

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

AUSTRIA – CROATIA – DENMARK – FRANCE – HUNGARY – IRELAND – LATVIA

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**3rd Cluster Seminar, Paris, 31 Jan – 1 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

## THE ECONOMIC AND SOCIAL CONTEXT IN COMPARISON

## Main economic indicators and outlook in comparison

### Main economic indicators, 2010 and 2011 forecast

|  | Austria    |            | Croatia     |             | Denmark     |            | France     |            | Hungary     |             | Ireland     |             | Latvia      |             |
|--|------------|------------|-------------|-------------|-------------|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|
|  | 2010       | 2011       | 2010        | 2011        | 2010        | 2011       | 2010       | 2011       | 2010        | 2011        | 2010        | 2011        | 2010        | 2011        |
| GDP<br>– annual<br>percentage<br>change        | <b>2.0</b> | <b>1.7</b> | <b>-1.8</b> | <b>1.5</b>  | <b>2.3</b>  | <b>1.9</b> | <b>1.6</b> | <b>1.6</b> | <b>1.1</b>  | <b>2.8</b>  | <b>-0.2</b> | <b>0.9</b>  | <b>0.4</b>  | <b>3.3</b>  |
| Employment –<br>annual<br>percentage<br>change | <b>0.7</b> | <b>0.7</b> | <b>-4.3</b> | <b>-0.2</b> | <b>-1.4</b> | <b>0.3</b> | <b>0.0</b> | <b>0.5</b> | <b>-0.8</b> | <b>0.1</b>  | <b>-4.0</b> | <b>-0.8</b> | <b>-5.6</b> | <b>0.5</b>  |
| Unemployment<br>rate (Eurostat<br>definition)  | <b>4.4</b> | <b>4.2</b> | <b>12.5</b> | <b>12.3</b> | <b>6.9</b>  | <b>6.3</b> | <b>9.6</b> | <b>9.5</b> | <b>11.1</b> | <b>11.0</b> | <b>13.7</b> | <b>13.5</b> | <b>19.3</b> | <b>17.7</b> |

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

# Labour market indicators in comparison

## Main labour market indicators 2009

|  | Austria | Croatia | Denmark | France | Hungary | Ireland | Latvia | EU27 |
|--|---------|---------|---------|--------|---------|---------|--------|------|
| Employment rate – % population aged 15 – 64            | 71.6    | 56.6    | 75.7    | 64.2   | 55.4    | 61.8    | 60.9   | 64.6 |
| Employment rate older people – % population aged 55-64 | 41.1    | 38.4    | 57.5    | 38.9   | 32.8    | 51.0    | 53.2   | 46.0 |
| Self employed - % total population                     | 14.2    | 15.0    | 6.2     | 9.1    | 11.0    | 17.8    | 11.6   | 15.5 |
| Employment in services - % total employment            | 71.6    | 53.7*   | 77.8    | 77.2   | 62.3    | 72.6    | 68.0   | 70.4 |
| Employment in industry - % total employment            | 23.2    | 29.9*   | 19.4    | 19.7   | 30.7    | 22.1    | 23.4   | 24.1 |
| Employment in agriculture - % total employment         | 5.2     | 16.5*   | 2.8     | 3.1    | 7.1     | 5.3     | 8.6    | 5.6  |
| Unemployment rate - % labour force 15+                 | 4.8     | 9.1     | 6.0     | 9.5    | 10.0    | 11.9    | 17.1   | 8.9  |
| Youth unemployment rate - % labour force 15-24         | 10.0    | 25.0    | 11.2    | 23.3   | 26.5    | 24.4    | 33.6   | 19.6 |
| Long term unemployment rate - % labour force           | 1.0     | 5.1     | 0.5     | 3.3    | 4.2     | 3.4     | 4.6    | 3.0  |

\* 2004 data

Source: EU Commission: Employment in Europe Report 2010

## Labour market trends and challenges

- Different backgrounds, but common trends and challenges
- Rise in youth unemployment
- Long term unemployment a growing challenge
- Labour market segregation

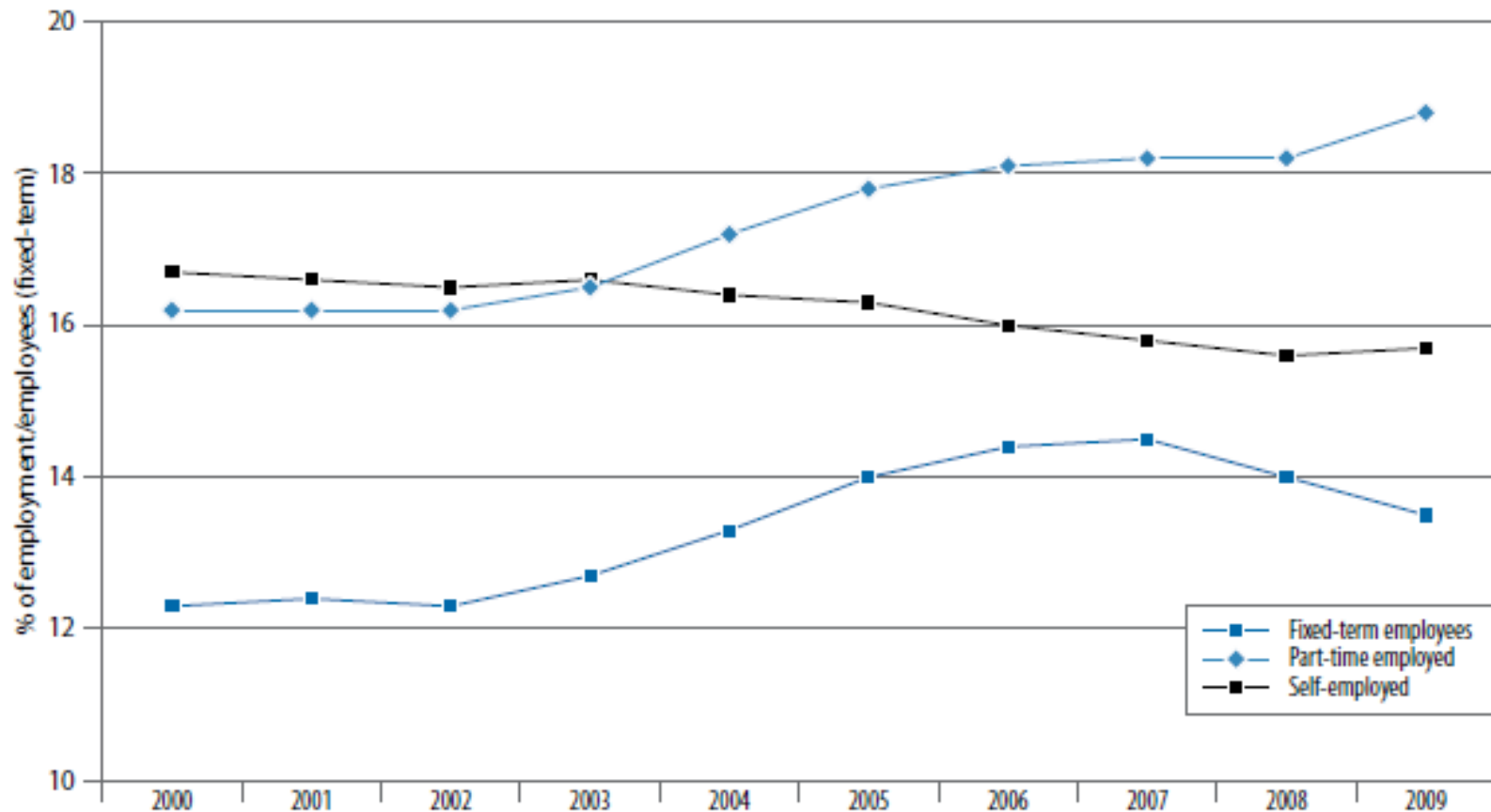
|    |   |
|----|---|
| AT | <ul style="list-style-type: none"><li>• Positive employment development before the crisis</li><li>• Relatively modest rise in unemployment 2008 and 2009 due to active intervention in the labour market</li><li>• Challenges: youth unemployment, segregation and equal pay gaps</li></ul> |
| DK | <ul style="list-style-type: none"><li>• Rise in unemployment during 2008 and 2009 above EU and Euro average levels a major challenge</li><li>• “Greying of the workforce” and labour shortages are very concrete challenges</li></ul>   |
| FR | <ul style="list-style-type: none"><li>• Rise in youth unemployment rate from 19.4% in 2007 to 23.3 % in 2009</li><li>• around 70% of job losses in industry and construction</li><li>• more than 40% of unemployed persons are long term unemployed</li></ul>                               |
| HR | <ul style="list-style-type: none"><li>• Low employment rate (general and older)</li></ul>   |
| HU | <ul style="list-style-type: none"><li>• Youth unemployment</li></ul>  |
| IE | <ul style="list-style-type: none"><li>• Strong gains in employment 1990-2005</li><li>• Dramatic deterioration in 2008 crisis</li></ul>  |
| LV | <ul style="list-style-type: none"><li>• High unemployment</li><li>• Unemployment amongst young people</li><li>• Long term unemployment</li></ul>  |

## PART A:

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



### Part-time and fixed-term contracts and self-employment in the EU, 2000–2009



Source: Employment in Europe Report 2010,

# Contractual arrangements and internal flexicurity

## Main indicators

|   | Austria | Croatia | Denmark | France | Hungary | Ireland | Latvia | EU27 |
|---|---------|---------|---------|--------|---------|---------|--------|------|
| Part-time employment - % total employees, 2009          | 24.6    | 9.0     | 26.0    | 17.3   | 5.6     | 21.2    | 8.9    | 18.8 |
| Fixed-term contracts - % total employees, 2009          | 9.1     | 11.6    | 8.9     | 13.5   | 8.5     | 8.5     | 4.3    | 13.5 |
| Access to flexitime, % total employees aged 15-64, 2004 | 36.4    | n.a.    | 62.1    | 28.4   | 17.3    | 20.2    | 19.3   | 31.3 |

Note: *Access to flexitime* shows the proportion of employees having access to flexible working time arrangements, ie. 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:

|   | Austria | Croatia | Denmark | France | Hungary | Ireland | Latvia | EU27  |
|---|---------|---------|---------|--------|---------|---------|--------|-------|
| Part-time employment – 2000 – 2009 change | + 8.3   | + 0.7   | + 4.4   | - 0.4  | + 2.1   | + 4.8   | - 2.4  | + 2.6 |
| Fixed-term contracts – 2000 – 2010 change | + 1.1   | + 0.7   | - 0.8   | - 1.7  | + 1.4   | + 2.6   | - 2.4  | + 1.2 |

Source: Employment in Europe Report 2010, Eurostat

## Contractual arrangements and internal flexicurity

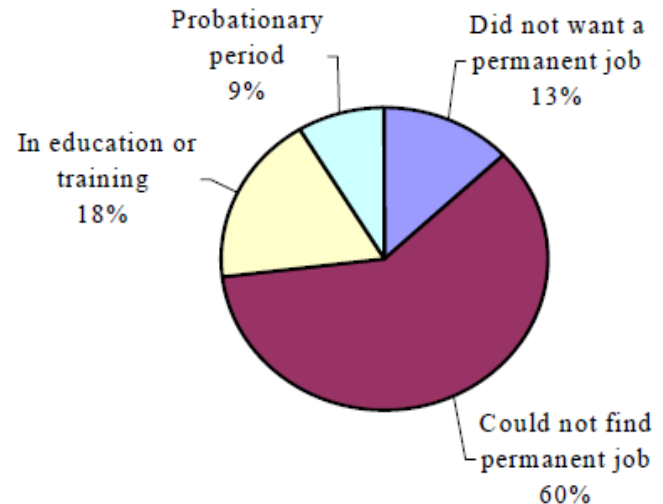
- Reforms inspired by the idea of better balancing flexibility and security in the labour market
  - Labour Market Modernisation Act in France of July 2008
  - Austrian “flexicurity package” 2007 and labour market reform package 2009 in response to the crisis
  - Irish approach to flexicurity in concepts such as “Developmental Welfare State” or the tripartite agreement “Towards 2016”
- Reforms carried out that focus on more flexible contractual arrangements
  - Making the labour market more dynamic by introducing more flexibility in contractual arrangements and dismissals
  - Increasing numerical flexibility and mobility (dismissals, flexible contracts)
- Measures at different levels covering labour contracts, external as well as external flexicurity:
  - Collective agreements at all levels on working time flexibilisation
  - Reforms of Labour Codes focussing on flexibilisation of working time, fixed-term contracts, contracts of very short duration, short-time work etc. not always under the umbrella of “Flexicurity”
  - Flexicurity inspired reforms (Austria, Ireland)
- Role of different actors
  - Based on tripartite negotiations and implemented via collective agreements
  - Government-lead reforms, sometimes carried out against the opposition of trade unions

## Contractual arrangements and internal flexicurity

### ➤ Trends and challenges

- DK: more than 85% of workers are covered by varying weekly working times rules
- Growth in flexible and very flexible jobs not always matching peoples wishes and needs (FR: *“forced choice”*)
- Lack of internal/functional flexibility compensated by an increase in external flexicurity?
- Effects of the crisis on socially cushioned approach of flexibilisation and abuse of instruments (short-time work, mobility leave etc.)
- Growth in the number of workers not covered by security /collective bargaining  
(*“Reforms have hollowed out employment security”*)

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



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

## External flexicurity

|  | Austria | Croatia | Denmark | France | Hungary | Ireland | Latvia | EU27 |
|--|---------|---------|---------|--------|---------|---------|--------|------|
| Strictness of employment protection – overall, 2008              | 1.9     | n.a.    | 1.8     | 3.1    | 1.7     | 1.3     | n.a.   | 2.1  |
| Strictness of employment protection – regular employment, 2008   | 2.4     | n.a.    | 1.6     | 2.5    | 1.9     | 1.6     | n.a.   | 2.1  |
| Strictness of employment protection – temporary employment, 2008 | 1.5     | n.a.    | 1.4     | 3.6    | 1.4     | 0.6     | n.a.   | 1.8  |

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

- National debates focussing very much on legal regulations regarding dismissals
- “Hiring and Firing” one aspect of flexicurity – but there are two other edges of the “Golden Triangle”
- Different patterns
  - Austria: stronger EP in “standard” forms of employment than in temporary employment
  - France: stronger EP in flexible forms of work than in regular forms.
  - Denmark: low EP an indicator of high labour market mobility: *60% of Danes think that it is good to change job every few years, but only 30% of Austrian, Germans or Poles think so ...*
- Trade unions positions
  - Greater external flexibility has resulted in deterioration of employment as well as social security
  - Trade unions reject the concept of external flexicurity and promote collectively agreed solutions on internal and/or functional flexicurity

## Lifelong learning strategies and practice

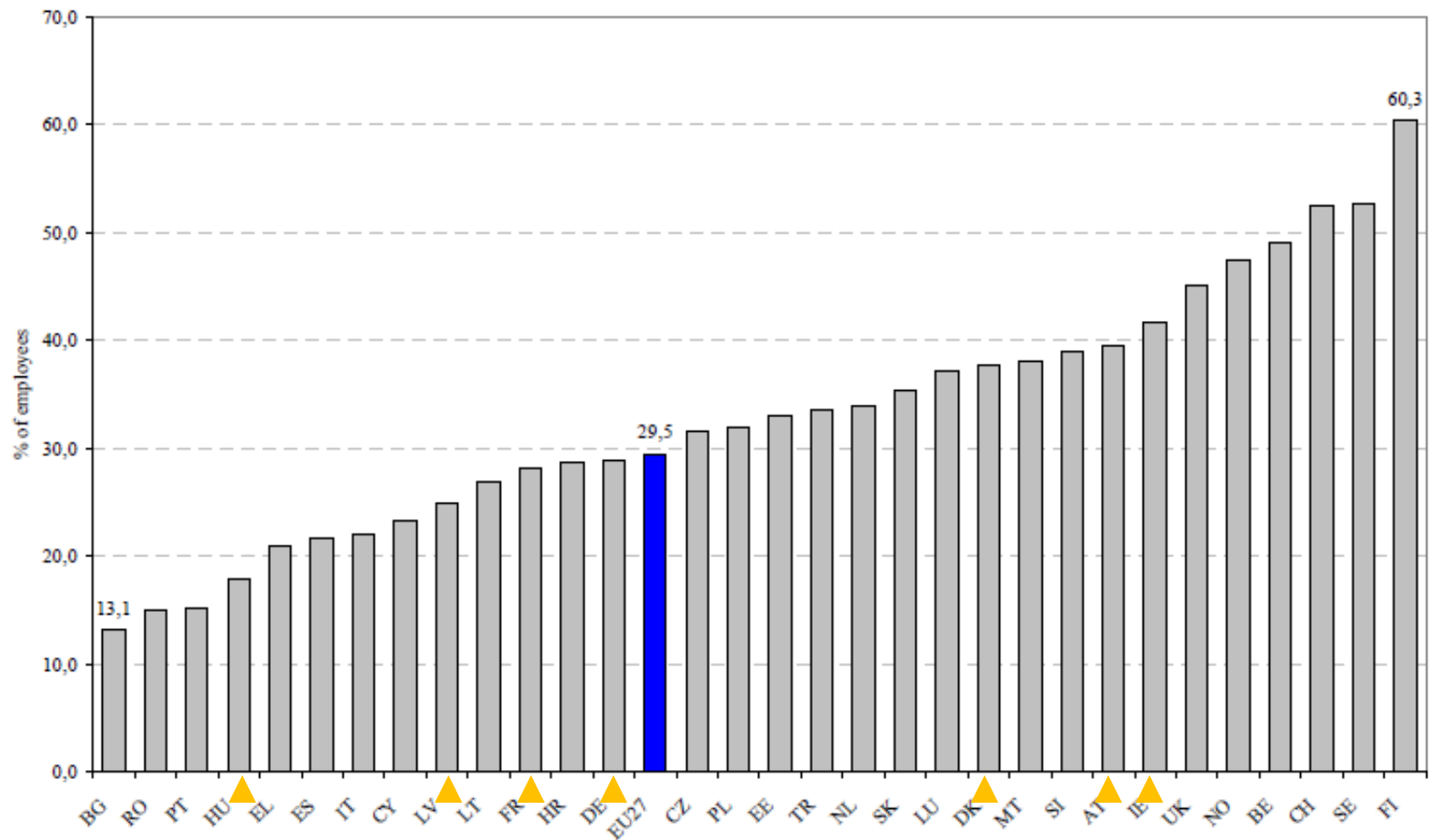
- Reminders: Flexicurity principle 2 - LLL and CVT a key factor to mobility and employability
- Regarded as a strength by most participants in the questionnaire survey
- Educational attainment and LLL strong focus of EU strategy from Lisbon to Europe 2020
- New targets focussing reducing the school-drop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

|  | Austria     | Croatia     | Denmark     | France     | Hungary    | Ireland     | Latvia     | EU27       |
|--|-------------|-------------|-------------|------------|------------|-------------|------------|------------|
| CVT participation - % of employees participating in CVT , 2005   | <b>33</b>   | <b>n.a.</b> | <b>35</b>   | <b>46</b>  | <b>16</b>  | <b>49</b>   | <b>15</b>  | <b>33</b>  |
| Lifelong learning participation – participation in %,2008  | <b>13.2</b> | <b>2.3</b>  | <b>30.2</b> | <b>7.2</b> | <b>4.0</b> | <b>10.2</b> | <b>6.8</b> | <b>9.6</b> |
| Investment by enterprises in training of adults<br>- direct costs and labour costs of participants divided by total labour costs, 2005 | <b>1.4</b>  | <b>n.a.</b> | <b>2.7</b>  | <b>2.3</b> | <b>1.9</b> | <b>3.2</b>  | <b>0.8</b> | <b>1.6</b> |

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

# Lifelong learning and CVT indicators in comparison

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



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

## Lifelong learning strategies and practice

- National reform packages addressing major and specific challenges in all countries
- Different points of departure and modes of implementation
- LLL and CVT for flexible workers: FR, AT, DK, IE
- Comprehensive Skills Needs approaches: DK, IE, AT

|        |  |
|--------|--|
| AT     | <ul style="list-style-type: none"><li>• Many initiatives implemented in recent years</li><li>• Combining short-time work and CVT</li><li>• Attractiveness of training leave</li><li>• New Skills</li></ul>   |
| DK     | <ul style="list-style-type: none"><li>• LLL a priority in the “Globalisation Strategy” of the Danish Government</li><li>• 2006 Welfare Agreement: at least 50% of all young people should have a higher education by 2015</li><li>• Both in private and public sector a major issue of collective bargaining</li></ul>   |
| FR     | <ul style="list-style-type: none"><li>• 2003 introduction of a right of training leave</li><li>• 2009 law on professional reorientation and training / CVT</li><li>• GPEC: better matching of training needs and competence development</li><li>• FSPP: fund for disadvantaged groups on the labour market and workers in small companies</li><li>• Training programmes for workers in temporary work agencies</li></ul> |
| others | <ul style="list-style-type: none"><li>• IE: National Skills Strategy etc.</li><li>• HU, LV, HR: establishing frameworks for LLL, CVT and IVET</li></ul>  |



## 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

|   | Austria | Croatia | Denmark | France | Hungary | Ireland | Latvia | EU27 |
|---|---------|---------|---------|--------|---------|---------|--------|------|
| Incidence of long-term unemployment – proportion unemployed more than 12 months, 2007 | 28.6    | n.a.    | 18.2    | 40.4   | 47.6    | 30.3    | n.a.   | 45.0 |
| Public expenditure on <i>passive</i> labour market policies - % of GDP, 2007          | 1.2     | n.a.    | 1.5     | 1.2    | 0.4     | 0.9     | n.a.   | 0.8  |
| Public expenditure on <i>active</i> labour market policies - % of GDP, 2007           | 0.7     | n.a.    | 1.3     | 0.9    | 0.3     | 0.6     | n.a.   | 0.6  |

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

## Active labour market policies

- Sample reflects the wide variety of context situations, standards and progress in Europe
- Efficiency and effectiveness a major issue of reform in FR
- Social partners actively involved in shaping measures in most countries

|        |  |
|--------|--|
| AT     | <ul style="list-style-type: none"><li>• “Flexicurity Package” 2007</li><li>• Comprehensive labour market package Feb 2009: short-time work, combi-wage, further training</li></ul>   |
| DK     | <ul style="list-style-type: none"><li>• Focus shifted towards the upgrading of skills and qualifications as well as the individual duties of unemployed persons</li><li>• Trade unions and private employers not happy about the transfer of ALMP to local authorities – deterioration of funding and measures</li></ul> |
| FR     | <ul style="list-style-type: none"><li>• PES organisation reform act 2008</li><li>• Measures for older workers and other disadvantaged groups</li></ul>   |
| others | <ul style="list-style-type: none"><li>• IE: concept of “developmental welfare state” / lifecycle approach</li><li>• HU, LV: ALMP mainly focussed on measures for long-term unemployed</li><li>• HU, HR: integration of Roma into the labour market</li></ul>   |

- Different national contexts and frameworks:
  - Long tradition of ALMP, LLL etc. in countries such as AT, DK, FR
  - Lack of experience regarding ALMP, LLL and “flexicurity” in LV, HU, HR
  - 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
  - “Securing the professional career”
  - *“Modern social rights” / Lifecycle approach / Developmental welfare state*

## 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
- New trends of social segregation due to long-term-unemployment, demographic change, “working poor”
- What is an “adequate level”?

|   | Austria | Croatia | Denmark | France | Hungary | Ireland | Latvia | EU27 |
|---|---------|---------|---------|--------|---------|---------|--------|------|
| Inequalities of income distribution – income quintile share ratio, 2008         | 3.7     | 4.5     | 3.6     | 4.2    | 3.6     | 4.5     | 7.3    | 5.0  |
| Persons at risk of poverty after social transfers, % of total population, 2008* | 12.4    | 18      | 11.8    | 12.7   | 12.4    | 15.5    | 25.6   | 16.5 |

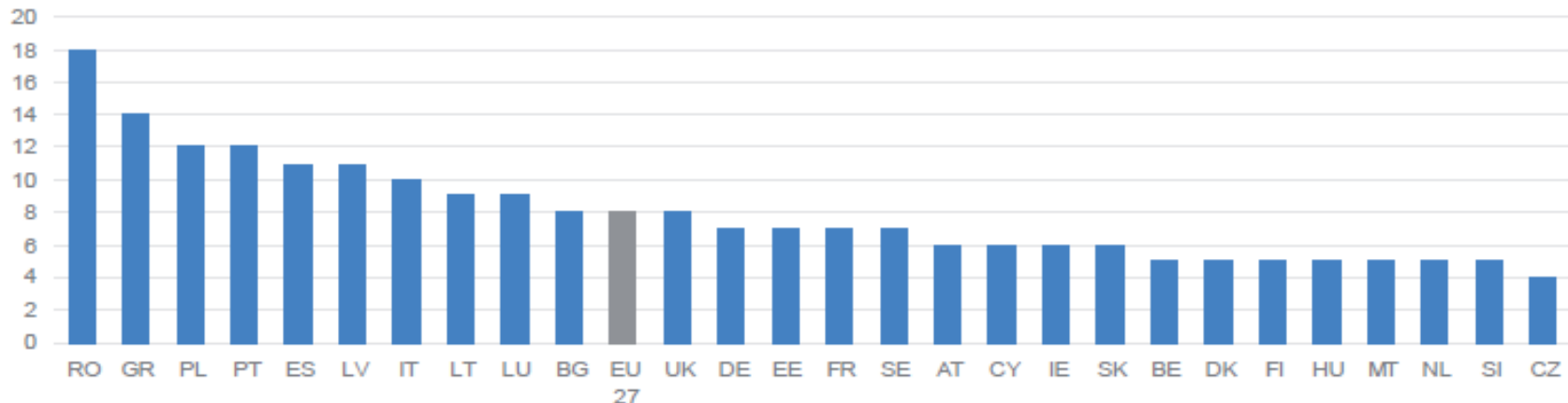
Source: Eurostat

\* Share of persons with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60% of the national median equivalised disposable income after social transfers.

## 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
- High shares of those at-work risk of poverty (where disposable household income is 60% or less of median disposable income) in Latvia
- Trends and shares are broadly in line with measures of 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

## Supportive social security systems

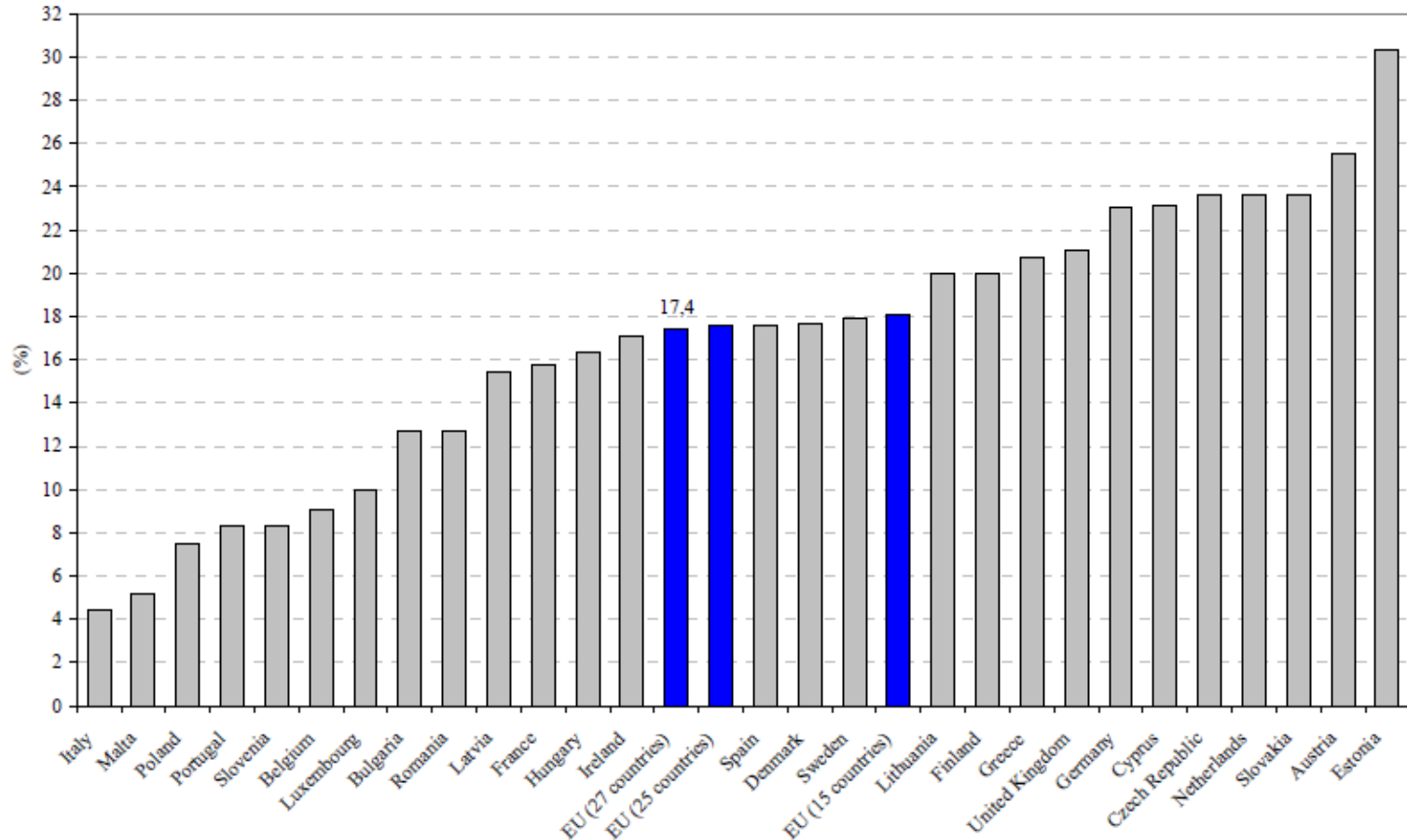
- Low wage and social segregation a major debate in many countries
- Common reform trends: financial sustainability in the context of demographic change (private pension funds, raise of pension age etc.)
- Major challenges arising from fiscal effects of the 2008 crisis

|        |   |
|--------|---|
| AT     | <ul style="list-style-type: none"> <li>• Severance payment system</li> <li>• Short time work allowance for agency workers</li> <li>• Social security of self-employed / economically dependent works</li> <li>• 2007 monthly minimum pay rate agreed between SPs</li> </ul>   |
| DK     | <ul style="list-style-type: none"> <li>• Reduction of duration of unemployment benefit from four to two years in the context of the 2010 “Restauration Plan” of the Government</li> <li>• Danish Unions: cost reductions are undermining the balance within the Danish flexicurity model / “Triangle”</li> <li>• Government/Employers: strengthening the “activation aspect”</li> </ul> |
| FR     | <ul style="list-style-type: none"> <li>• “Polarisation” of unemployment: growing number of those entitled for benefits and those that are not</li> <li>• Reform of the social benefits system, introduction of RSA (Revenue de solidarite activems)</li> </ul>  |
| others | <ul style="list-style-type: none"> <li>• IE: Lifecycle Framework / Developmental Welfare State</li> <li>• IE, HU, LV, HR: social security the weakest pillar of flexicurity</li> <li>• HU, HR, LV: social segmentation, ethnic minorities</li> </ul>  |

## Gender equality

- Large variety of wage gaps in Europe – compare LV, FR or HU with AT

Unadjusted gender wage gap, EU-27, 2007



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



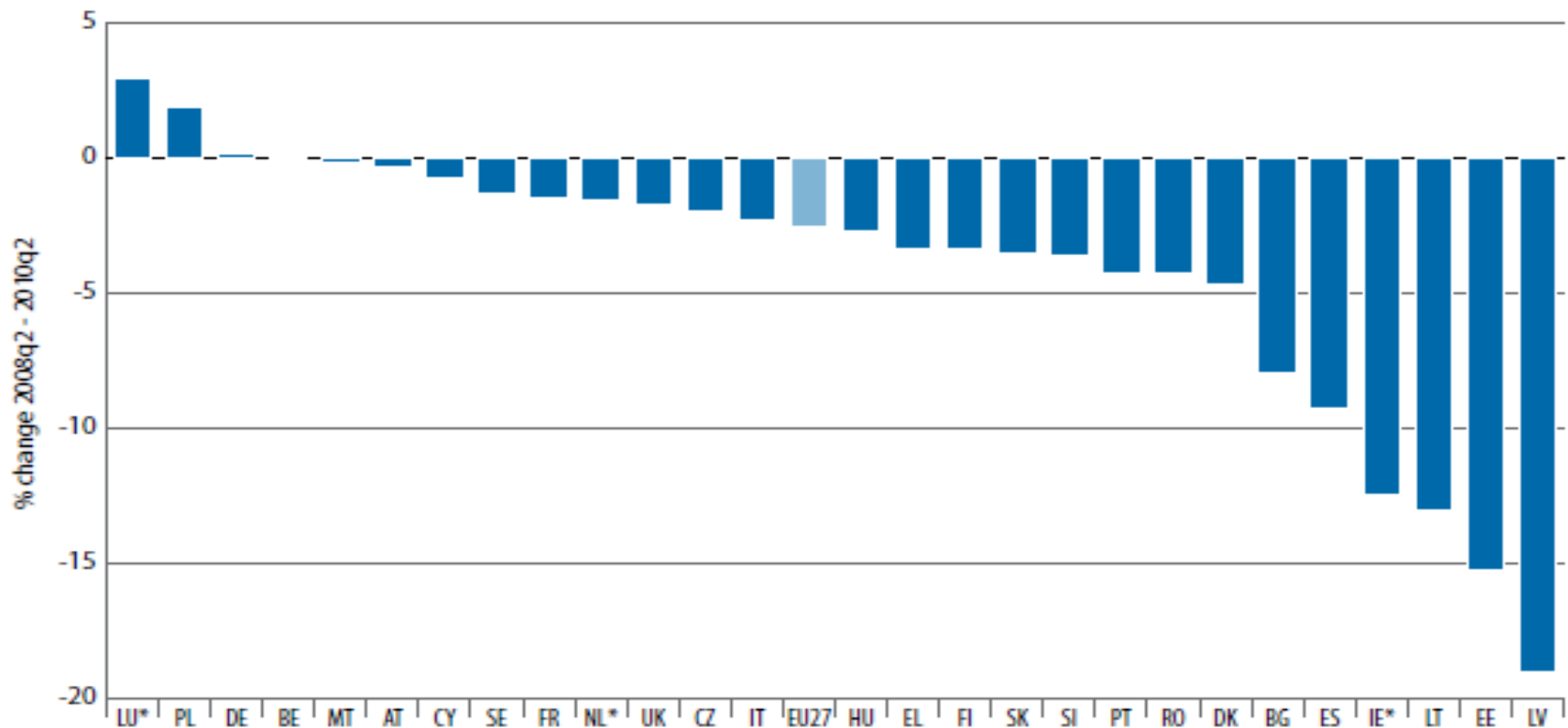
## Gender equality

- 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.

|       |  |
|-------|--|
| AT    | <ul style="list-style-type: none"><li>• Pay gaps and inequality a major challenge</li><li>• “Action Plan for Gender Equality” 2009</li></ul>   |
| DK    | <ul style="list-style-type: none"><li>• Equal pay an element of all collective agreements</li><li>• “Charter for more women in Management” 2008</li><li>• Recommendations of the Danish Pay Commission 2010</li></ul>  |
| FR    | <ul style="list-style-type: none"><li>• Law on equal pay passed in 2006 - introduction of certain obligations in companies &gt; 50 employees</li><li>• Legal obligation to negotiate agreements on professional equality at the enterprise level and eliminate gender pay gaps</li></ul> |
| other | <ul style="list-style-type: none"><li>• EU initiatives and frameworks foster national policies</li></ul>   |

## Flexibility and security in the context of crisis and recovery

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



Source: Employment in Europe Report 2010

## Flexibility and security in the context of crisis and recovery

### Main economic indicators, 2010 and 2011 forecast

|  | Austria |      | Croatia |      | Denmark |      | France |      | Hungary |      | Ireland |       | Latvia |      |
|--|---------|------|---------|------|---------|------|--------|------|---------|------|---------|-------|--------|------|
|  | 2010    | 2011 | 2010    | 2011 | 2010    | 2011 | 2010   | 2011 | 2010    | 2011 | 2010    | 2011  | 2010   | 2011 |
| General government balance (% of GDP)    | -4.3    | -3.6 | -5.7    | -6.1 | -5.1    | -4.3 | -7.7   | -6.3 | -3.8    | -4.7 | -32.3   | -10.3 | -7.7   | -7.9 |
| General government gross debt (% of GDP) | 70.4    | 72.0 | 40.9    | 45.9 | 44.9    | 47.5 | 83.0   | 86.8 | 78.5    | 80.1 | 97.4    | 107.0 | 45.7   | 51.9 |

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

## Flexibility and security in recent labour market reforms

- Increasing external flexibility and mobility
  - AT: reform package 2009 inspired by flexicurity principles
  - DK: strong focus on LLL and skills
  - FR: Employment Mobilisation Plan 2008, GPEC, mobility leave
  - FR: supporting SME's access to fixed-term contracts
- Functional flexicurity and job security:
  - FR: extending the access to temporary unemployment / short time work
  - DK: Job sharing scheme
  - AT: Short-time work, combi-wage, other subsidies
- Social partners involvement
  - AT, DK: long tradition
  - FR: National interprofessional agreement on managing the crisis, June 2009
  - IE: major basis of the growth during last decades, but collapsed during current crisis
- Capacity/effectiveness of ALMP
  - FR, AT: additional resources for PES and ALMP. Also in HU, LV and HR but from different points of departure
  - DK: Restauration package / shift of focus / activation aspect

## 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

## Main social dialogue indicators

|   | Austria | Croatia | Denmark | France | Hungary | Ireland | Latvia | EU27 |
|---|---------|---------|---------|--------|---------|---------|--------|------|
| Collective bargaining coverage, %, 2006 | 99      | 60      | 80      | 95     | 25.5    | 44      | < 20   | 63   |
| Trade union density, %, 2007            | 33      | 34      | 69      | 8.6    | 16.9    | 31.4    | 18     | 25   |
| Employers' organisation density, % 2006 | 100     | n.a.    | 52      | 78     | 40      | n.a.    | 30     | n.a. |

Source :European Commission 2009, Industrial Relations in Europe Report 2008, pp. 74-75 and 78.

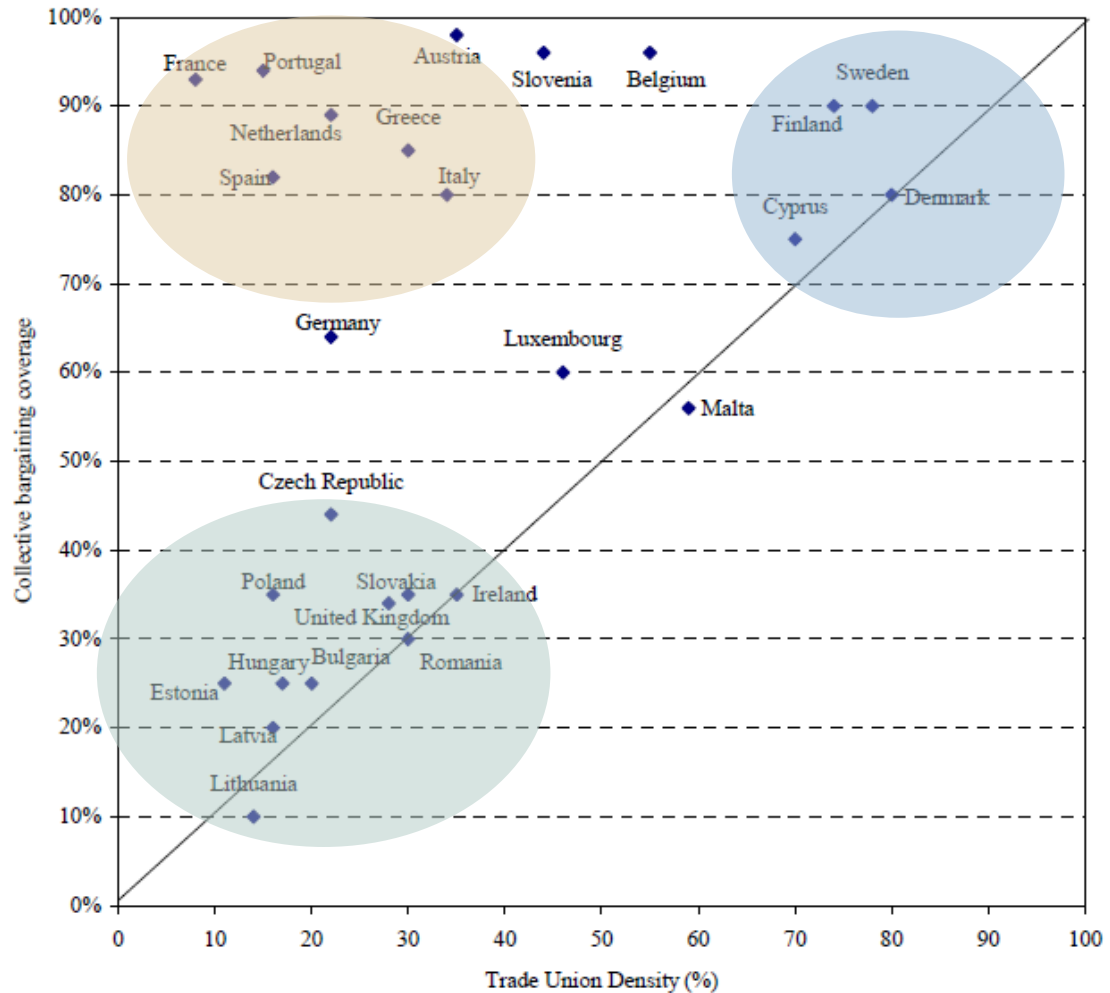
- Sample illustrates variety of organisational capacities of social partners in Europe:
  - Countries with high membership rates in trade unions and employer organisations - either both (DK) or on either side (FR, AT)
  - Weak organisational strength compensated by strong role in collective bargaining and legal regulation of labour market issues (FR)
  - Weak organisational strength of both social partners and low coverage of workers by collective bargaining (LV, HU)
- Different systems of social partnership and labour relations
  - Tripartite institutions and dialogue on a regular basis in all countries
  - Pluralism of social partners' organisations in FR and HU
  - Relatively high coverage by sector and national collective bargaining in AT, FR, DK



## Trade union density and collective bargaining coverage

- Sample illustrates the three major groups within the Collective Bargaining / Union Density matrix in Europe

Trade Union Density in the EU



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 DK, AT, FR and IE while social dialogue and SP involvement in new member states and candidate countries is rather new...

|        |  |
|--------|--|
| AT     | <ul style="list-style-type: none"> <li>• High coverage by collective bargaining as well as long tradition of policy concertation</li> <li>• All relevant reforms agreed with social partners</li> <li>• LLL regarded as a particular strength of flexicurity in Austria</li> </ul>   |
| DK     | <ul style="list-style-type: none"> <li>• Collective bargaining and agreements between social partners are the main source and basis of labour market policy</li> <li>• Level of influence also depends on political framework conditions</li> </ul>  |
| FR     | <ul style="list-style-type: none"> <li>• National inter-sectoral, sectoral, territorial level are equally important levels influence</li> <li>• Reform 2006: social partners have to be consulted on all social and labour market relevant legal measures</li> <li>• “Social Dialogue Modernisation Act” 2007: three different consultation mechanisms</li> <li>• Many labour market measures directly based and/or implemented by inter-sectoral agreements (unemployment insurance 2006, modernisation of the labour market 2008, VET 2009, LMP measures to cushion the crisis 2009, leasing of workers (2010))</li> </ul> |
| others | <ul style="list-style-type: none"> <li>• IE: National Agreements 1987 – 2009</li> <li>• LV, HU, HR: Tripartism at state level but weak social dialogue at company level and within sectors</li> <li>• IE, LV, HU, HR: deficits of flexicurity at shopfloor and sector level</li> </ul>   |

## Recent changes and challenges

- 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 principles
- DK, FR: growing political polarisation between social partners
- European Employment Strategy and the Flexicurity Principles have triggered debates and reform processes throughout the EU
  - HU, LV, IR: Flexicurity inspired reform process that includes a number of security aspects threatened by crisis effects

- Responses:
  - AT (5), DK (6), FR (3), HU (1), IR (2), LV (3), HR (0)
  - In AT, DK and IR both social partner organisation indicated cases of good practice
  - FR, HU and LV only trade unions replied
- Soft issues being the focus:
  - Lifelong learning, skills development
  - Mobility
  - Integration of disadvantaged groups
  - CSR issues
- Redefining flexicurity pathways / alternatives
  - Denmark: Flexicurity 2<sup>nd</sup> Generation
  - France: “Security in professional careers”
- Internal flexicurity, working time reduction and improving ALMP cases in response to the crisis mainly

- 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:
  - Are national “flexicurity pathways” really possible?
  - “Flexicurity” term not used in public debate – SPs prefer to speak about “securing the professional career” or labour market modernisation (e.g. France)
  - Unions: Flexicurity a “Trojan Horse” for flexibilisation and deregulation; flexicurity has no answer for growing segmentation of the labour market; flexibility and mobility are *not per se* “good” concepts
  - Employers: “elements of flexicurity are implemented by governments but not labelled as such”