

BPI group 



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

Dr Anna Kwiatkiewicz

Warsaw, 22 November 2010

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

	Belgium	Czech Republic	Estonia	Finland	Greece	Italy	Malta	Poland
Social security for regular employment	In place	In place	In place	In place	In place	In place, fragmented and complex	In place	In place
Social security for temporary and fixed-term contracts + self-employed	In place Provisions for independent workers	Less protection than in case of regular employment	Less protection than in case of regular employment	In place Appropriate provisions for self-employed	Less protection than in case of regular employment; even for part-timers	Less protection than in case of regular employment	Less protection than in case of regular employment	Less protection than in case of regular employment
Philosophy of unemployment benefit	Degrressive – 60% of the previous earnings for the first 3 months	Degrressive and conditional	Degrressive – 50% of the previous earnings for the first 100 days	Paid for limited number of working days; can be extended till the age of 60	Fixed – 40% of the previous salary for 5-6 months Changed into employment subsidy	Long duration Duration increases with age	Short- and long-term benefit	Degrressive_ fixed sum for the first 3 months, 60% of this sum afterwards
Flexible social security provisions	Temporary suspension Employment and inactivity spells recognised	Temporary measures during the crisis	n/a	Takes into account different contractual arrangements	n/a	Temporary suspension	Encouraging older workers to self-employment, and women to part-time	Temporary measures during the crisis

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 treshold 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)

	Belgium	Czech Republic	Estonia	Finland	Greece	Italy	Malta	Poland
2010	99.0	39.8	9.6	50.5	125.9	118.2	71.5	53.9
2011	100.9	43.5	12.4	54.9	133.9	118.9	72.5	59.3

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