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

Dr Anna Kwiatkiewicz

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State of play of the implementation of the common principles

- Supportive social security systems
- Gender equality
- Cost effective allocation of resources
- Flexibility and security in the context of the crisis and recovery
Supportive social security systems (I)

- **Challenge for all countries:**
  - To ensure comprehensive social protection for different types of contractual arrangements
  - To make social security system reliable and motivating to take up jobs

- **Objectives of the supportive social security system seem to be:**
  - Productivity improvement
  - Extending professional careers
  - Increasing attractiveness of temporary employment
Supportive social security systems (II)

- **Comprehensive social protection for different types of contracts**
  - Employment and inactivity spells (BE, FI)

- **Temporary suspension of work**
  - Per diem allowance (BE)

- **Degressive unemployment benefit (EE, BE, PL, GR)**
  - Usually starts to decrease after the first 3 months
  - Related to previous earnings (BE, EE, FI)
  - Fixed sum not related to previous earnings (PL)
  - Unemployment benefit changed into employment subsidy (GR)

- **Conditional unemployment benefit (CZ)**
Supportive social security systems (II)

▪ Targeted support for specific groups of workers

  ▪ Older workers
    o Reductions of social security contributions (BE)
    o Social security contributions covered from public funds - 1st year (MT)
    o Pre-retirement protection – 4 years before retirement age (PL)

  ▪ Younger workers
    o Reductions of social security contributions (FI, MT, GR)

  ▪ Support for independent workers (BE)

  ▪ Temporary workers – exemptions from social security contributions (BE)

▪ Efforts to make the unemployed register so they can benefit from PES (EE)
Supportive social security systems (III)

- **Combination of basic mandatory allowance and voluntary insurance (FI)**
  - Paying for a defined number of working days
  - Possibility to retain the right to benefit until the age of 60, if not used before
  - Self-employed are entitled to both types of benefits after a shorter time

- **National peculiarities**
  - Base amount + supplement for each dependent person (GR, MT)
  - Unemployment benefit related to unemployment rate on the local labour market and the family situation of the unemployed (PL)
  - Unemployment benefit related to activity in job search, levels of previous earnings and unemployment duration (CZ)
  - Fragmented systems – 4 different provisions (IT)
Supportive social security systems (IV)

- Lack of/not sufficient social security provisions for atypical contracts
  - Part-time or fixed-term contracts (GR)
  - Fixed-term or civil law contracts (PL)
  - All atypical contracts (IT)
# Supportive social security systems – state of play

<table>
<thead>
<tr>
<th></th>
<th>Belgium</th>
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<tbody>
<tr>
<td>Social security for regular employment</td>
<td>In place</td>
<td>In place</td>
<td>In place</td>
<td>In place</td>
<td>In place, fragmented and complex</td>
<td>In place</td>
<td>In place</td>
<td>In place</td>
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<tr>
<td>Social security for temporary and fixed-term contracts + self-employed</td>
<td>In place</td>
<td>Less protection than in case of regular employment</td>
<td>In place</td>
<td>In place</td>
<td>Less protection than in case of regular employment</td>
<td>Less protection than in case of regular employment</td>
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<tr>
<td>Philosophy of unemployment benefit</td>
<td>Degressive – 60% of the previous earnings for the first 3 months</td>
<td>Degressive and conditional</td>
<td>Degressive – 50% of the previous earnings for the first 100 days</td>
<td>Paid for limited number of working days; can be extended till the age of 60</td>
<td>Fixed – 40% of the previous salary for 5-6 months</td>
<td>Long duration; duration increases with age</td>
<td>Short- and long-term benefit</td>
<td>Degressive – fixed sum for the first 3 months, 60% of this sum afterwards</td>
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<tr>
<td>Flexible social security provisions</td>
<td>Temporary suspension</td>
<td>Temporary measures during the crisis</td>
<td>n/a</td>
<td>Takies into account different contractual arrangements</td>
<td>n/a</td>
<td>Temporary suspension</td>
<td>Encouraging older workers to self-employment, and women to part-time</td>
<td>Temporary measures during the crisis</td>
</tr>
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</table>
Gender equality (I)

- Important place within a framework of employment policy (FI) and not at the mainstream of this policy (CZ)
  - Women still tend to be employed in more precarious jobs (CZ)

- Declarative (PL, GR, EE)

- Attracting women to employment
  - Neutral names for professions (BE)
  - Exposing young women to professions traditionally dominated by male workers (BE)
  - Promoting part-time employment among women (MT)
  - Competition: „Company of the Year – Equal Opportunities” (CZ)
  - Administrative measures to promote gender equality (EE)
Gender equality (II)

- **Gender pay gap**
  - Low: low participation rate of women – those active are skilled (MT)
  - High: significant segregation of labour market across sectors and professions (FI)

- **Reducing gender pay gap by:**
  - Making it a subject of collective bargaining (FI)
    - National pay agreements and „equality allowance”
    - Equal Pay Campaign
    - Appropriate program of the Ministry of Social Affairs and Health
  - Attempts to increase women participation in the labour market (GR, MT, PL)

- **Shortage of childcare facilities contributes to inequality**
Gender equality (III)

- Supporting childcare arrangements
  - Child Allowance System (MT)
  - Tax exemptions in case of using childcare arrangements (MT)
  - Supporting childcare provisions from company funds (PL)
Cost effective allocation of resources (I)

- Crisis has provoked discussions around sustainability of existing solutions
  - Effectiveness of employment units (BE)
  - Temporary suspension (BE)
- Improving financial effectiveness of instruments
  - Integrated PES offer + follow-up
  - Testing start-ups in friendly environment (BE, MT)
  - „Trial period” for new jobs (MT)
  - Supporting start-ups in the first year of operation (PL)
  - More ALMP than passive transfers (EE)
  - Degressive unemployment benefit (PL, CZ, EE, IT) + more conditionality (CZ)
  - Shortening period of benefit eligibility (IT)
Cost effective allocation of resources (II)

- Special „units” to help rising financial means from different sources - CVT
  - „Change Security Units” (FI)
  - Organisational units/external vendors to apply for EU funds (PL, CZ)
- Appropriate regulations to support LLL/CVT
  - Training leave (PL) … sometimes counterproductive!
  - Access to ESF (PL, CZ, EE)
- In countries that have been subsidizing employment (GR)…
  - … especially urgent need to „revisit” policies
- Positive influence of the EU funds (PL, CZ, EE, GR, MT, IT)
Cost effective allocation of resources (III)

- **Tax solutions**
  - Tax incentives for employees to invest in training (FI)
  - Lowering tax threshold to promote legal employment (MT)

- **Proposals for new initiatives to ensure appropriate funding**
  - More responsibility for regional authorities (FI)
  - Creating regional funds, i.e. the regional Endowment for Social Shock Absorbers (IT)

- **Urgent need for reform in the situation of economic slowdown and significant government debts (as % of GDP, EC data)**

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<tr>
<td>2010</td>
<td>99.0</td>
<td>39.8</td>
<td>9.6</td>
<td>50.5</td>
<td>125.9</td>
<td>118.2</td>
<td>71.5</td>
<td>53.9</td>
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<tr>
<td>2011</td>
<td>100.9</td>
<td>43.5</td>
<td>12.4</td>
<td>54.9</td>
<td>133.9</td>
<td>118.9</td>
<td>72.5</td>
<td>59.3</td>
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Flexibility and security in the context of the crisis and recovery (I)

- Countries where appropriate instruments were already in place (BE, FI) and these where temporary measures had to be introduced (PL, CZ)
  - Crucial role of bilateral social dialogue
  - Reduction of working time paired with training programs, often financed from the EU funds
  - Crucial role of company level solutions
  - Deficiencies of PES offer and lack of systems’ flexibility

- Main objective: to keep people in employment
  - Reduced working –time schemes (BE, PL)
  - Temporary reduction of salaries (PL)
  - Delayed payments of extra remuneration
  - Temporary relocation benefits (PL)
Flexibility and security in the context of the crisis and recovery (II)

- **Main objective: to keep people in employment (contd.)**
  - Suspension of production (BE, PL)
  - Additional rebates on social security contributions (BE, EE)
  - Extension of measures addressed to regular employees to those on fixed-term contracts and unemployed 3 or more months (FI)
  - Support for employment in specific sectors (GR)

- **Most often used: working time reductions + retraining + state support for wages**
  - Already in place (FI, BE, IT)
  - Introduced within the framework of temporary anti-crisis packages (CZ, PL)

- **Temporary anti-crisis solutions**
  - Tested to be abolished or to become permanent measure
  - Designed with social partners’ participation