



BUSINESSEUROPE



THE ROLE OF SOCIAL PARTNERS
IN THE DEVELOPMENT AND IMPLEMENTATION OF
FLEXIBILITY AND SECURITY IN CONTEMPORARY LABOUR MARKETS

CLUSTER 3 SEMINAR PARIS 31 JANUARY & 1 FEBRUARY 2011

SEMINAR NOTES

Organisation and programme

The third country cluster on flexicurity in the joint European level social partners' project, "The implementation of flexicurity and the role of social partners" took place in Paris, France the 31st of January and the 1st of February 2011. It was attended by European social partners, experts and social partners' representatives from the following countries: Austria, Croatia, Denmark, France, Hungary, Ireland and Latvia.

An attendance list is attached as appendix.

Presentation of the questionnaire survey results was done by A. Kwiatkiewicz. The coordinator of the expert team, E. Voss presented comparative results of the 7 national fiches of cluster 3.

National cases presented by social partners:

- **France** – presentation by Jean-Pierre Gabriel (CGT), Cécile Cottereau (CFDT) and Sandra Aguetz (MEDEF)
- **Denmark** – presentations by Rune Siglev (LO-D) and Christina Sode Haslund (DA)
- **Hungary** – presentations by Ms Adrienn Bálint (MGYOSZ) and Judit Czuglerné Ivány (MOSz)

All presentations are attached and available on the EU Social Partners resource centres websites¹.

Seminar Notes

Welcome and information on the project by the European Social Partner

On behalf of the European social partners, *Joël Decaillon (ETUC)* and *Steven D'Haeseleer (BUSINESSEUROPE)* welcomed participants and presented the background of the project in the context of the EU social partners' work programme 2009 - 2011, its main purposes and methodology (survey, interviews, national fiches, cluster seminars, final conference).

Both explained that the joint project on flexicurity should be regarded as a follow-up of previous activities, in particular the European Social partners joint analysis on key challenges facing European labour market. The EU SPs are aware of the difficulty both sides have with the term flexicurity.

The SPs also stressed that flexicurity is both a complex as well as diverse concept; they also observed that concepts do not always reflect reality. Therefore analysing and discussing policies and solutions is important.

¹ <http://www.resourcecentre.etuc.org/> & <http://www.erc-online.eu/>



The basic aim of the four cluster seminars organised within the framework of the project is to discuss the issue of flexicurity in a smaller context by bringing together a sample of 7-8 countries. The country clusters have been selected following specific criteria: each cluster comprises a set of Northern, Southern, Central and Eastern European countries. By this, different backgrounds, views and opinions on flexicurity should be brought together. Big countries have been also mixed with smaller ones; another criterion was stage of social dialogue development.

The EU SPs invited the participants to:

- Discuss flexicurity from different national perspectives, and learn about national experience and policies.
- Learn more about the role of social partners in national reform processes and flexicurity orientated policies.
- Comment on the draft country fiches that were sent prior to the country cluster in order to improve the quality of the research and the final version of country fiches.

Comparative results of the EU Social Partners' survey

After the introduction round, the expert Anna Kwiatkiewicz presented the comparative results of the survey conducted amongst national member organisations in spring 2010 (the presentation is attached in the annex).

The expert highlighted that the survey was an important, preliminary step that contributed positively to the preparation of national fiches. In particular the answers given to the open questions of the survey were very useful. Also the relative high number of cases of good practice reported in the replies was stressed as a positive outcome.

A discussion after the presentation of the survey results followed with comments made by national social partners:

- Several participants highlighted that the overall and comparative results not always also reflect the national situation. Here for example representatives from Hungary and Ireland reported a significant loss of influence the social partners have experienced in recent years.
- The Latvian employer representative attending the seminar has not received the questionnaire and asked whether contributions would still be possible. The project team responded that any comments and suggestions in regard to the national analysis would be welcomed.

Flexibility and security in recent labour market and social policy reforms: state of play of the implementation of the common principles – comparative results of the analysis Part A

Eckhard Voss presented the results of the comparative analysis of the cluster countries focussing in Part A on the issues of flexible and reliable contractual arrangements, greater internal and external flexicurity (the presentation is attached in the annex).

National case presentation and discussion

France

The French social partners, Jean Pierre Gabriel (CGT), Cécile Cottreau (CFDT) and Sandra Aguetzaz (MEDEF) delivered statements on the national experience of flexibility and security in current labour market reforms in France and explained their different positions on flexicurity in France.

Highlights of the presentation and discussion:

- The representative of CGT stressed the reservation of the union in regard to the flexicurity concept. From the point of view of employees, flexicurity has been imposed on them and the situation is very unsatisfactory. Since 2007 the labour market situation in France in general has deteriorated. Major problems are: segregation and the emergence of dual labour markets, lack of equity between different labour contracts.
- Also the Labour Modernisation Act of 2008 was assessed very critically in the light of flexicurity: It has brought more flexibility (e.g. making dismissals easier, flexible contracts, liberalisation in regard to job agencies etc.) but not more security for employees.
- Against these developments it is quite obvious for the CGT that flexibility and security are opposed categories. The trade union also strongly advocates internal flexicurity instead of external flexibility. With view on the temporary measures implemented in France in response to the crisis, the trade union is demanding the continuation of these schemes. Furthermore, CGT see a major challenge in regard to flexibility and security in the labour market in the need to secure the transferability of social security rights (in particular achieved rights) and equal access regardless the individual contractual arrangement.
- Also the representative of the CFDT explains that the trade union is not particularly happy with the term 'flexicurity' and CFDT as well stresses the negative trends and changes in the French labour market and in particular the increase in precarious forms of work.
- Against global and national economic and employment trend the CFDT stresses the need of skills development, life long learning policies that should be regarded as new social workers' rights. In this context also the concept of "secure professional career paths" and "professional pathways" was highlighted. This in particular for young people in the labour market is a major need against the background of high youth unemployment.
- Against the background of rising insecurities within the labour market, the CFDT insisted on the need to create more stable and secure employment. The social partners in this context are playing a major role and important function. Here, the CFDT also stressed the responsibilities of the employers.
- The representative of MEDEF portrait the 2008 Labour Market Modernisation Reform, signed by social partners (with the exception of CGT), as a positive initiative into the right direction and considered it as the stepping stone towards the French "version" of flexicurity. The agreement has brought improvement to the four main aspects of the labour market (entry/ change/ exit/ return).
- According to MEDEF, it was a necessary step because the French labour market regulation and employment protection rules are quite extensive. This has resulted in the tendency of "escaping" from contracts on a permanent basis into fixed-term work. But the agreement introduced an innovation: the "rupture conventionnelle" (conventional break), aiming at lessening rigidities and introducing new forms of agreements involving both employees and employers.
- Also MEDEF regard the transfer of acquired training rights as an important new social right of employees that should be implemented on an equal basis. Moreover, the crisis has put the reform process "on hold", but there are still some positive movements, especially in the unemployment benefits system.
- In the following discussion representatives from different countries (e.g. Austria, Latvia, Hungary) commented on the situation in their respective countries and in particular on the issue of transferability of social rights.

- The situation of young people on the labour market, the need for improvements in the VET system and to better bridge education and professional life were stressed by many participants as important challenges.

Flexibility and security in recent labour market and social policy reforms: state of play of the implementation of the common principles – comparative results of the analysis Part B

Eckhard Voss presented results of the comparative analysis of the cluster countries focussing in Part B on the issues of supportive social security systems, gender equality, cost effective allocation of resources and flexibility and security in the context of crisis and recovery (the presentation is attached in the annex).

National case presentation and discussion

Denmark

Following the discussion of the French case, Rune Siglev of LO and Christina Sode Haslund, DA commented in two presentations on the situation in Denmark and their view of flexicurity: While the LO representative focussed on the question whether or not flexicurity is made for “bad weather”, Mrs Sode Haslund presented an outline of future flexicurity politics, i.e. a “2nd Generation of Flexicurity” (both presentations are attached in the annex).

Highlights of the presentations and discussion:

- Mr Siglev described the well known Danish “Golden Triangle” of Flexicurity that not only is based on flexible contractual arrangements (external as well as internal) and active labour market policy but also a comparatively high compensation standard in cases of unemployment. He also explained that the Danish system is build on a strong dialogue between social partners and also a stable tripartite dialogue with the government
- Against this Mr Siglev explained that the Danish model has been challenged and currently is under threat resulting from a number of factors but in particular a change in the political culture of the country. Reforms carried out by the current government have resulted for example in quite drastic cuts in social security (reduction of the period of unemployment benefits from 7 to 2 years). Also the expenditure on training was reduced
- These trends from the point of view of LO Denmark are worrying since they undermine not only the social security system but also the balance within the flexicurity “Golden Triangle”.
- Therefore Mr Siglev concluded his presentation with the claim that “*Flexicurity is not for party politics*”
- On the behalf of DA Christina Sode Haslund stressed that the state of flexicurity and the balance between flexibility and security in the labour market today is better than elsewhere in Europe.
- However, there are also major challenges. Mrs Sode Haslund in particular referred to the number of job losses during the crisis, comparatively low growth expectations for the coming years and the rather grim demographic outlook.
- Against this, according to DA there is the need of labour market policy to adapt to the new situation. The focus in particular should be on the improvement of mobility (and voluntary mobility in particular) and dynamism in the labour market and its openness.

- Major aspects of the future Danish labour market model should be the successful organisation of professional transitions and the inclusiveness of the labour market. A key to this according to Mrs Sode Haslund are “*secure and mobile modern rights*”.
- Against this, there could be a need for what Mrs Sode Haslund termed “2nd Generation of Flexicurity”: First, flexible hiring and dismissal and secondly, the support of mobility, skills development and transitions in the labour market.
- A number of examples and cases of good practice then were presented exemplifying mobile and secure rights (e.g. occupational pension funds, educational competence funds or holiday pay funds), dynamism in the labour market (CVT needs matching, education rights, training leave); and the openness in the labour market (facilitation of entry and return, avoiding insider-outsider distinctions). Examples of modern flexicurity in Denmark according to Mrs Sode Haslund also are the maternity fund, the dual VET system for young people or the job scheme for immigrants.
- The following discussion focussed in particular on aspects regarding the conditions and future of flexicurity, e.g. the question of financing social security (“*it is not possible to have flexicurity for free – adequate levels of income are necessary*”) and the financial effects of the 2008 crisis and its impact on balancing flexibility and security.
- Further issues raised in the discussion were the question regarding the effects of “bad weather” on flexicurity. Here, in particular the question how to organise and improve job transitions in times of jobless growth or growing unemployment was highlighted and also the increase of the insider-outsider problem in current labour markets and undermining of the flexicurity model by cuts in social spending.
- Furthermore various participants stressed the fact that flexicurity not only is based on bilateral dialogue but – as the Danish example illustrates – a functioning tripartite consultation and dialogue, characterised by mutual understanding and trust.
- In regard to the global crisis and responses in many European countries various participants (e.g. ETUC, Austria, Denmark) stressed that the main instrument to maintain jobs and employment has been schemes and programmes of internal flexicurity, e.g. flexible working time organisation or short-time working schemes
- An Irish participant briefly summarized the current situation in Ireland and approaches/debates on necessary labour market modernisation practice (“*High Level Group on the Labour Market*”). He also indicated that the labour market reform discussion in Ireland is quite supportive of the flexicurity concept.
- A participant from Latvia also described the situation of the country in regard to social dialogue structures, tripartite consultation and the effects of the crisis. In regard to the consultation of anti-crisis measures in Latvia it was stressed that social dialogue was very weak (it was dined as “*theatrical performance*”).
- Similar to the Latvia experience the situation in Croatia according to another participant of the seminar is also characterised by only weak and symbolic social dialogue and a lack of balance between flexibility and security in the Croatian labour market. As the Croatian participant explained common solutions are not possible to develop on the labour market due to a weak tripartite dialogue.

Flexibility and security in recent labour market and social policy reforms: State of play of the implementation of the common principles – comparative results of the analysis Part C

The second seminar day was opened by a presentation delivered by Eckhard Voss of results of the comparative analysis of the cluster countries focussing in Part C on the role of social partners and social dialogue in the implementation of the common principles of flexicurity (the presentation is attached in the annex).

National case presentation and discussion

Hungary

Ms Adrienn Bálint from the employer federation MGYOSZ and Ms Czuglérné Ivány (MOSz) presented an assessment of the state of flexibility and security in the Hungarian labour market, economy and in social affairs (the presentation of Mrs Bálint and Czuglerne are attached in the annex).

- Ms Bálint highlighted current challenges and structural problems in the Hungarian labour market and society, e.g. low adaptability, a comparatively high share of non-wage labour costs/social insurance contributions, administrative burdens, skills mismatches, lack of mobility and structural regional labour market problems (in particular in Eastern Hungary).
- From the point of view of Ms Bálint these factors are contributing to an overall picture of “flexicurity at low level” in Hungary and are regarded as major barriers to the overall goal of job creation and developing a more positive economic climate.
- Complementing the issues raised by the previous speaker Ms Czuglérné Ivány presented an overview of social challenges in Hungary and the overall low level of social security. She also stressed that no real social dialogue took place in Hungary in the contest of the crisis and the development of anti-crisis measures.
- In the following discussion of the national case, many participants suggested that the “critical mass” of preconditions for flexicurity currently is hardly given in Hungary, in particular with regard to certain standards of flexibility and security as well as with view on social dialogue and tripartite consultation.

Strengths, weaknesses and challenges – the way forward

Eckhard Voss on behalf of the expert team summarized the debates and presentations at the seminar, highlighting major strengths and weaknesses as well as challenges and problems in regard to the flexicurity concept as arising from the discussions and comments of the two days:

- *Strengths*: integrated approach, addressing the right issues and challenges of the labour market, focus on internal flexicurity, concept of transitional labour markets and employment security, idea of “change security” and/or “secure professional pathways”, active and strong social partners’ involvement and social dialogue based approach. A lot have actually been done in the past, without naming it flexicurity, but still contributing to that.
- *Weaknesses*: imbalances in the implementation of flexibility and security (focus on external flexibility), financial constraints hinder the development of a sufficient standards of social security, burden of “inherited systems”, segregation and dual labour markets/inequalities of different contractual statuses
- *Challenges/problems*: financial sustainability, too low employment rates, high youth unemployment rates, transition from job to employment security, current lack of joint understanding and common solutions to address common challenges in EU countries, equal

access to security, mobility, insider-outsider distinction, weak social dialogue, social partners are left alone by governments, portability of social rights.

Closing round table and comments by the European social partners

The representatives of the European social partners (BUSINESSEUROPE, ETUC and UEAPME²) summarized the presentations and debates of the two days and drew some initial conclusions.

S. D’Haeseleer, BUSINESSEUROPE:

- Though the questionnaire survey has not brought one main conclusion or “revolutionary conclusion”. But an important message is arising from the survey: a majority of social partners agree that – if implemented in a balanced and holistic way – flexicurity can work. This result indicates that flexicurity is more accepted than often thought, which according to BUSINESSEUROPE is positive outcome of the survey amongst national social partners.
- The discussion at the seminar has highlighted in particular the need to organize smooth transitions of economic growth into new jobs. This is true in regards to the need to remain competitive, and translate that into ways to improve labour markets.
- Though labour market segregation is regarded in some countries as a major problem it has to be stressed that this is not a general and European wide trend.
- With regard to future challenges Mr D’Haeseleer in particular stressed the need to find a balance between, public finances, good policies and their financial sustainability. This is essential in order to find growth in the long term and implement structural reforms.

C. Sechi, ETUC:

- Mrs Sechi first highlighted that it had been able to cover important policy aspects that are connected to the flexicurity concept apart from gender equality
- From her point of view the debates and contributions both on the national experience of flexibility and security in the labour market as well as the discussion of the flexicurity concept in general has added more question marks than answers to the debate. For her, the weaknesses of the concept clearly outbalance the strengths
- An important message of the seminar was that the bipartite discussion of flexicurity and the debate between social partners is vital however as some representatives outlined social dialogue or the role of social partners is still challenged in some member states. This is a key element of the common principle of flexicurity that cannot be ignored and therefore has to be addressed.

L. Volozinskis, UEAPME:

- For Mrs Volozinskis the seminar illustrates that flexicurity is an important issue and integral part of social dialogue in all countries despite the variety of practices
- The debates of the two days have also shown that there are many convergent approaches to tackle the structural labour market problems notably due to the crisis and it is equally important to look at the future and focus on future challenges than discuss the past experience
- An issue that should have been discussed more and was covered too little has been the issue of job creation and the role of SMEs

² The representative of CEEP, Mr Persson unfortunately had to leave earlier due to important other duties and was not able to attend the final round table.

- The seminar has also shown that there is not one, universal model of flexicurity and a single way to implement flexicurity – the adaptation to individual MS context is necessary and so are national approaches to flexicurity.

ANNEX:

- 1) Attendance list for the country cluster
- 2) Presentation by Anna Kwiatkiewicz on the summary of survey results
- 3) Presentation by Eckhard Voss on comparative results of the national analysis (Part A, B and C)
- 4) Presentation by Rune Siglev (LO Denmark)
- 5) Presentation by Christina Sode Haslund (DA Denmark)
- 6) Presentation by Judit Czuglerné Ivány (MOSz Hungary)