	2.2	1.7	1.2	3.6	3.1	2.5	2.4	2.6
Part-time employment	22.6	4.9	7.8	13.3	5.6	14.3	11.5	8.5	18.2
Fixed-term contracts	8.3	8.0	7.2	15.0	14.0	13.3	4.3	27.0	14.0
Self-employment	16.0	18.0	7.8	11.9	34.4	23.6	11.9	23.2	15.7

## Flexible and reliable contractual arrangements (II)

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- ❑ **„Comfortable feeling” about part-time and fixed-term employment (BE, FI)**
  - Flexible arrangements perceived as stable & good quality
    - Appropriate social security provisions for diversity of employment contracts (BE)
    - Right to re-examine fixed-term contracts (FI)
  - Arts and crafts sector & SMEs (PL, IT)
  
- ❑ **Flexible forms less popular, but regarded as „OK option”**
  - Encouraging people to take up part-time employment (MT)
    - Part-Time Register
    - Favourable tax regulations

## Flexible and reliable contractual arrangements (III)

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### ❑ Growing share of fixed-term contracts

- Limitations as to the number of consecutive contracts (CZ, PL – before anti-crisis package)
- Ensuring that the use of fixed-term contract is justified (FI)
- Alternative to no employment

### ❑ Temporary agency workers

- ❑ Growing share (CZ, FI, PL)
- ❑ Ensuring contractor's obligations and liability when work is contracted out (FI)
- ❑ Individual arrangements between TWAs and employer-users (PL)

## Flexible and reliable contractual arrangements (IV)

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### ❑ Self-employment

- ❑ Growing share of self-employment (IT, PL)
- ❑ Genuine self-employment
- ❑ „Bogus” self-employment
- ❑ Economically dependent self-employment
- ❑ Employees’ choice, i.e. IT sector, top management professionals

### ❑ Testing solutions (MT)

- Feasibility study on job rotation
- Analysis of self-employment and economically dependent self-employment

## Flexible and reliable contractual arrangements (VI)

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- ❑ **Segregation between indefinite duration employment contracts and other contractual arrangements**
  - Differences in social protection for different types of contracts (CZ, PL)
  - Differences in professional career development perspectives (EE, GR)
  - Often offered to new entrants (IT)
  
- ❑ **Flexible contractual arrangements as means to reduce undeclared work**
  - For specific sectors, i.e. personal services or tourism
    - Contracts *titres sevices* (BE)
    - Vouchers in sectors with seasonal fluctuations (IT)
    - Incentives for a part-time job (MT, GR)



## Flexible and reliable contractual arrangements (VII)

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### □ Limits to „job-to-job transitions”

- Bias towards manual jobs (IT)
- Shortage of skills: technical, manual (PL, IT)
- Lack of transferable competencies
- Threat of taking up undeclared work (MT, GR, IT)
- Limited geographical and professional mobility (CZ, PL)
- Not enough job creation (PL, CZ, IT, GR)

## Flexible and reliable contractual arrangements (VIII)

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- ❑ **Strong trade unions preference for indefinite duration employment contracts (CZ, EE, GR, IT, PL)**
  - Big difference in social protection (CZ, IT, PL)
  - The only way of ensuring good quality jobs (PL)
  - Very little space for shaping appropriate employment relationships (EE)
  
- ❑ **Employers criticize rigid labour legislation (CZ, EE, IT, PL)**
  - Not related to economic reality and enterprises needs (PL)
  - Not corresponding to nature of modern work (CZ, EE)
  - Sometimes leading to more „rigid” employee attitudes (IT, PL)

## Greater external and internal flexicurity (I)

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- ❑ Countries where internal flexicurity is well-embedded and those where it has been recently developed as a response to the crisis
- ❑ Countries where external flexicurity is based on the concept of natural „job-to-job transition” and these where dismissals are perceived as „unwanted development of professional career” mitigated by, i.e. outplacement services
- ❑ Outplacement services well embedded or a relatively new practice

## Greater external and internal flexicurity (II)

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### ❑ Internal flexicurity

- Annual calculation of working time as a permanent solution (BE)
  - Extra working time exchanged for time off (FI)
- Temporary suspension of contracts (BE)
- Work-sharing arrangements (FI)
- Flexible working time arrangements negotiated at the sectoral level (FI)
- „Trial jobs” : in the public sector (IT)

### ❑ Limits to internal flexicurity

- Workers competencies - lack of transferable skills
- Pay levels (EE, CZ, PL)

## Greater external and internal flexicurity (III)

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### □ External flexicurity

- Employment units (BE)
- Social contribution reductions for a new employer (BE)
- „Time credit” system to facilitate career breaks (BE)
- Outplacement services (PL)
- Individual arrangements between „old” employer and „new” employer (PL)

## Greater external and internal flexicurity (IV)

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### ❑ Limits to external flexicurity

- Dismissals are not a part of national culture and it is pinpointed in the relevant regulations (IT)
- Challenges linked to providing workers from SMEs sector with tailored solutions (PL)
- Not enough job creation
  - Unemployment , especially in countries where mobility is limited (PL, CZ)
  - Taking up undeclared work (IT, MT, GR)
  - Migration (PL, CZ, EE)
- Workers' fears of changing employment status, i.e. from salaried employee to self-employed
- Employers need employees on regular employment contracts
  - Main reasons: tendering procedure, long-term, loyalty-based relations, reliable and stable staff

## Contractual arrangements and flexibility - state of play

	Belgium	Czech Republic	Estonia	Finland	Greece	Italy	Malta	Poland
<b>Indefinite employment contract</b>	Prevailing	Basic employment contract	Basic employment contract	One of used contracts	Basic employment contract	Basic employment contract	Basic employment contract	Basic employment contract
<b>Part-time work</b>	Often used	Rarely used	Rarely used	One of used contracts	Limited use	Important share	Promoted + growing	Limited; „second best”
<b>Fixed-term work</b>	Slightly growing	Growing; limits on consecutive use	Limited use	Growing; examining its rightfulness	Limited use	Important share	Stable	Growing
<b>Self-employment</b>	Important share	Important share	Limited use	Limited use	Very often used	Very often used + growing	Stable	Very often used
<b>Internal flexibility</b>	Multiple measures	More measures during the crisis	Limited	Solutions worked out at the sectoral level	Limited	Limited	Limited	Temporary measures 2009-2011
<b>External flexibility</b>	Wide range of measures, also for temporary and fixed-term workers	Limited state support	Limited state support	„Change Security” + effective state support	Often to informal economy	Dismissals are not a part of national culture	Often to informal economy	Limited state support; outplacement

## Comprehensive LLL strategies and effective ALMP (I)

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- ❑ Countries where LLL and CVT are a reality and those where there is still not enough adult education
- ❑ Countries with a strategic and long-term approach to CVT and LLL and those where adult education is organised on ad hoc basis
- ❑ Countries with anticipatory approach to developing competencies and those, where content of adult education is decided „au chaud”
- ❑ Countries where informal and non-formal learning is accredited and those that are developing system of accreditation of prior learning
- ❑ Different educational levels
- ❑ Countries with dominating share of passive LM measures and those where ALMP are prevailing
- ❑ % of GDP spent on ALMP



## LLL/CVT and labour market policies – chosen indicators

	Belgium	Czech Republic	Estonia	Finland	Greece	Italy	Malta	Poland	UE27
Educational attainment (2007)	68.0	91.0	89.0	81.0	60.0	52.0	n/a	86.0	71.5
CVT participation (2005)	40.0	52.0	24.0	39.0	14.0	29.0	36.0	21.0	33.0
LLL participation (2008)	8.6	7.8	9.8	23.1	2.9	6.3	6.2	4.7	9.6
Incidence of LTU (2007)	50.0	53.4	n/a	23.0	50.3	49.9	n/a	45.9	n/a
Strictness of employment protection – reg/temp (2008)	1.73	3.05	2.46	2.17	2.33	1.77	n/a	2.06	2.1
	2.63	0.88	1.75	1.75	1.25	2.0		1.75	1.8
Public expenditure on ALMP (% of GDP, 2007)	1.3	0.2	n/a	1.4	n/a	0.5	n/a	0.5	0.6 (OECD average)

## Comprehensive lifelong learning strategies (I)

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### ❑ Facilitating acquiring professional experience

- Ensuring professional experience for job seekers (BE)
- Internships and apprenticeships developed in cooperation with employers (BE) and available for a wider group of beneficiaries (PL)

### ❑ Language training

- ❑ Part of a training programme to facilitate mobility (BE, EE)

### ❑ Facilitating geographical mobility

- Modernisation of transport network (BE)
- Facilitating interregional mobility by subsidizing transport (BE)
- Relocation benefit (PL)
- Cross-border (EE)

## Comprehensive lifelong learning strategies (II)

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### ❑ Training support

- Training leave (BE)
- Training vouchers (BE)

### ❑ Facilitating transparency of skills

- Developing competence profiles (BE)
- Developing qualifications framework (PL, IT, CZ)
- Developing system of recognition for informal and non-formal education (CZ)

### ❑ LLL provisions for specific groups of beneficiaries

- Older workers
- SMEs staff

## Effective active labour market policies (I)

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### ❑ Modernizing PES

- More frequent contacts with job seekers (BE)
- Merging institutions (EE, FI)
- Integrated services (MT)
- Introducing e-services (MT, EE, PL, FI)
- Decentralisation (BE, IT)
- Monitoring of results

### ❑ Introducing competitiveness to PES

- Tendering procedure for PES provision (BE)
- Attempts to introduce subcontractors to provide PES (IT, PL – employers)

## Effective active labour market policies (II)

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- ❑ **Job creation as one of ALMP measures**
  - Supporting job creation (EE, PL)
  - Involving more regional level to support job creation (FI)
  
- ❑ **Targeted support for different categories of workers**
  - Older workers
  - Younger workers
  - Women and young women
    - Encouraging to taking part-time jobs (MT)
    - Tax credits for women coming back to the labour market (MT)
  - Fixed-term and temporary workers
    - Entitled to the services of employment units (BE)

## Effective active labour market policies (III)

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- ❑ **Subsidizing labour cost**
  - On the regular basis (GR)
  - As a temporary solution – during the crisis (PL)
- ❑ **Services offered to those still employed (BE, PL)**
- ❑ **Trial job placements (FI, MT)**
- ❑ **Specific measures addressed to SMEs sector employees**
- ❑ **Support schemes to prevent undeclared work (MT)**
- ❑ **Use of ESF/EGF to finance ALMP**
  - ❑ Especially during the crisis (CZ, PL, EE)

## LLL strategies and effective labour market policies - state of play

	Belgium	Czech Republic	Estonia	Finland	Greece	Italy	Malta	Poland
<b>Characteristics of LLL</b>	Key element of flexicurity approach	Rare	Rare	Key element of „Change Security”	Rare	Rare	Rare	Rare
<b>Characteristics of CVT</b>	Related to employers’ needs	Obligations for employers’ to support CVT	Rare	On-going	Low participation	Training said to be ineffective	Growing and promoted	Often obsolete
<b>Labour market measures</b>	Monitoring of effectiveness	Prevailing passive measures ESF support	Striving for more ALMP ESF support	Effective, targeted, regional approach	Prevailing passive measures	Prevailing passive measures	Aimed at increasing participation rates	Prevailing passive measures ESF support
<b>Acces to ALMP</b>	For all categories of workes	Easier for „regular employees”	Easier for „regular employees”	For all categories of workes	Easier for „regular employees”	Easier for „regular employees”	Easier for „regular employees”	Easier for „regular employees”
<b>Most often used „job to job” measure</b>	Employment units	Training and retraining/ outplacement (?)	n/a	Assistance offered to those still employed; targeted services	Subsidized employment	Training financed from Redundancy Fund	Assistance in job search	Outplacement and training; support for start-ups