

THE ROLE OF EQUAL IN CREATING SUCCESSFUL FLEXICURITY PATHWAYS

Over the last year or so, the word "flexicurity" has suddenly entered into common parlance – at least in the Brussels policy arena. Although flexicurity is by no means an entirely new concept, the debate on its elements and on how to translate its principles into reality has intensified in recent years.

It is a debate which has been inspired by the increasing pace of change in the world economy resulting from the globalisation of markets, the emergence of new players on the world economic stage rich in labour resources and the rapid development of new technologies.

While these developments are generally viewed as having contributed to overall economic and employment growth, they have also brought significant and often painful transformations for workers and enterprises. More than ever before, both enterprises and workers are required to be adaptable and flexible if they are to survive in this new competitive environment.

The 2007 Commission Communication "Towards common principles of Flexicurity: more and better jobs through flexibility and security" ([COM\(2007\) 359 final](#)) defines flexicurity as "an integrated strategy to enhance, at the same time, flexibility and security in the labour market."

In the Communication, the Commission argues that a successful flexicurity approach can benefit both workers and enterprises as a result, for example, of better work organisation, upward mobility resulting from greater skills and increased productivity and adaptability to change. It is a strategy and approach which is entirely in line with the priorities of the Lisbon Strategy and recognises the realities of today's economic framework and labour markets. It also fully corresponds with the goals of the EQUAL programme, particularly under the Adaptability pillar.

Initiatives funded by the EQUAL programme are relevant to several of the four main policy components of adaptability as set out in the Commission Communication below.

FLEXIBLE AND RELIABLE CONTRACTUAL ARRANGEMENTS

Flexible and reliable contractual arrangements through modern labour laws, collective agreements and work organisation.

Analyses carried out by the OECD suggest that while the overall impact of strict employment protection legislation and conditions (or EPL for short) is limited, a negative impact on opportunities for labour market entry can be detected for groups already suffering disadvantage in the labour market (young workers, low skilled workers, ethnic minorities etc). In addition, strict EPL can lead to the greater use of temporary contracts with low levels of protection, with the potential of aggravating labour market segregation. At the same time, strict EPL has also been shown to have a positive effect on employer investment in training^[1]. Flexible work organisation can benefit both employers and employees, by allowing greater adaptability in work processes while at the same time enabling employees to combine work with family and other responsibilities.

The latter was highlighted by an event held by the Administration Unity of the European Social Fund in Spain and Murcia City Council e-Micro project on 27 September 2007. The seminar entitled "[EQUAL solutions for flexible work organisation](#)" concluded that flexible work organisation is necessarily the result of compromise between workers and employers, but can nonetheless lead to a win-win situation for both sides.

Access to flexible work organisation and the ability to hire and fire is also among the cornerstones of the success of the Danish "golden triangle" which is perceived by many to be one of the prime examples of the implementation of flexicurity policy in the EU. This system combines comparatively loose EPL with a relatively generous social safety net and high spending on active labour market and lifelong learning (LLL) policies, thus combining high external numerical flexibility with high levels of income security and employability. It is a system which

goes back over 100 years to an agreement between the social partners and the government which traded the right to recruit and dismiss with the development of a public employment benefit system. This combination of policies has led to a labour market outcome characterised by high employment rates (77.4% in 2006), very low unemployment (3.9%), high job turnover and high participation in LLL.

Understandably, in negotiations between employers and trade unions, it is not always easy to find consensus on the concept of flexicurity and the requirement for more flexible forms of working. However, the European cross-sectoral social partners have sought to address these issues with their framework agreements on part-time and fixed-term work and the agreement on teleworking. Similarly, a number of EQUAL projects are seeking to emphasise the importance of using more flexible working time and work organisation models.

The Polish project [*Alliance for Work*](#) (Sojusz dla pracy) has among its goals "to change the attitudes of employees, trade unions and employers towards flexible forms of employment such as teleworking, part-time work and the use of temporary work agencies."

The German project [*Generations - Berlin integrates experience*](#) (Generations - Berlin integriert Erfahrung) also promotes the development of flexible models of access to employment, particularly for older employees who may initially find it difficult to re-enter the labour market because of a lack of recognised, up-to-date qualifications. This is closely linked with strategies to encourage LLL – the second key policy element of flexicurity policy.

COMPREHENSIVE LIFELONG LEARNING STRATEGIES

Comprehensive LLL strategies to ensure the continual adaptability and employability of workers, particularly the most vulnerable.

It has been shown that strong involvement in LLL has a positive effect on employment rates. However, evidence also indicates that it is those individuals who already have a good educational background which benefit most from LLL. Targeted investment to ensure positive education outcomes for young people is therefore equally critical in elaborating flexicurity policies. In order to ensure the labour market relevance of vocational training and LLL, all relevant labour market actors must be involved in its design and ongoing evaluation.

Emphasis on re-and upskilling, as well as LLL is common to the vast majority of EQUAL-funded actions. Projects significantly contribute to the realisation of the types of policies described above as they tend to focus strongly on disadvantaged groups within the labour market with generally poor educational backgrounds. Another key emphasis of EQUAL-funded actions is the provision of support to SMEs in offering LLL opportunities, as they often lack the resources and know-how to implement such approaches.

The [*London Workforce Future*](#) focuses on the provision of LLL for disabled individuals, while another British project [*ACORN*](#) (*Adaptive Capabilities for Organisational Renewal through Networks*), German [*Generations - Berlin integrates experience*](#), Polish [*MAYDAY*](#) (Model Wspierania Pracowników w Firmie) and [*Alliance for work*](#) provide training specifically for older workers to allow them to remain in – or to re-enter the labour market. The Austrian [*ADVOCATE*](#) project, on the other hand, specifically emphasises the need to create training opportunities for unskilled workers who often have little or no access to LLL opportunities.

Another core focus of EQUAL-funded projects is the development of innovative methods of delivering training content, for example with the use of new technologies.

ACTIVE LABOUR MARKET POLICIES

Effective active labour market policies (ALMP) that help people cope with rapid change, reduce unemployment spells and ease transitions to new jobs

For many years now, action to reduce unemployment and to limit unemployment spells has emphasised the significant contribution to be made by well designed ALMP. In particular personalised job search advice linked with any necessary training or re-training intervention has been shown to be successful. ALMP must be closely co-ordinated with the benefits system to ensure that "work pays".

The implementation of ALMP is often through the provision of vocational education and training and this policy area is therefore inextricably linked to the provision of LLL. At the same time, the incentive to look for work is undeniably connected with the accessibility and generosity of the benefit system (see below).

Research findings clearly indicate that the most effective intervention in order to prevent long term unemployment is early action to prevent unemployment in cases of restructuring and change management. Activities in this area are among the key strengths of the equal programme and initiatives such as [MEIRG\[2\]](#) in the U.K. and [Décrire la Convertibilité](#) in the French speaking part of Belgium have shown the significant successes of local partnerships in providing early targeted intervention provided in partnership.

MODERN SOCIAL SECURITY SYSTEMS

Modern social security systems that provide adequate income support, encourage employment and facilitate labour market mobility. This includes broad coverage of social protection provisions (unemployment benefits, pensions and healthcare) that help people combine with private and family responsibilities such as childcare.

Social security systems must provide for adequate protection for times of unemployment, ill health, disability and retirement. In relation to unemployment protection in particular, it must ensure that active job search is encouraged, in combination with effective ALMPs.

Few EQUAL projects include comprehensive actions to cover all four policy areas (partly because these lie within the remit of a large number of different policy actors), but the [Senior Select Retain and Retrain](#) project in Ireland is attempting to do just that by delivering an approach to age management which recognises the need to develop a holistic strategy. This includes changing employers' attitudes towards older workers (e.g. that they are less productive and unable to learn new skills), providing non-discriminatory access to LLL and career development, providing flexible working arrangements for those who wish to combine work with retirement or other activities and adapting social security, tax and pension regulations to ensure that flexible entry into retirement is not penalised.

No "ONE SIZE FITS ALL "

EQUAL projects are able to provide a test bed for new ideas in the implementation of different flexicurity pathways. As with mainstream labour market and social policies, they demonstrate that there can be no "one size fits all approach", and are equally testament to the importance of involving strong networks of key stakeholders in the implementation of successful actions.

The European Commission is encouraging Member States to report on their actions in relation to the four pillars of flexicurity policy as part of their implementation of the Integrated Guidelines. Policy makers could do worse than take into account the innovative experiences of the EQUAL programme in defining these actions.

[1] Auer, P., Berg, J. and Coulibaly, I. (2005), "Is a Stable Workforce Good for Productivity?", *International Labour Review*, Vol. 144, No 3 argue that firm specific investment in human capital takes a certain time to feed back into labour productivity. Longer job tenure as seen in countries with strict EPL is therefore considered to encourage such investment. However, other countries with less strict EPL such as Denmark as show significant employer investment in training.

[2] Please find a case study on the MEIRG DP entitled "Building on Skills" in the policy paper "[EQUAL and ESF Article 6: A Test Bed for Innovative and Socially Responsible Restructuring](#)", pg. 36)