



# The second phase of flexicurity: an analysis of practices and policies in the Member States





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# Executive Summary

## Introduction

Flexicurity, a strategy to enhance both flexibility and security in the labour market, has been on the agenda of public and policy discussion across Europe since the 1990s. In light of the recent economic crisis the question arose whether flexicurity, which was developed in times of good economic and labour market performance, also works in 'bad weather'; that is whether and how it is implemented in the Member States of the European Union during times of economic difficulties.

The current research project aims to investigate the second phase of flexicurity by identifying a large number of public and social partner-based individual instruments that in themselves combine an element of flexibility and security, and hence feed into the national flexicurity system even if not labelled that way. This should contribute to making the somewhat ambiguous concept of flexicurity more tangible, by providing numerous examples of how flexicurity can be realised.

Due to methodological limitations only isolated policy instruments can be analysed, rather than considering the overall national flexicurity systems. As a consequence, no comparisons concerning the different levels of progress of implementing flexicurity between countries can be given (that is, how 'flexicure' individual Member States are). Nevertheless, the findings can be seen at least as an indication of whether and how flexicurity is being implemented across Europe.

## Policy context

The appearance of flexicurity as a policy tool can be traced back to the 1990s and coincides with a series of labour market reforms in Denmark and the Netherlands, driven by economic growth, globalisation, an increasing erosion in social cohesion, inequalities in income distribution and employment chances and a growing diversity of contractual arrangements concerning employment relationships.

Flexicurity as a concept was first spelled out at the presidency conclusions of the European Council in Brussels in March 2006. Afterwards, flexicurity became a top theme of European policy discussions, resulting in a number of contributions and strategy papers from the European Commission, Employment and Social Protection Committees, the Economic and Social Committee and European social partners. A general commitment to flexicurity as an instrument to deal with labour market challenges was made by all stakeholders.

As the most severe economic recession since the post-World War II period hit Europe towards the end of 2008, the debate on flexicurity was revitalised, this time driven by a lack of demand for workers. Despite continuing support from the EU for flexicurity, opposition to the strategy from scholars and social partners – for different reasons – can be observed. Nevertheless, there is still agreement that flexicurity could contribute to a win-win situation – also in times of crisis – if adapted to the altered framework conditions.

## Key findings

Concerning the dimensions identified in the commonly applied 'flexicurity matrix', among the analysed instruments that can be considered as implemented flexicurity measures in Europe, labour cost flexibility (employment subsidies or support of training costs) is the most prevalent flexibility dimension, particularly in central and eastern Europe, followed by external flexibility (outplacement and reintegration support for dismissed workers). In line with that, the most common security dimension among the identified instruments is income security (highly prevalent among the instruments analysed for Nordic/Scandinavian and Continental European countries), followed by employment security (more

often covered among the instruments identified in Continental European and Anglo-Saxon countries). Most of the identified tools serve several types of flexibility and security simultaneously.

The most widespread flexicurity principle followed by the identified instruments is the creation of new and retention of existing jobs (particularly prevalent among the instruments identified for the Nordic/Scandinavian countries), followed by fostering transitions (the lowest share of such instruments was found for Mediterranean countries). The creation of better jobs as well as social protection is least tackled. More than 90% of the analysed instruments follow more than one objective, whereby various combinations with lifelong learning are widespread, such as skill development linked to the provision of flexible and reliable contractual arrangements, the creation of better jobs, fostering transitions or equality.

The majority of the identified public measures target employers, but a high share of instruments also address employees (for example dealing with contractual arrangements or the creation of better jobs) as well as the unemployed and those at the margins of the labour market (job creation and transition support, including measures to foster equality and overcome segmentation).

The great majority of all cases collected were initiated either by national or regional administrative bodies. In just under half of the identified measures, social partner involvement could be confirmed. In the overwhelming majority of these cases, social partners played an active role in negotiating the design and implementation of the measures through collective agreements. In fewer cases they also actively contributed to the funding, implementation, administration and evaluation. The involvement of social partners can be seen as an important, although not sufficient, precondition to explicitly refer to the trade-off between flexibility and security and might also contribute to the establishment of a cost-sharing funding of the instrument.

A comparatively high share of the analysed instruments were either implemented as recession instruments or have been amended to better suit the changing socio-economical dynamics in the (post-)crisis climate, and are also characterised by a more frequent use by the target group during or in the aftermath of the crisis compared to 'fair weather' times. This underlines the potential of flexicurity to be feasible also in economically difficult times.

### **Policy pointers**

This research provides some indication that flexicurity is being implemented in Member States in a practical way, in terms of public policies and support instruments, and hence some progress regarding the 'second phase of flexicurity' is being achieved.

The current analysis shows there is a high number of measures including cooperation between governments and social partners, which is beneficial for the design of instruments promising a high win-win potential for employees and employers. At the same time, some potential for improving the involvement of social partners can be pinpointed, particularly in the central and eastern European and Anglo-Saxon countries.

In the current economic climate a balance of flexicurity measures on insiders and outsiders seems to be even more important than in the past. Instruments targeting insiders could, for example, deal with working time flexibility or internal mobility (including occupational change during employment), hence also requiring comparatively little public funding. Among the analysed instruments, few such measures have been found for central and eastern Europe, highlighting some potential for improvement. Measures targeting outsiders should address the needs of those most affected by the economic crisis, such as youth.

More consideration should also be paid to aligning social security systems with the idea of the flexicurity concept. In this context, a stronger social partner involvement in relevant initiatives and regulations would be advisable.

Regarding the theoretical concept of flexicurity, the current research suggests the establishment of a more specific definition of the flexicurity pathways and principles covering the creation of 'better jobs', a broader approach towards 'fostering equality', going beyond gender equality (without, at the same time, reducing the emphasis on gender equality), and a more explicit focus on job retention. Furthermore, comprehensive and systematic evaluations are required to learn more about what makes flexicurity instruments succeed and as a basis for the future design of such measures.



Flexicurity is ‘an integrated strategy to enhance, at the same time, flexibility and security in the labour market’ (European Commission, 2007a). The concept incorporates combinations of flexibility and security in the labour market. It may serve to reconcile employer and employee interests and concerns that are often assumed to be contradictory and incompatible (Viebrock and Clasen, 2009 and Larsen, 2010).

Flexicurity has been on the agenda of public and policy discussion across Europe since the 1990s and was taken up in EU employment guidelines in the early 2000s. With the global financial and economic crisis and the attempts to find ways out of the recession, the debate on flexicurity once again gained momentum. In particular, the question arose whether flexicurity – having been developed in times of good economic and labour market performance – would also work in ‘bad economic times’ and how it could be applied to keep as many workers as possible in employment while at the same time giving people outside of the labour market the chance to find new jobs as quickly as possible (European Economic and Social Committee, 2009).

Flexicurity is not just a concept or a theoretical model, it also has practical implications for public or social partner-based support instruments or regulation of the labour market. It may also manifest itself at company level. However, a measure or a combination of measures is often not explicitly labelled as ‘flexicurity’. This leads to a lack of visibility of flexicurity measures. Combined with the intangibility and ambiguity of the concept, a situation arises in which little is known about whether or not flexicurity is applied in practice and what form its implementation takes or could take. Some researchers and flexicurity experts have made an effort to highlight examples of flexicurity policies, but such compiled information is rare and limited in its extent (see for example European Commission, 2007a, Council of the European Union, 2008 and Eurofound, 2010e).

Against this background this research project aims to investigate the implementation of flexicurity in the EU Member States. However, it must be emphasised at the outset that this report does not give an assessment of how developed flexicurity is in the countries – or how ‘flexicure’ they are. Previous research either deals with defining the concept or providing a few examples of flexicurity instruments, or making quantitative attempts to measure flexicurity in different countries. This report takes a qualitative approach, addressing a gap in the research to provide a large set of ‘flexicurity examples’ that previously has not been available.

The current report is based on a review of academic literature, public and policy documents and publicly accessible databases, all of which are available at European level. By identifying a large number (more than 230) of public and social partner-based initiatives that foster both flexibility and security in the labour market, the concept of flexicurity is made more tangible. It is the objective of this report to provide examples of how flexicurity is implemented at Member State level, and to characterise the different measures. A list of the national public and social partner-based instruments included in the research project can be found in the Annex. These measures should be considered as an inventory or repository of possibilities of how flexicurity policies can be practically applied rather than as ‘good practices’ to be implemented across Europe without considerations or adaptations.

Furthermore, the selected set of analysed instruments does not by any means constitute a comprehensive set of all flexicurity measures implemented in Europe.<sup>1</sup> Only examples of various measures that can be considered to feed into the national flexicurity system were collected, based on literature review. Consequently, similar examples might well exist in other countries, but if not covered by the European sources approached, they have not been considered.

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1 For full details on the methodology, see chapter 3

It must also be underlined that flexicurity is usually seen as a combination of labour market, social and other policy fields that can only be regarded as flexicurity when viewed as an integrated whole. For example, the loosening of employment protection legislation may provide flexibility that is traded off for more generous unemployment benefit. Seen in isolation, neither of these measures qualify as flexicurity and would thus not be included in this study. Only measures that cover at least one flexibility and one security dimension at the same time are included.

If a support instrument or regulation aimed at increasing the flexibility of the labour market was established at the same time as another instrument or regulation that guaranteed increased security, such a combination of measures leading to a balanced flexicurity approach would not be included in this study. The reason for this is that such an interaction between measures is hardly ever dealt with in the literature which formed the basis of the current research, and further, more in-depth information was not at the disposal of the authors. Hence, in order to guarantee that no isolated measures not satisfying the flexicurity concepts were included in the research, it had to be limited to measures which themselves combine flexibility and security in a stand-alone way.

The public and social partner-based instruments and regulations were operative at the time of investigation (second quarter 2011) and were analysed, irrespective of their age or development over time. No statements about realised or evolving flexicurity trends can be given. However, from the relevant information available, differences between the characteristics of measures predating the crisis and those that were initiated or changed during or in the aftermath of the recession are highlighted.

Furthermore, hardly any information is available regarding the extent or importance of individual instruments. For a very limited number of instruments, data about participation and outcome or evaluations exist. Wherever such information was accessible, these findings are mentioned. For the rest of the report, however, all instruments are treated in an equal way, not considering their level of influence.

After a brief overview of the public discussion about flexicurity before and during the global financial and economic crisis (chapter 2), the main part of the report deals with practical examples of how flexicurity is implemented in the Member States of the European Union (chapter 3).

The last part of the report (chapter 4) provides an assessment of the identified instruments regarding their coherence with widely accepted 'flexicurity elements' compiled by the authors<sup>2</sup> as well as hints for further activities (chapter 5). In order to place the individual, isolated measures we analysed into context, they have been compared to the characteristics highlighted for certain flexicurity country clusters as identified by previous research.<sup>3</sup> Again, more in-depth considerations concerning the institutional, regulatory or economic framework cannot be covered by desk research alone. A thorough investigation of governmental and social partner structures, characteristics of economic and labour market developments, social systems and regulatory frameworks for 27 countries requires getting directly involved at national level.

Based on the preliminary results, a validation workshop with European experts in the field of flexicurity (researchers, representatives of employers' and employees' organisations as well as the European Commission) was conducted in September 2011. This report summarises the main findings of the desk research, qualitative analysis and the workshop.

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<sup>2</sup> For full details on the methodology, see 'Research approach' in chapter 4.

<sup>3</sup> For full details on the methodology, see chapter 4, 'Analysis by country clusters'.

# The concept of flexicurity

# 2

## Development of policy discussions

The appearance of flexicurity as a policy tool dates back to the 1990s and coincides with a series of labour market reforms that took place primarily in two EU Member States: the Netherlands and Denmark. During his term of office from 1992 to 2001, Danish Prime Minister Poul Nyrup Rasmussen brought out the 'magical cocktail flexicurity' as a combination of easy hiring and firing (flexibility for employers) and high benefits for the unemployed (security for employees) (EU Commission, 2011). Around the same time, the sociologist and member of the Dutch Scientific Council for Government Policy, Hans Adriaansens, launched a similar concept, defining it as a way of compensating for decreasing job security by improving employment opportunities and social security (European Parliament, 2007).

European policymakers started to debate the flexicurity concept in the late 1990s when they took note of the impact of the Danish/Dutch models resulting in record low unemployment figures. Flexicurity was seen as an important element in adjusting the European labour markets to the globalised economy, in a way that would help them become more flexible without damaging the provision for social security and justice (Schmid, 2002). Eventually, the concept became a major component of the European labour market policy discourse.

The first reference to making European labour markets more flexible while shifting the 'job security' aspect to 'employment security' backed up with lifelong learning and active labour market policies, appeared in the EU Employment Guidelines in 2001, adopted by the European Council. Although 'flexicurity' as a concept was not used, the Council mentioned several times that in order to achieve the Lisbon Agenda goal of becoming the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion, Member States would be required to engage in sound structural reforms promoting adaptable and flexible labour markets and an active welfare state promoting human resources' development (EU Council, 2001). Governments were encouraged to introduce, in consensus with social partners, more flexible working arrangements like new flexible contracts, part-time work and variable pay, which ensure adequate security while balancing this with increasing the quality of jobs. Later within the framework of the revised Lisbon Agenda, Member States and social partners were urged to review and, where applicable, adjust their contractual arrangements towards making them more flexible, which can only succeed if combined with adequate security for workers in terms of their capacity to remain and progress in the labour market (Employment Taskforce, 2003).

Flexicurity as a concept was mentioned for the first time at the presidency conclusions from the European Council in Brussels in March 2006. At the council, Member States were urged to make use of positive interdependencies between competitiveness, employment and social security (Madsen, 2007). Following this, an Employment, Social Policy, Health and Consumer Affairs (EPSCO) Council took place in order to exchange and transfer knowledge about the flexicurity approach. The Commissioner at the time then used a limited definition of the concept as simply promoting both labour market flexibility and employment security at the same time (European Commission, 2006a).

After the council, flexicurity became a key theme in European policy discussions. There were a number of contributions and strategy papers from the European Commission, Employment and Social Protection Committees and the Economic and Social Committee in 2006.

In these initiatives, flexicurity is presented as a policy approach that unites two basic EU goals: increased competitiveness and social protection (European Commission, 2006b). In the highly debated 2006 green paper on modernising labour law, it is mentioned that reforms in labour law are

crucial for advancing a 'flexicurity' agenda of increased labour flexibility combined with adequate employment security (Eurofound, 2007a). The green paper initiated a consultation process addressed to national governments, social partners and other stakeholders, with 14 questions on how to modernise labour law. Moreover, as part of the green paper process, the European Commission urged all stakeholders to agree on a set of common principles of flexicurity, to be implemented by the Member States and at EU level.

It was also around this time that the social partners at European level started to explicitly contribute to the debate through various communications and position papers. The European Trade Union Confederation (ETUC) underlined the fact that a real balance should be based on quality of work, lifelong learning, work-life balance, promotion of internal flexibility, enhancement of upward mobility of workers, recognition of the diversity of solutions in Europe determined by the size and social dialogue heritage of the country, more investment in welfare systems, active labour market policies investing in people, social dialogue and coordination of tax policies in Europe (ETUC, 2007a).

The European Association of Craft, Small and Medium-Sized Enterprises (UEAPME) emphasised that the flexicurity concept clearly points out some of the main problems facing labour markets in many European countries, but standing alone it is not a concrete model to solve any of those. Therefore, policymakers in each Member State should aim to introduce a set of tailored measures to provide a whole support system, rather than introducing isolated individual flexicurity measures, in order to tackle the changing realities in labour markets (EurActiv, 2007a).

BusinessEurope stated that flexicurity must be founded on the following pillars (BusinessEurope, 2007 summarised):

- flexible and reliable contracts together with a strong commitment to fight undeclared work;
- effective labour market policies and lifelong learning systems;
- an employment-friendly social protection system (in particular unemployment insurance).

The consultation process initiated by the aforementioned green paper of the European Commission was supported by a task force on flexicurity which delivered its report in 2007, suggesting policy areas and principles of flexicurity (European Expert Group on Flexicurity, 2007).

Subsequent to the request from the European Council, in order to facilitate national debates within the common objectives of the Lisbon Strategy for Growth and Jobs, the European Commission defined a common set of principles on flexicurity, adopted by the Council by the end of 2007. Accordingly, the European Commission's definition of flexicurity is rather broad, incorporating four policy components (summarised from European Commission, 2007, and European Parliament, 2007):

- flexible and reliable contracts through modern labour laws, collective agreements and work organisation (for both the employer and the employee, the insiders and the outsiders in the labour market);
- comprehensive lifelong learning to ensure the continuous adaptability and employability of workers, particularly the most vulnerable;
- effective active labour market policies to help people cope with rapid change;



- modern social security systems including broad social security provisions that help people combine work with private responsibilities.

The European Commission underlined the point that implementing flexicurity eventually leads to high employment rates and low unemployment rates. In addition, the social security dimension of the concept safeguards low poverty levels (European Commission, 2007a).

Both in the final report of the Expert Group on flexicurity and in the communication of the European Commission, it is acknowledged that the European labour market is diverse and one flexicurity approach does not fit all models (European Expert Group on Flexicurity, 2007). They provide common guidelines along which each Member State can design and implement its own tailored flexicurity policy. These common guidelines are (European Commission, 2007a):

1. involve the main four policy components underlined in the above-mentioned definition;
2. imply a balance between rights and responsibilities for all actors of the labour market (employers, workers, job seekers, public authorities);
3. flexicurity is not about one single labour market model or a single policy strategy; it should be adapted to the internal dynamics and labour market institutions of each Member State;
4. flexicurity should aim to reduce the divide between labour market insiders and outsiders;
5. internal as well as external flexicurity should be promoted while enabling secure transitions from job to job;
6. flexicurity should offer equal opportunities for vulnerable groups including women, migrants, older workers, the young and the disabled and should offer possibilities to combine work with family life;
7. flexicurity requires a well-developed social dialogue and climate of trust between social partners and public authorities;
8. flexicurity policies should be enacted while taking into consideration the budgetary costs and with a view to contributing to sustainable budgetary policies.

Accordingly, the Commission proposed four pathways towards implementing flexicurity at the national level as follows: tackling contractual segmentation, developing flexicurity within the enterprise and offering transition security, tackling skill and opportunity gaps among the workforce and improving opportunities for benefit recipients and informally employed workers (European Commission, 2007a).

Reacting to the common guidelines, the European social partners stated diverging positions, summarised in Table 1, while they all shared the view that reforms to modernise European labour markets were necessary in order to remain competitive in a global economy and to face demographic challenges. Moreover, all social partners emphasised the importance of customised flexicurity measures for Member States, to be determined in accordance with each country's own internal dynamics.

**Table 1: Social Partners' views on guidelines on flexicurity approach**

	European Trade Union Confederation (ETUC)	BusinessEurope	European Association of Craft, Small and Medium-Sized Enterprises (UEAPME)	Confédération Européen des Cadres (CEC European Managers)	European Confederation of Private Employment Agencies (EUROCIETT)
<i>Flexicurity should ...</i>	find a socially acceptable balance between the needs of adaptable enterprises and the long-term objective of human, social and sustainable development, as well as more and better jobs	facilitate the adaptation and creation of new jobs by removing obstacles to job creation while equipping workers to maximise their chances on the labour market	ensure reintegration of undeclared work	contain movements within the same employer through internal mobility	ensure the transparency and effective partnership of private and public employment agencies in the labour market and recognise the essential role of temporary agency work
<i>Flexicurity should not ...</i>	increase only flexibility for businesses, which leads to precarious jobs	stick to the job preservation mind set	leave out full completion of the internal market, the creation of a business-friendly environment especially for SMEs, or stimulation of entrepreneurship	promote uncontrolled flexibility that might lead to disloyalty and hinder information transmission and innovation, especially for highly qualified managerial and technical staff	underestimate the essential role of temporary agency work in facilitating transitions and skills enhancement of the workforce

Sources: Burroni and Keune, 2011; ETUC, 2007a; ETUC 2007b; ETUC 2007c; UEAPME, 2007; EurActiv, 2007a/b; BusinessEurope, 2007/2009; CEC, 2007; Eurociett, 2009, 2011; own compilations.

The views of employers and trade unions at Member State level diverged as well. A report published by Eurofound based on case studies from 27 EU Member States and Norway (Eurofound, 2009a) confirmed that although in general there was a commitment to flexicurity in order to deal with the current labour market challenges, when it came to assessing specific measures, employers' organisations were in favour of flexibility while employee representatives stated reservations about the possible risks of less security.

Following these first reactions, in 2007, the European Social Partners also presented their common understanding of the key components of flexicurity, published in a joint report. In the report, the social partners acknowledged that, applied in a proper way and taking into account the differences between Member States, flexicurity policies could create a win-win situation and could be useful in tackling the current problems in most European labour markets.

European partners especially stressed (ETUC, BusinessEurope, UEAPME and CEEP, 2007):

- that employment protection measures resulting from labour laws designed to promote transitions should be reviewed and possibly adjusted;
- the need to address the availability of various contractual arrangements and the emergence of new forms of contracts to answer both employers' and workers' needs.

On the basis of the above-mentioned report, any flexicurity policy needs to include the following elements in an appropriate way for the particular labour market circumstances in question (ETUC, BusinessEurope, UEAPME and CEEP, 2007 and Eurofound, 2010e):

- sound macro-economic policies, a favourable business environment, adequate financial resources and the provision of good working conditions;
- labour law and contractual arrangements that facilitate access to the labour market and transitions between jobs;
- effective and high quality active labour market policies;
- lifelong learning policies that ensure the employability of workers by improving competencies and qualifications;
- efficient and sustainable social protection systems which provide guaranteed income support and foster labour market integration;
- social dialogue that contributes to a negotiated balance between flexibility and security, improves the smooth functioning of the labour market and facilitates the adaptability of enterprises and workers.

The European Parliament's Employment and Social Committee also published a resolution as a response to the Commission's common principles of flexicurity in 2007.

The Committee acknowledged that flexibility can be in the interest of the employee as well as the employer, and that this can be achieved through promoting adaptable and reliable contractual arrangements, including permanent contracts. However, flexicurity must be a comprehensive policy strategy and include all the existing facets of employment and social policy at both national and EU levels (European Parliament, 2007).

The Committee pointed out that the Commission's flexicurity options were interpreted too one-sidedly as they did not provide an overview of the possible costs involved for the suggested measures. It also shared the concern that it was not very clear in the guidelines how flexibility and security could be realised simultaneously, and which contractual arrangements could be relevant to 'outsiders' (Contreras, 2008). Thus, the European Parliament called upon the European Council to adopt a balanced set of common principles of flexicurity which would include 'core rights for all workers regardless of their employment status', adaptable but reliable contracts coupled with action against abusive labour practices, measures to reconcile work and private life, gender equality and equal opportunities (European Parliament, 2007).

Following the eight common principles of flexicurity, the European Commission launched a 'Mission for Flexicurity' in 2008, in order to tackle the issue of diversity in implementing flexicurity practices and identify ways to make the policy work in different national contexts. It organised awareness-raising visits to five EU Member States (France, Sweden, Finland, Poland and Spain) and examined how flexicurity was being addressed and implemented in different countries, as well as helping the different labour market actors get involved in the process. The mission also had the objective of promoting mutual learning and exchange of best practices of flexicurity measures between Member States (European Commission, 2008).

### **Dimensions of flexicurity**

The flexicurity concept as it is used in the policy debate is an intangible and ambiguous one that includes everything about how European labour markets and welfare systems should tackle shifting employment and social risks resulting from globalisation.

During the last decade when flexicurity has been dealt with in depth by academia, considerable effort was made to systematically define and analyse the concept. The general consensus is that the notion of flexicurity has three meanings:

- a policy strategy that seeks to combine reconciling the needs of flexibility and security for those in and out of the labour market;
- a state of affairs that captures the functioning of labour markets by looking at the present degree of social security and flexibility in a country; and
- a general formulation to guide analysis of combinations of flexibility and security (Ibsen and Mailand, 2009 and Madsen, 2007).

Still, the academic debate about the common understanding and theoretical foundations of flexicurity is far from reaching a consensus and there are numerous definitions along these three meanings (see among others Keller et al, 2004; Wilthagen et al, 2003; European Commission, 2007a; Keune, 2008a/b and Auer, 2010). Likewise, there are different approaches to research on the concept, focusing on several dimensions that fall under the framework and elaborating classifications (see for example Auer and Cazes, 2003; Sperber, 2005 and Madsen, 2002 and 2007).

Without a doubt, however, the most commonly used systematisation of flexicurity is the so-called 'flexicurity matrix' by Wilthagen and Tros (2004). The matrix provides a framework for classifying the state of the labour market/employment policy in a country whereby a degree of numerical (both external and internal), functional and wage flexibility allows for the timely and adequate adjustment of labour markets and individual companies to changing conditions, in order to maintain and enhance competitiveness and productivity. At the same time, a degree of security should be provided that helps workers – especially those in a weaker position – with labour market participation and social inclusion (Wilthagen and Tros, 2004).

In their four by four matrix, Wilthagen and his colleagues differentiate between various forms of flexibility and security and provide various combination policy options that can be used while designing labour market policies (Wilthagen and Bekker, 2008).

Accordingly, labour market flexibility consists of one or a combination of the following four dimensions, based on the well-known classification of Atkinson concerning flexible enterprises (Atkinson, 1985 in Wilthagen et al, 2003):

- **External numerical flexibility** which refers to flexibility in adjusting the labour intake (for example, flexibility of hiring and firing);
- **Internal numerical flexibility** which refers to flexibility in adjusting the working time of employees already employed (for example, flexibility of working hours, overtime and part-time work);
- **Functional flexibility** which refers to the extent to which the organisation is flexible (for example, the possibility of an employee holding more than one job (multi-employability) and the flexible organisation of work); and
- **Labour cost/wage flexibility** which refers to flexible arrangements concerning the cost of employment (for example, the absence of binding minimum wages/wage indexation, or variable pay).

Similarly, security involves one or more of the following four dimensions:

- **Job security** referring to a high probability of retaining one's current job (for example, employment protection legislation);

- **Employment security** referring to a high probability of staying in work, though not necessarily with the same employer (for example, training possibilities that would facilitate finding another job quickly in the case of redundancy);
- **Income/social security** referring to income provision in the event of job loss (for example, unemployment benefits); and
- **'Combination' security** referring to the possibility to combine paid work with private and social responsibilities and obligations (for example, childcare facilities).

Each cell of the matrix shows policy measures relevant to intersecting types of flexibility and security, where each measure refers not to a trade-off but to a win-win situation in the sense of balancing less job security by providing other forms of security. Wilthagen and Tros (2004) point out in their several works that the enhancement of such a win-win situation thus necessitates a well-developed social dialogue tradition that will collectively bargain to achieve this balance.

Since its launch in 2004, the flexicurity matrix has been highly acclaimed not only by academics but also by European policymakers, mainly as regards its use in demonstrating different synergies and complementarities in different contexts. It has also been used as the basis for a working definition of the concept for this project, which will be detailed in chapter 3.

### Flexicurity country clusters

As mentioned in the previous section, the European Commission has in the past few years issued several policy recommendations for Member States concerning how to implement sound flexicurity policies, which requires a systematic and regular monitoring process. This motivated academia to suggest robust cross-country statistical measures concerning 'how flexicure' countries are (Sperber, 2005). Some researchers aimed to classify EU Member States into clusters based on their flexicurity model in order to detect possible commonalities and divergences in this context. All of these existing studies apply similar statistical methodologies, namely principle component analysis (PCA), cluster analysis and factor analysis while each uses a different set of single indicators to form clusters. A complete overview of comparable studies is presented in Table 2.

The European Commission itself provided the first attempt at mapping different flexicurity systems/models in Member countries along two flexibility and security axes. The Commission's work takes as a departure point the growing literature on the importance of the existence of different economic/employment systems. These can be identified through prevailing combinations of policies and/or institutions, thereby defining commonalities across countries (European Commission, 2006a). Following this approach, a preliminary taxonomy for flexicurity systems/models covering 18 EU Member States is provided, using principle component analysis and cluster analysis. Accordingly, five clusters are identified showing the following main characteristics:

- **The Nordic system** is differentiated by high security, intermediate-to-high flexibility in working arrangements, and intermediate-to-high taxation in labour markets. The model is characterised by a high incidence of advanced forms of flexible work organisation and by moderate levels of external flexibility, complemented by the large role given to lifelong learning policies, vocational training and R&D spending, as well as active labour strategies that involve high budgetary costs for policymakers.
- **The Anglo-Saxon system** shows a high degree of flexibility (i.e. looser employment protection legislation), combined with relatively low security (i.e. intermediate-to-low spending on labour market policies) and low taxation. It is characterised by high external flexibility and low segmentation

and associated with high rates of secondary education attainment, moderate intensity of vocational training, low spending in activation policies and moderate reductions in poverty rates. The model involves relatively low budgetary costs.

- **The Continental system** is associated with intermediate-to-low flexibility, intermediate-to-high security and intermediate-to-high taxation. The share of temporary and part-time employment is around average. Countries in this system record the second highest expenditure for active employment policies and the highest total expenditure for social protection.
- **The Mediterranean system** presents a combination of low(est) flexibility, intermediate-to-low security and no clear pattern on taxation. While expenditure on social protection and active employment rates are around the average EU level, participation in lifelong learning (LLL) is relatively low. Despite the rigidity, the percentage of temporary employment is the highest.
- **Eastern Europe (plus Italy)** is identified with insecurity, lower-to-medium flexibility and medium levels of taxation. In general a low share of temporary and part-time employment is observed in these markets. Total expenditure on social protection and active labour market policies tends to be low. Low mobility and low participation in lifelong learning schemes are also frequently observed in the countries under this cluster.

The European Commission's attempt was extended and revised later on by the Commission itself as well as by two other studies, which, by running similar analysis, drew comparable conclusions (see Table 2 for an overview and see European Commission, 2007b; Ciuca et al, 2009 and Laporsek and Dolenc, 2011 for further details).

The European Foundation for the Improvement of Living and Working Conditions (Eurofound) has commissioned a similar study to classify the EU Member States into groups based on flexicurity models and to determine whether countries with similar flexicurity systems also show similarities in their industrial relations systems or not (Eurofound, 2007a).

In this study, flexicurity is treated in a framework of three pillars: labour market flexibility/adaptability, social security and social cohesion. Sixteen indicators are used to measure three aspects of flexicurity: labour market flexibility, security and the activation side of the labour market (lifelong learning and training indicators). Security is measured by looking at: total expenditure on social protection as a percentage of GDP, total expenditure on social protection per head of population, unemployment insurance, the long-term unemployment rate, the youth unemployment rate, the share of early school-leavers, the employment rate of people aged 55–64 years, the Gini coefficient and the poverty rate.

The Eurofound study uses these indicators as inputs for the principle component analysis and cluster analysis method in order to produce six clusters as listed in Table 2. The main characteristics of each cluster are comparably in line with those from the aforementioned studies.

The latest study performing a similar exercise was done by Auer and Chatani (2011). In their report, the scholars worked with the variables of labour market flexibility and security that are associated with the dimensions of flexicurity in the scientific debate. They ran principle component analysis based on seven sub-indicators in order to group all 27 EU Member States into seven clusters.

Accordingly, **Northern European countries plus the Netherlands** have high scores of both security and flexibility indicators. They score especially high on income, employability and representation security and low on job security, particularly in Denmark. On the flexibility sides all countries in the cluster boast a medium to high level of internal and functional flexibility. **Anglo-Saxon countries**

(UK, IE) combine average levels of labour market security with high external flexibility. Auer and Chatani underline that in contrast to the commonly held belief, the overall labour market flexibility scores of this cluster are lower than those in the previous group, due to the mediocre performance of these countries in internal and functional flexibility dimensions. The common link with labour markets in **Continental Europe** is a combination of high income and employment security with average to low external flexibility. Concerning representation security, there is high heterogeneity observed in this group. High employment stability, lack of sufficient institutions to provide sufficient social security and lack of modern work organisation are general characteristics of **the Mediterranean cluster**. The new Member States, with the exception of Slovenia, show a combination of below average levels of both flexibility and security. In the **Baltic States** the lack of labour market security is much more visible. In particular income, employment and representation security score low in the last two groups.

As an overarching conclusion, Auer and Chatani state that countries in the flexicurity cluster score highest in collective bargaining and harmonious industrial relations while the opposite is true for some new Member States like Romania and Bulgaria. Reasons for this could be that these countries go through a tougher negotiating process while implementing flexicurity.

One common conclusion from all these studies is that the countries in the same flexicurity cluster group have to deal with similar problems in order to comply with the flexicurity guidelines. To illustrate, the countries in the group that is characterised by a high level of job security but relatively rigid labour market have to face the challenge of making their labour markets more flexible. Similarly, the greatest challenge for the countries in the group with a high level of flexibility would be social security issues (Bertozzi and Bonoli, 2009). The countries in the cluster where both social security and labour market flexibility are relatively low have to face the most challenging situation of having to improve both pillars of the labour market. In other words, to a certain extent, Member States are expected to introduce new kinds of measures in order to compensate for deficiencies in the system; in other words measures that could be considered untypical or uncommon and deviating from instruments strongly influenced by previous economic, social and labour market characteristics as well as institutional settings (hence not following path dependencies any more).

However, assuming that Member States will only push for flexicurity measures that are 'out-of-the-box' in order to comply with the flexicurity guidelines would be too limiting. Considering the growing literature on path dependencies and the significant effect of country-specific political, social, cultural and economic settings, the opposite might be also true (see Meardi, 2011 for an overview). The Member States that score high on labour market flexibility can implement complementary measures to further increase flexibility, as their national configuration allows for a smoother implementation of this particular type of measure. Moreover, the literature on political economy (see European Commission, 2006 for a detailed overview) assumes that concerning labour market reforms, the 'insiders' determine the agenda and have more power than the 'outsiders' to resist and block reforms whenever policymakers attempt to implement changes to existing arrangements. For that reason, Member States tend to opt for keeping the status-quo for insiders largely unchanged and introducing additional measures at the margins or engaging in 'compensatory' measures only for the outsiders to overcome resistance.

Table 2: Studies identifying flexicurity country clusters

Author(s)	European Commission (2006a, 2007b)	Eurofound (2007)	Ciucu et al (2009)	Laporsek and Dolenc (2011)	Auer and Chatani (2011)
<b>Dimensions</b>	<ul style="list-style-type: none"> <li>advanced forms of internal flexibility and security</li> <li>external flexibility</li> <li>basic forms of functional flexibility</li> </ul>	<ul style="list-style-type: none"> <li>labour market adaptability/ flexibility</li> <li>social protection</li> <li>social inclusion</li> </ul>	<ul style="list-style-type: none"> <li>external flexibility</li> <li>internal and functional flexibility</li> <li>security</li> <li>ALMP</li> </ul>	<ul style="list-style-type: none"> <li>flexibility</li> <li>security</li> </ul>	<ul style="list-style-type: none"> <li>labour market flexibility</li> <li>labour market security (incorporating collective bargaining)</li> </ul>
<b>Indicators</b>	<p><b>Seven indicators:</b></p> <ul style="list-style-type: none"> <li>OECD Employment Protection Legislation (EPL) index</li> <li>percentage of population aged 24-65 in education or training</li> <li>expenditure on active and passive labour market policies (as % of GDP)</li> <li>work intensity and irregular work</li> <li>flexible working time and atypical work</li> <li>autonomy and complexity of tasks</li> <li>rotation and teamwork</li> </ul>	<p><b>16 indicators:</b></p> <ul style="list-style-type: none"> <li>total expenditure on social protection (% of GDP)</li> <li>total expenditure on social protection per head of population (PPS)</li> <li>job tenure</li> <li>unemployment insurance</li> <li>ease of finding a new job</li> <li>mobility</li> <li>training</li> <li>lifelong learning</li> <li>part-time workers</li> <li>long-term unemployment rate</li> <li>youth unemployment rate</li> <li>employment rate of people aged 55-64 years</li> <li>trust</li> <li>Gini coefficient</li> <li>poverty</li> <li>early school leavers</li> </ul>	<p><b>Seven indicators as for European Commission, 2007b</b></p>	<p><b>Seven indicators:</b></p> <ul style="list-style-type: none"> <li>EPL index</li> <li>temporary employed (15-64 years of age) as % of total employed</li> <li>part-time employed (15-64 years of age) as % of total employed</li> <li>expenditures for active employment policies as % of GDP</li> <li>participation rate of adults (25-64 years of age) in lifelong learning</li> <li>total expenditures for social protection as % of GDP</li> <li>net replacement rate for unemployed for 60 months and more</li> </ul>	<p><b>16 indicators</b></p> <p>For labour market security:</p> <ul style="list-style-type: none"> <li>expenditure in social protection</li> <li>unemployment benefits replacement rates</li> <li>social transfer poverty reduction effectiveness</li> <li>expenditure for active labour market policies (ALMPs)</li> <li>vocational training</li> <li>lifelong learning</li> <li>average tenure</li> <li>cooperation in employment relations</li> <li>collective bargaining coverage</li> </ul> <p>For labour market flexibility:</p> <ul style="list-style-type: none"> <li>share of temporary jobs</li> <li>workers with less than one year of tenure</li> <li>employment protection scores</li> <li>flexibility and autonomy in hours of work</li> <li>share of part-time jobs</li> <li>modern work organisation</li> </ul>



Author(s)	European Commission (2006a, 2007b)	Eurofound (2007)	Ciuca et al (2009)	Laporsek and Dolenc (2011)	Auer and Chatani (2011)
Countries and year	22 EU Member States, 2005	25 EU Member States, 2005	24 EU Member States, 2005	25 Member States, 2008–2010	27 EU Member States, no information available
Statistical methodology	Principal component analysis and cluster analysis	Factor and cluster analysis	Factor and cluster analysis	Principal component analysis and cluster analysis	Principal component analysis and cluster analysis
Output	<p><b>5 clusters</b></p> <p>Continental (AT, BE, DE, FR)            Central Eastern &amp; Greece (BG, CZ, EE, EL, HU, LT, PL, SK, SI)            Nordic &amp; NL (DK, SE, FI, NL)            Mediterranean (ES, IT, PT)            Anglo-Saxon (IE, UK)</p>	<p><b>6 clusters</b></p> <p>Continental (AT, BE, DE, FR, LU)            Anglo-Saxon (NL, UK)            Nordic (DK, FI, SE)            Baltic States (EE, LT, LV plus IE &amp; CY)            Mediterranean (EL, ES, IT, MT, PT)            Central European (CZ, HU, SK, SI, PL)</p>	<p><b>5 clusters</b></p> <p>Same as the EC, 2007. Romania falls into the cluster of Central Eastern &amp; Greece</p>	<p><b>5 clusters</b></p> <p>Continental (BE, DE, FR, AT)            Scandinavian plus NL (DK, FI, NL, SE)            Anglo-Saxon (IE, UK)            Eastern European and the Baltic countries (BG, CZ, EE, LV, LT, HU, RO, SK)            Mediterranean countries (EL, ES, IT, PT plus SI, LU PL)</p>	<p><b>7 clusters</b></p> <p>Continental (BE, DE, FR, AT, LU plus SI)            Scandinavian plus NL (DK, FI, SE)            Anglo-Saxon (IE, UK)            Eastern European (PL, CZ, CY, HU, SK)            Mediterranean countries (EL, MT, IT, PT plus RO)            Baltic countries (EE, LV plus ES)            Other (LT, BG)            (close to the Baltic and CEEC clusters)</p>

Source: Own compilations based on Bertozzi and Bonoli, 2009; European Commission 2006a and 2007b; Eurofound, 2007; Ciuca et al, 2009; Laporsek and Dolenc, 2011; Auer and Chatani, 2011

## Flexicurity and the crisis

The academic and policy debate about flexicurity in the early 2000s summarised above was driven by economic problems mainly caused by insufficient job creation. Towards the end of 2008, the most severe economic recession since the post-World War II period (IMF 2009, p. 1) hit Europe. As a result, lay-offs became necessary in most of the Member States, and the demand from trade unions for 'job security' intensified. Under these circumstances, the debate on flexicurity has been revitalised, this time driven by a lack of demand for workers.

Following the recession, despite the continuing support from the EU for flexicurity, one can observe an increasingly scientific approach to flexicurity from both scholars and social partners. This is not least triggered by the fact that some of the 'flexicure' countries have not been performing best in terms of output gap, public debt, size of bail-out packages and unemployment rates during and in the aftermath of the economic crisis according to some empirical studies (Andersen, 2011 and Tangian, 2010). Although this downsizing, as an important component of the flexicurity model, is supposed to be followed by efficient employment services and active labour market policies, there is not yet empirical evidence whether this has been the case or not (Auer, 2010). On the other side, the relative success in tackling the economic downturn of some continental European countries, characterised by relatively rigid controlled market economies like France and Germany (Eurofound, 2010e), has led scholars to suggest adjusting the flexicurity approach by focusing on work income on the security side (Weizsäcker, 2009). Moreover, as a natural outcome during times of crisis, workers tend to insist more on job security while the public deficits limit resources for distribution. This results in even more uncertainty and distrust, which makes the management of flexicurity reforms politically much more complicated (Madsen, 2010).

Concerning the European social partners, the divergence in the position of employers' and employees' representatives has amplified following the economic crisis (Auer, 2010). ETUC pointed out that the flexibility pillar does not create jobs and to suggest it as a core remedy for the crisis is a mistake (ETUC, 2011) while BusinessEurope stated that one of the key ingredients for growth and job creation in these turbulent times is the implementation of EU flexicurity principles (BusinessEurope, 2010). UAEPME highlighted that social partners must rethink flexicurity to avoid a labour market in which insiders have security but not flexibility and outsiders are left in the opposite situation (UAEPME, 2010). They suggested that all stakeholders come together and reconsider the concept of flexicurity as well as the guidelines that were jointly drafted in 2007.

A recent survey by the European Social Partners sought the views of social partners on flexicurity at Member State level (ETUC, BusinessEurope, UAEPME and CEEP, 2011). The survey shows that although an overwhelming majority of employers and a certain majority of trade unions believe in the potential of flexicurity in introducing win-win situations, most of the respondents stated that the measures introduced so far under the umbrella of flexicurity had failed to establish a balance between its two dimensions. What is more striking is that even in flexicurity role model countries like the Netherlands and Denmark, trade unions are concerned about this risk of imbalance between flexibility and security aspects.

The study underlines that the increasing segmentation in labour markets following the recession might be triggered by flexicurity measures that too often ignore the security pillar, according to many trade union organisations. In addition, some of the respondents mentioned that in order for flexicurity measures to create a win-win situation, trust is absolutely necessary. However, the level of this component has, at least in some countries, severely deteriorated following the 2008 global financial and economic crisis. On the other hand, the study highlights positive experiences and good practices as well, demonstrating that there is no necessity to abandon the concept, even in times of crisis.

Policymakers especially at European level share this latter view, which has been confirmed by the July 2009 European Council decisions. The Council emphasised the complexity of the current economic situation which should be taken into account when implementing flexicurity policies. This awareness also necessitates giving priority to those policies that will enable job creation and a high level of employment; as well as fight segmentation in a broader sense, which will eventually lead the way out of the crisis and towards sustainable growth (Council of the European Union 2009). The Council furthermore makes suggestions to Member States about possible flexicurity practices (Council of the European Union 2009; summarised):

- **retain employment** through alternatives to redundancy such as flexible working hours, temporary adjustment of working time and other forms of internal flexibility;
- **create a better entrepreneurial environment** through a labour market where necessary flexibility and security is balanced; better regulation; new benefit systems; adjusted non-wage labour costs; better regulation; less administrative burden;
- **enhance activation measures** through active support policies and income support for those who are hit by the recession while maintaining the incentives to return to the labour market;
- **increase investment in human capital** through retraining, skills upgrading and skills matching not only but especially for the low-skilled and those under atypical contracts;
- **upgrade the effectiveness of public employment services** through a proactive approach to facilitate transitions, more human resources focused services, early identification of skill needs, job search assistance, guidance and training, cooperation with other employment agencies, training service providers and social partners;
- **remain within the gender mainstreaming framework;**
- **facilitate free movement of workers** within the European Single Market in accordance with treaties;
- **implement adequate responses to changing circumstances within the framework of the flexicurity approach** through promoting flexible and secure transitions from unemployment to employment and from one job to the other while supporting reliable contractual arrangements for those at work;
- **integrate all flexicurity pillars** through focusing on reducing segmentation and improving the functioning of the labour market;
- **enhance quality of working life and increase productivity.**

Integrated flexicurity policies are once more recognised by the EU as playing a key role in modernising labour markets and contributing to the achievement of the 75% employment rate target set by the Europe 2020 strategy (European Commission, 2010a). Within the flagship initiative ‘An agenda for new skills and jobs’, the European Commission together with the European Social Partners will work on defining and implementing the second phase of the flexicurity agenda. Member States should implement their national pathways for flexicurity by considering how employment protection legislation and labour market policy can be further reformed to ensure a proper balance between employment growth and job quality, to reduce labour market segmentation, and to foster upward mobility and the optimal development of workers’ talent (European Commission, 2011 and Andor, 2011).



# Overview of public instruments at Member State level that can be considered as implemented flexicurity

## Working definitions

In order to identify illustrative examples for implemented flexicurity measures in a systematic way, the authors have developed a working definition in line with the widely cited ‘flexicurity matrix’ (Wilthagen and Tros, 2004; see chapter 2 for further elaborations on this classification), but incorporating some specific elements.

In order to be considered for the project, instruments or regulations at Member State level had to include at least one flexibility dimension and at least one security dimension according to the flexicurity matrix and had to be initiated either by public administrative bodies (national or regional) or social partners. Measures enhancing only flexibility or security are excluded because of the difficulty of identifying relevant information sources showing the possible dynamic link between such measures. Also, standard labour market instruments generally available across Europe, such as unemployment benefits, pensions or maternity leave regulations, have not been considered. Although they constitute flexicurity instruments within the national flexicurity system, compiling comprehensive information on these numerous instruments would have gone far beyond the scope of this study. This does not mean, however, that none of these instruments were used. For each of these standard instruments illustrative examples have been selected and incorporated in the sample of analysed measures. They are mainly those that included an interesting element going beyond the characteristics of similar instruments in other countries.

Furthermore, the measures had to be operationally available at the time of investigation (second quarter of 2011), irrespective of being a permanent (pre-crisis) or a temporary (crisis) instrument. In total, more than 230 instruments were collected.

The working definitions for the various dimensions of flexibility and security are in some cases wider than those explained in chapter 2 in the original matrix:

- **External numerical flexibility** – the flexibility in adjusting the labour intake, or the flexibility of hiring and firing, is meant, even if it is a temporary hiring including hiring of temporary agency workers, apprentices, trainees and employees from labour pool organisations. Moreover, decreases in the cost of the incumbent labour force for the employer through subsidies and tax reductions are classified as further motivating the employer to hire new employees. Unemployment benefit schemes in terms of easing firing decisions are excluded from this category.
- **Internal numerical flexibility** – here we refer to flexibility in adjusting the working time of employees already employed (for example, not only flexibility of working hours, overtime, and part-time work but also training leave, maternity/paternity leave, sabbaticals, shifting from part-time to full time etc.).
- **Functional flexibility** is understood to mean not only to what extent the organisation is flexible in terms of the organisation of work, but also to what extent an organisation is geographically flexible (for example telework). Moreover, if an organisation that can hire temporary agency workers relatively easily for a specific function thanks to measures offered, these measures are classified here. Also training measures where the content can be exclusively determined by the employer are

categorised here, as such training is envisaged to prepare workers for the challenges of changing business conditions, where they will need to perform in new or other functions.

- **Labour cost/wage flexibility** refers to flexible arrangements concerning the cost of employment (for example, the absence of binding minimum wages or wage indexation, variable pay) as well as all employment and fringe benefit subsidies and indirect cost savings an employer can achieve with the help of operational support measures for recruitment and training.

Similarly, in our working definition, security involves one or more of the following four dimensions:

- **Job security**, referring to a high probability of retaining one's current job (for example employment protection legislation, short-time working schemes and temporary lay-offs, suspended employment supported by a formal agreement for reemployment).
- **Employment security**, referring to a high probability of retaining work not necessarily with the same employer (for example, training possibilities that would facilitate finding another job quickly in the case of a lay-off; suspended employment if there is not a formal agreement for reemployment).
- **Income/social security**, referring to all income provisions including wages, short-time working scheme income support, redundancy payments, study grants, fringe benefits.
- **Combination security**, referring to the possibility to combine paid work with private and social responsibilities or activities where there is at least to an extent voluntary involvement from the employee side (childcare facilities, training leave, sabbatical, parental leave schemes, partial leave schemes for those having care responsibilities etc.).

Each measure can be categorised to fulfil more than one flexibility and security dimension.

The measures have been identified by desk research; that is literature and document review (with a focus on publications from 2005 onwards), supplemented by internet research. As a consequence, the project is not able to provide a comprehensive list of all instruments available across Europe that fulfil the above criteria. Only measures that have been covered by previous research or policy analysis in the English language have been collected. This results in a certain bias, for example regarding country coverage. Moreover, different amounts of information can be identified for each of the collected measures. Nevertheless, this is deemed to be acceptable as the purpose of the project was not to elaborate a full inventory of flexicurity measures, but to provide a large number of examples of how flexicurity can be implemented at national level. Therefore it should be noted that there is a high probability that any type of measure identified in one Member State also exists in at least some other Member States as well.

Last but not least, although the desk research focused on publications from 2005 onwards, this does not necessarily mean that all measures included were implemented from that year onwards. In fact, because of the above-mentioned methodological limitations, a time tag for each identified measure cannot be provided; some of the measures might even be longstanding and might have existed under a different name before that date. Still, a closer look at whether or not the measures have been implemented or changed after the recent recession is provided in chapter 3. Again this information could not be provided for each measure and some measures implemented following the recession that might be considered as a recession-related measure given their context are not included in the analysis as a 'recession-specific measure' unless the information source explicitly states so.

A complete list of the national public and social partner-based instruments included in the research project can be found in the Annex.

### General overview

This section compiles more than 230 policy measures collected from all EU Member States that cover a very heterogeneous mix of policy subfields, including restructuring support policy tools, family policies, activation measures, youth measures, structural reforms for the elderly, measures for disadvantaged groups in society, greening measures, and framework conditions for new working arrangements like telework etc.

With few exceptions, the majority of the identified instruments are not labelled as flexicurity.

For this reason, each policy tool identified has been systematically analysed in terms of its eligibility for being considered as a flexicurity measure in accordance with the working definition of the concept for this project.

#### **Finland: flexicurity committees formed**

In Finland, following the recent economic crisis, **Tripartite Flexicurity Committees (Kolmikantainen joustoturva-työryhmä)** have been formed at sectoral or company level, which can be considered as a pioneering measure that is explicitly labelled as flexicurity. These working groups try to identify the need for amendments in the existing labour market support system and potential new tools necessary to cope with the economic crisis and changing working environment. In doing so, a relatively strong emphasis is placed on the need to address these challenges in the flexicurity spirit (ETUC, BusinessEurope, UEAPME and CEEP, 2011).

If solely considering the flexibility dimensions, labour cost flexibility (subsidies for wages, non-wage labour costs or training costs for existing employees) is most prevalent among the identified public and social partner-based instruments. Of these, a small number deal exclusively with this type of flexibility, not combining it with other flexibility types.

The second most common flexibility type among the identified instruments is external flexibility. External flexibility is less often combined with other flexibility types than labour cost flexibility – about one quarter of the external flexibility measures exclusively cover this type of flexibility. They mainly deal with outplacement or reintegration support for dismissed workers (often with strong involvement of the social partners) as well as pre-retirement schemes, and thereby make it easier for employers to reduce the number of employees. The fragmented assessments available indicate that comprehensive outplacement support going beyond standard public employment service activities is very successful in terms of reintegration into the labour market, but it is only offered to a limited extent because of the resources needed.

Internal flexibility is addressed in about one third of the identified measures, functional flexibility in less than one fifth. Regarding internal flexibility, legal regulations and collective agreements regarding working time (including working time accounts and other types of flexible working) and work organisation need to be considered, but could only partly be covered in the framework of this project for methodological reasons (publications summarising recent changes in the regulations or collective agreements) and resource limitations (which hampered, for example, a more systematic inclusion of working time regulations based on available databases). Concerning functional flexibility, however, previous research has, for example, already shown some lack of public support for occupational change during employment (Mandl, 2009).

The most common security dimension among the identified instruments is income security, followed by employment security.

It should be noted that most of the identified tools serve several types of flexibility and security simultaneously. Indeed, only a small minority of the compiled measures show a combination of a single flexibility dimension with a single security dimension, and hence can be classified into a single cell of the flexicurity matrix.

Wage subsidies from the national government paid to the employer when a long-term unemployed person is hired for a vacant position, for example, affect on the one hand the cost and external numerical flexibility of the employer and on the other, the employment and income security of the worker. Likewise, training measures offered for employees and decided upon by the employer, combine functional flexibility, internal numerical flexibility and depending on the special characteristics of the measure also labour cost flexibility with employment and combination security.

### **Malta: reemployment for redundant workers**

Within the framework of national legislation in **Malta**, an employee who has become redundant is entitled to **reemployment** if the post formerly occupied by the employee is available again within one year of the date of termination of employment, at conditions not less favourable than those to which the employee would have been entitled if the contract had not been terminated. In some cases, the employer and the employee can agree upon an additional lump sum paid to the employee, so that the employer does not have to reemploy the employee. This measure may help redundant workers with job specific skills to return to their job, giving them **employment and income security** at the same time. It also provides a certain amount of **external numerical flexibility** to the employer in case of redundancies (Kurtyka, 2005).

As employment subsidies and the support of training costs are traditional aspects of active labour market policy, the combination of labour cost flexibility and external numerical flexibility is very common. More than half of the measures dealing with labour cost flexibility also deal with external numerical flexibility – mainly temporary employment subsidies, either through wage subsidies or reduced social security contributions for recruiting new employees or trainees, sometimes with a focus on specific disadvantaged target groups. From the fragmented information available concerning the outcome of the measures, it can be assumed that the take-up was particularly high during and after the economic and financial crisis. This, however, does not say anything about the sustainability of the newly created jobs in the longer run. Such initiatives are mainly initiated, administered and financed by public authorities (national and regional governments, partly with the support of European funds). This does not mean, however, that social partners are not involved. In several instances, they suggested and/or have been involved in the design of the measure. A stronger social partner involvement can be found in instruments combining external numerical and labour cost flexibility that do not directly provide a financial incentive for hiring workers, but support the matching process between job seekers and companies looking for recruits as exemplified in the German ‘Employment Bridge Bavaria’.



**Bavaria: employing young workers and engineers**

The Employers' Associations for the Bavarian Metalworking and Electrical Industries and IG Metal in **Germany** initiated an action programme called **Employment Bridge Bavaria (Beschäftigungsbrücke Bayern)** to ensure employability and vocational training for young skilled workers and engineers. Young skilled workers and engineers are hired by a special company which posts these people to other companies. The targeted young people are encouraged to opt for technical training. The programme, expected to last until 2012, is funded by the regional government of Bavaria and involves the social partners (ETUC, BusinessEurope, UEAPME and CEEP, 2011).

In these cases, the labour cost implications are of a more indirect nature in terms of administrative savings when searching for new staff.

Interestingly, there also are instruments that combine all four types of flexibility. These mainly refer to measures providing companies with a wage subsidy (labour cost flexibility) for employing leave replacements (external flexibility) while sending employees to training (internal numerical and functional flexibility). They seem to be most prevalent in the Nordic/Scandinavian countries and are characterised by strong social partner involvement. Although the few assessments available deem such instruments to result in a win-win-win situation for the economy, labour market and social system, they do not seem to be widely used, not least because of a lack of familiarity of the various actors with the measures.

Among the security types, the most widespread combination refers to income and employment security. Examples are temporary employment subsidies (wage or social security) for hiring new workers and outplacement or training measures involving an income component for the participant. Also common is the combination of job and income security, mainly comprising short-time working schemes or regulations concerning the transformation of fixed-term contracts into indefinite contracts.

Only a few examples for initiatives combining income and combination security (mainly pension schemes allowing the individual to continue working while receiving a state pension) could be identified for the project on hand. In contrast to this, the combination of income, combination security and job or employment security could be observed more often, again because of the high availability of various forms of public or social partner-based training support across Europe.

Interestingly, the authors succeeded in identifying a measure that targets both job maintenance and creation, in this case by a Polish initiative to reduce the fees an employer has to pay for a work permit for foreign workers, hence lowering non-wage labour costs for both existing employees and new recruits.

Finally, in a similar fashion to the flexibility dimensions, a good number of instruments combining all four security types could also be identified. The majority of those measures provide training for both employees and unemployed/inactive persons, with an on-the-job aspect as well as income support for the individual during training times.

The great majority of all eligible cases collected have been initiated either by **national or regional administrative bodies**. More than 80% of the measures for which relevant information is available are funded at least partially by national or regional budgets. There are also several measures cofinanced by European Structural Funds or employers.

In around 40% of the cases no information about social partner involvement could be identified. This is due to the methodological limitations of the project rather than lack of involvement per se. In just under half the identified measures, social partner involvement could be confirmed. In the overwhelming majority of these cases, social partners played an active role in negotiating the design and implementation of the measure through collective agreements. In fewer cases they have also actively contributed to the funding, implementation, administration and evaluation.

Comparatively strong social partner involvement seems to be prevalent in cases combining labour cost flexibility and functional flexibility, mainly in support of training measures targeted at company workforces to broaden their skills and the firms' competence base. In several such public programmes, social partners have been approached in the elaboration of the policies (for example, the Spanish continuing training programme or the Bulgarian Operational Programme Human Resources). Going beyond that, across Europe there exist various sectoral training funds initiated or administered by social partner organisations (such as the ones in Belgium, Italy or the Netherlands for temporary agency workers), and collective agreements cover the provision of such instruments (like the Continuing Training Credits for Enterprises in Spain).

### **Spain: Continuing training credits**

In **Spain**, social partners at sectoral level intend to support general or specific training activities planned, organised and managed by enterprises themselves for their workers, either in isolation (the enterprise itself) or in group (a group of enterprises, not necessarily in the same sector but with the same training needs). This initiative is not strictly a flexicurity measure itself, but could be used to build on flexicurity. From 1993 up to the time of writing, four different National Agreements on Continuing Training have been signed by the most important business representative organisations and trade unions. They were the Spanish Confederation of Employers' Organisations (CEOE) and the Spanish Confederation of Small and Medium-sized Enterprises (CEPYME), as well as the General Workers' Confederation (UGT) and the Trade Union Confederation of Workers' Commissions (CCOO), among other unions. Accordingly, demand-driven training schemes are financially supported by means of the so-called **continuing training credits (créditos para formación continua)**. These credits are available for those enterprises involved in training activities that pay the compulsory vocational training levy and they enable discounts in the compulsory social security contributions up to a maximum total. The calculation of the total credit an enterprise is eligible for is based on the application of either a fixed amount or a percentage (annually established by the General Annual Law of State General Budget) to the amount provided by the enterprise in the previous year's compulsory vocational training levy. The Tripartite Foundation for Training in Employment contributes to the process through registering existing requests and providing some information and counselling activities. Interestingly, these credits are established according to the size of the enterprise, so that smaller enterprises benefit from a larger percentage. The number of benefiting enterprises in 2009 was 293,460, covering 17.8% of Spanish enterprises. While more than 87.9% of large Spanish enterprises benefited from these credits in 2009, only 14.3% of very small enterprises (with less than 10 employees) did so (Eurofound, 2011).

## **Flexicurity measures by target groups**

A common criticism from some scholars and some trade unions is that flexicurity measures are likely to increase the risk of widening divergences between several groups in society by increasing the imbalance between the flexibility and security aspect of work, at least for some groups (see for example ETUC, 2007, Keune and Jepson, 2007 and Tangian, 2006 and 2009). From the point of view of policymakers at least at European level, however, it is suggested that flexicurity can be a useful strategy to fight segmentation in Member States in a broader sense (Andor, 2011 or Council of the European Union, 2009).

Of the measures compiled for this project, the majority addresses **employers**, but a high share also aim at employees and/or the unemployed and those at the margins of the labour market. There are claims that flexicurity offers potentially little to groups at risk of social exclusion, such as migrants, low-skilled workers, those with health problems or older workers that are protected in the 'classical' schemes, etc. (Madsen, 2002 and 2010). Yet among the measures targeted at employees and the unemployed, SMEs and micro-enterprises, several examples could be identified that focus on women, employees with care responsibilities, lone parents, the disabled, long-term sick, long-term unemployed, migrants, low-skilled, older workers and youth not employed, in education or training (NEETs).

The highest number of these measures address older workers, young employees and NEETs. The reason for the former can be easily explained given the demographic development of an ageing society observed in the EU over previous decades. Worrying figures for youth employment and unemployment in the EU<sup>4</sup> justify the high number of measures introduced by national and regional governments in recent years for this target group. Among the **flexicurity measures for older employees**, the most frequent ones are those that suggest a combination of **external numerical flexibility and labour cost flexibility with employment and/or income security**. These are mostly measures that offer cost saving incentives to the employer while enhancing the employability of older employees or the unemployed through subsidies for employment, job rotation or training possibilities. Likewise, the measures targeted mainly **at young employees and NEETs** are also concentrated along the combinations of **external numerical and labour cost flexibilities with job, employment and combination securities** seen mainly in the high number of apprenticeship programmes widely offered in many Member States. The measures aimed at the disabled, long-term sick or migrants follow similar trends and often correspond to those measures that suggest a cost advantage to the employer when recruiting/retaining/training an employee from the target group.

Not surprisingly, **flexicurity instruments** implemented **for parents** and those with **care responsibilities** offer a high **combination security combined with job and income security**; while suggesting **internal numerical flexibility** with **labour cost flexibility** for the employer.

Again quite naturally, measures **targeted at SMEs and micro-enterprises** consist of special subsidies for training, recruitment and redundancy payments; all of which suggest a **combination of labour cost flexibility** combined with **job, employment, income and combination securities**.

As mentioned previously, some scholars underlined that the deregulation aspect of flexicurity tends to favour the creation of segmented labour markets and puts those employees holding atypical contracts at risk of economic shocks, which would lead to more precarious jobs, fewer incentives for training and development and eventually a decline in productivity (Viebrock and Clasen, 2009). In contrast to these

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<sup>4</sup> EU average for youth employment is 34.1% and unemployment rate for the target group has gone above 20% according to 2010 data from Eurostat.

views, there have been a considerable number of cases spotted dealing with the improvement of the labour market position of **temporary workers** or those under **atypical contractual arrangements**. Most of these measures are training incentives, but there are also some seeking to eventually create sustainable jobs for the target group. Active support offered to this group during times of inactivity is also categorised under this type of measure.

### Flexicurity measures and the recession

As detailed in chapter 2, the flexicurity policy debate gained momentum following the recent economic recession, with attention focusing on how new measures could be implemented or existing ones could be modified to tackle the increasing job insecurity and declining labour demand across Europe. A comprehensive analysis of every single measure could not be performed due to methodological limitations. However, of the measures for which this information is available, more than 50% were either implemented as a recession instrument or have been amended to better suit the changing socio-economical dynamics in the (post-)crisis climate. Moreover, among those measures that have not been implemented directly because of the recession, a considerable number have been used more frequently during or in the aftermath of the crisis compared to 'better economic' times. Quite naturally, restructuring support instruments such as 'reemployment units' (comprehensive services provided to redundant employees, comprising, for example, training, matching, income support, psychological support, and often offered in cooperation with the previous employer, the public employment service and the (regional) government), short-time working and temporary lay-off schemes and solidarity income allowances prevail among these measures.

Of recession-specific instruments, around half were new measures that either targeted employers or employees. As expected they are concentrated around support measures for employers and employees, subsidies for job maintenance, income support for temporary agency workers, subsidies for labour cost reduction for the employer, short-time working and related training subsidies.

Concerning the various combinations of flexicurity, again not surprisingly, most of the measures that were introduced or modified in response to the recent recession have been a combination of **labour cost flexibility** with **job, employment, income and combination security** as well as a combination of **external numerical flexibility** with **employment** and/or **income security**. **Internal numerical flexibility** combined with **job, employment and/or income security** has also been prevalent, mostly however for the measures that have existed for some time but adjusted during the recession. This can be partially explained by the fact that most of the short-time working and temporary lay-off schemes fall under this category, and these have existed in the national labour market legislation of at least some Member States for a longer time but were not used much until the recent economic crisis (for an overview of such schemes, see Eurofound, 2010e). In addition, quite commonly during the financial crisis, existing training allowances were used to provide an additional boost for the employability of employees and the competitiveness of employers, while reducing the working hours of personnel and thus saving some wage costs.

All these findings somewhat support the emphasis of the European institutions on flexicurity policies as a way out of the crisis as long as they are carefully implemented in terms of maintaining the balance between flexibility and security.

## **Flexicurity measures along the flexicurity matrix**

In the following sections, some selected flexicurity measures from our compilation will be illustrated for each cell of the flexicurity matrix. Table 3 summarises the types of measures found for each cell of the matrix, adapted from the original one (Wilthagen and Tros, 2004). From the table it can be seen that while some additional types of flexicurity measures are identified for each cell, some measures suggested in the original matrix are not exemplified either because they fall out of the scope of the working definitions explained in this chapter or due to the unavailability of centralised information sources on such measures.

Table 3: Types of identified implemented flexicurity measures along the flexicurity matrix

	Job Security	Employment Security	Income Security	Combination Security
<b>External numerical flexibility</b>	<ul style="list-style-type: none"> <li>types of employment contract</li> <li>partial retirement schemes</li> <li>job security agreements</li> <li>job rotation/training with possibility of substitution</li> <li>employer groupings/labour pools</li> <li>wage subsidies</li> <li>social security contribution reductions</li> </ul>	<ul style="list-style-type: none"> <li>employment services/ALMP</li> <li>training/LLL</li> <li>mobility procedures</li> <li>reemployment/outplacement units</li> <li>solidarity contracts</li> <li>wage subsidies for hiring unemployed</li> <li>risk sharing premiums for certain groups of unemployed</li> <li>work trial schemes</li> <li>training funds for temporary agency workers</li> <li>phased early retirement schemes</li> <li>occupational mobility</li> </ul>	<ul style="list-style-type: none"> <li>funds to guarantee wages/redundancy packages</li> <li>pension income guarantee measures</li> <li>wage subsidies for the unemployed</li> <li>risk sharing premiums for certain groups of unemployed</li> <li>solidarity income premiums</li> <li>unemployment compensation</li> </ul>	<ul style="list-style-type: none"> <li>protection against dismissal during various leave schemes including job rotation, training, partial retirement</li> </ul>
<b>Internal numerical flexibility</b>	<ul style="list-style-type: none"> <li>short-time working and temporary lay-off arrangements</li> <li>job rotation</li> <li>training leave</li> <li>employer groupings</li> <li>flexitime arrangements</li> <li>parental leave rights and arrangements</li> </ul>	<ul style="list-style-type: none"> <li>training/LLL combined with short-time working</li> <li>job rotations</li> <li>employer pools</li> <li>teamwork</li> <li>multi-skilling</li> </ul>	<ul style="list-style-type: none"> <li>phased retirement supplementary benefit</li> <li>study grants</li> <li>sickness benefit</li> <li>wage supplements for short-time working</li> <li>financial support during parental or training leave</li> </ul>	<ul style="list-style-type: none"> <li>different kinds of leave schemes including training, childcare or family members' care</li> <li>part-time pension</li> <li>time saving accounts</li> </ul>
<b>Functional flexibility</b>	<ul style="list-style-type: none"> <li>job rotation</li> <li>training required by the employer</li> <li>teleworking</li> <li>adaptation towards labour market trends (e.g. green economy, high productivity jobs)</li> <li>skill pooling</li> <li>labour leasing</li> <li>subcontracting</li> <li>outsourcing</li> </ul>	<ul style="list-style-type: none"> <li>training/LLL</li> <li>job rotation</li> <li>teamwork</li> <li>multi-skilling</li> <li>teleworking</li> <li>training funds and contractual flexibility for temporary agency workers</li> </ul>	<ul style="list-style-type: none"> <li>subsidies paid to employees for income loss as a result of shifting to another function</li> <li>maintained wage during training required by the employer</li> <li>employment pools</li> <li>performance related pay systems</li> </ul>	<ul style="list-style-type: none"> <li>training measures where both employee and employer agree to take part</li> <li>voluntary working time arrangements</li> </ul>

Overview of public instruments at Member State level that can be considered as implemented flexicurity

	Job Security	Employment Security	Income Security	Combination Security
<b>Labour cost/wage flexibility</b> <ul style="list-style-type: none"> <li>financial support for short-time working</li> <li>scaling reductions in social security payments/wage subsidies</li> <li>risk sharing premiums</li> <li>local adjustments in labour costs</li> </ul>	<ul style="list-style-type: none"> <li>subsidies for hiring unemployed</li> <li>reductions in employers' share of social security contributions</li> <li>training cost subsidies paid to the employer</li> <li>in-work benefits</li> </ul>	<ul style="list-style-type: none"> <li>subsidies in case of hiring unemployed</li> <li>reductions in employers' share of social security contributions</li> <li>adjusted benefit for shortened working week or taking up lower-paid employment</li> <li>benefits in kind</li> </ul>	<ul style="list-style-type: none"> <li>paying employers' costs for training or parental leave</li> <li>voluntary working time arrangements</li> </ul>	

Key: Types of implemented flexicurity measures identified existing in the original matrix; Types of implemented flexicurity measures identified in addition; Types of flexicurity measures where no examples could be found

Source: Adapted from Wilthagen and Tros, 2004; own compilation

### External numerical flexibility and job security

The combination of external numerical flexibility and job security refers to measures that facilitate hiring and laying off staff combined with incentives for employees to keep their existing jobs. Around 16% of the measures collected fall under this category, with most related to new regulations on types of employment contracts in terms of their duration. Prominent examples are legal regulations that oblige companies to provide workers with an indefinite contract, rather than prolonging fixed-term contracts after a certain period of time or using a number of fixed-term contracts.

There are also a considerable number of cases aiming to cut the cost of the incumbent labour force for the employer (hence also combining it with labour cost flexibility) through non-wage labour cost reductions. These are particularly targeted at employers who have hired employees from vulnerable groups, to increase the motivation of the employer to retain the hired workforce.

However, there are more uncommon examples in this category, like employer or labour pool companies in several Member States including Germany, France, Belgium, the Netherlands, Sweden or Finland. The commonality of these measures is that a pool organisation is formed, composed of several employers usually from the same activity branch and/or located in the same area. This pool hires workers, trains them and sends them to the companies during their most active periods. Throughout this cycle, workers continue to be employed and paid by the pool company, guaranteeing them a permanent income, even in times of inactivity. In most of the examples, such initiatives are partly or fully subsidised by the national or regional administration. In some cases (like Belgium), employees in the pool are entitled to indefinite contracts offered by the pool organisation. In some cases, however, the pool is used only as a platform for exchange of information and good practices and for short-term employee mobility.

#### **Finland: Helping SMEs go international**

**Finpro export partnership (Finpron vientirenkkaat)** is a cooperation project of SMEs based in Finland that aims to promote, assist, initiate and expand the internationalisation of the participating companies. The partnership enables a minimum of four SMEs that are targeting their exports to the same market to form a synergetic pool company, for which an export manager will be hired who jointly works for the cooperating companies. For the export manager, job security is provided as he/she is continuously employed by the pool, while the participating firms experience numerical flexibility through the additional, newly hired staff member. The job description of the export manager is determined according to the needs of the participating companies and at the beginning is usually about market research, partner search and concluding export agreements. Although the costs of Finpro are mostly funded by the employers, there is a possibility of receiving state aid for the first three and a half years of the project, which can be requested on an annual basis. Finpro has run export partnerships since the early 1990s with over 1,200 participating companies, establishing approximately 30 export partnerships annually (European Commission, 2008).

Some other interesting examples are measures that enable the incumbent employee to partially or completely reduce their working time for a limited period or on a continuous basis while keeping their job or social benefits and giving the employer the flexibility to hire a new employee to fill the



(temporary) vacancy. Full or partial early retirement schemes and some training measures offered to employees are illustrative examples of this.

**Poland: Paid training leave**

The Polish 'paid training leave' (**Płatny urlop szkoleniowy**) seeks to foster job security by entitling employees to leave their position for a limited time to take part in training activities. In the meantime, the employer has the flexibility to hire an unemployed person directed by the local labour office for this position. Employers may receive reimbursement from the local labour office provided that they send their employees to training courses lasting at least 22 days and guarantee them paid training leave. Training costs can be reimbursed to up to 80% of the employee's average salary. In addition, the salary costs of the person directed by the labour office to replace the employee on training leave can be covered up to 40% of their average salary. While the measure aims to help employees and the unemployed acquire new skills, it also strengthens cooperation between industry and public employment services. Unfortunately, up to the present the scheme has not been widely used (Voss et al, 2010).

**External numerical flexibility and employment security**

The intersection between external numerical flexibility and employment security has been one of the most debated categories of flexicurity policy. Measures falling into this category include those that aim to replace traditional job protection measures by new methods that enhance the employability of labour market outsiders while easing hiring and laying-off procedures and costs for employers, backed up by active labour market policies. Quite naturally, the highest number of examples of policy measures can be classified in this combination. In total, around half of the measures collected for this project are grouped in this category and examples could be identified in all EU Member States. In general, these are government programmes to help the unemployed find a temporary or permanent job by offering some subsidies – most of the time short-term – to employers or introducing cost saving by decreasing the employers' share of social security contributions (hence, again relating it to labour cost flexibility). The target group for which the subsidy is granted is heterogeneous, but covers mostly those from vulnerable groups like migrants, older workers, the disabled, long-term unemployed, or NEETs. Following the recession, there has been a remarkable increase in the number of outplacement measures targeted at those under threat of redundancy or collective dismissal including wage centres, reemployment units, regional mobility centres and outplacement cells. Finally, legal regulations allowing employers to hire temporary agency workers during peak times give external numerical flexibility to employers while creating temporary jobs for employees.

#### **Netherlands: Promoting mobility in labour markets**

**Gatekeeper Centres (Poortwachtercentra)** in the Netherlands are local labour mobility centres initiated by, among others, employers that have recruited disabled employees who have been absent from work due to long-term sickness. If an employer is unable to find a position for an employee upon their return to work within the company, the employer is obliged to help find a job with another employer. The initiative started in 2003 in the Northwest of the country. To date, there are approximately 35 gatekeeper centres actively working. Although it has been mainly an employers' initiative, the biggest national union FNV Bondgenoten is actively involved in one of the southern gatekeeper centres (Veghel/Uden). Though requiring minimal financial support, gatekeeper centres have proved to be efficient in fostering the return to work of employees from this disadvantaged group and also in terms of enhancing proactive mobility in the labour markets, granting those in the target group a high degree of employment security (Sprengrer, 2009).

Another category of measures is on-the-job workforce training including apprenticeships and workplace training for job seekers (including those that have been made redundant). The collected training measures range from subsidies paid to employers, to those combined with flexible contractual arrangements that offer medium- to long-term leave while maintaining the employment relationship with workers. In the majority of such measures, public employment services play a significant role.

#### **Austria: Training people for specific jobs**

The Austrian **Implacement Work Foundations (Implacement Arbeitsstiftung)** have proven to be good examples of ways to remedy structural problems in the labour market at a regional level. There are currently 45 implacement foundations in Austria. These foundations target fast growing sectors where there is relatively limited labour supply and aim to match the enterprises' personnel needs with unemployed people, trained and qualified to meet specific bilateral needs. They offer a comprehensive service package including career guidance, training, job search, work experience programmes that can last up to three years (or four in the case of job seekers over 50 years of age). The participating companies report their demand to the local public employment office which looks for suitable candidates from a pool of registered unemployed candidates. After this, the company makes a final selection from the preselected candidates who volunteer. Then, a training plan is drafted, including training provided by external training agencies as well as theoretical and practical training within the company. During training, the participants receive financial support equivalent to unemployment benefit from the public employment service. As a final step, the trainees are employed in the company. Overall, implacement work foundations provide firms with the skilled labour they are seeking, specifically trained for their needs. During the training period, the company does not have any wage or related costs and saves costs for training and HR administration. In return, employers give job seekers the opportunity to gain qualifications that hold out the promise of employment at the end of the training process. Work foundations promote greater occupational, remunerative and regional mobility. This is also a good example where a support measure can be implemented without a tremendous cost burden for one single stakeholder as several stakeholders share the financial burden of the measure. (Holzer, 2006)

### **External numerical flexibility and income security**

Instruments combining external numerical flexibility with income security are very often linked to measures mentioned in the previous two sections as job maintenance, but smooth job-to-job transition (hence, employment security) is also regarded as giving workers income security from continuous remuneration. Measures falling under this category also include pension income guarantee measures, solidarity income premiums, minimum wage requirements and redundancy and severance payments done through public or cooperative funds.

#### **Sweden and Italy: Job creation incentives**

In Sweden, **step-in jobs (Instegsjobb)** are offered to migrants who have been granted a residence permit in the previous 36 months. These jobs have an initial duration of six months, with a possibility of extension up to 24 months. Employers that hire a migrant from this target group are entitled to a subsidy of up to 80% of the related costs (not more than around €85 per day). The job can be part-time, full-time, indefinite, employment on trial or for a given period. To get a step-in job, it is required that the migrant takes a course in Swedish Language for Immigrants (SFI). The subsidies are fully funded by the national government (Hansen, 2011).

An example of **solidarity income premiums** is the **Italian Contratto di Solidarietà**, modified in 2009 within the framework of recession measures. Job security agreements are company-level arrangements based on the principle of solidarity among all employees of a productive unit in an enterprise who reduce, all to the same extent, their working hours in order to avoid dismissals (defensive) or to allow the recruitment of new employees (offensive). The agreement grants a reduction of working hours, up to a maximum 60%, corresponding to an equal reduction in wages. In this case the public employment service pays a wage supplement equal to 60% of the wage reduction. In March 2009, the government increased the annual amount paid into the fund for job-security agreements from €5 million to €40 million. Subsequently, for the period 2009–2011, the wage supplement was increased to 80% of the wage reduction.

Job security agreements can last for an initial period of a maximum 24 months, but this can be extended for another 24 months (36 in southern Italy). At the end of the maximum period, production must resume for at least 12 months before a new job-security agreement for the same units can be agreed.

The offensive agreements create a win-win-win situation for employees, employers and the unemployed. As the reduction in pay of employees is not reflected in their social security contributions (this difference is also financed by the national government), incumbent employees enjoy reduced working times with minimal income loss while new jobs are created for the unemployed. Employers deciding to use job security agreements benefit from a reduction in the amount of social security contributions to be paid for the workers using the scheme. One drawback of the scheme is reported to be the complexity of related procedures although amendments to related legislation have been introduced with the aim of simplifying some of them (Pedersini and Coletto, 2009 and Glassner, 2009).

The collected flexicurity measures also include early, partial or full retirement measures that enable employers to replace older workers earlier than the actual retirement age. Most of these measures enable employees to stop work partially or fully while granting them a pension income that is in most cases equal to the full pension benefits forecast. In addition, examples were identified where workers can transfer occupational pension funds that are fully funded by their employer, which fosters the mobility of workers and provides them with income security.

**Germany: phased retirement schemes**

Germany extended a promotion of **phased retirement schemes (Altersteilzeit)** for five more years in 2009. In the early 2000s, the federal government initiated this scheme by offering financial support to enterprises that granted employees aged 55 or over a gradual transition to retirement, provided that they fulfil certain conditions. Accordingly, employees in the target group reduced their working time to 50% of their average working hours and the resulting vacancy had to be filled by a newly recruited, previously unemployed person or trainee. Moreover, if the employer increased the pay of older employees in the scheme to 70% of their previous full-time pay and continued to make contributions to their pension schemes calculated on the basis of at least 80% of their previous full-time pay, additional expenses were borne by the national government for up to six years. Social partners have been actively involved in the design and implementation of the scheme and related financial support. These regulations must be implemented on the basis of a collective agreement, a works agreement or an individual contract between the employer and employee. In 2009, the national funding for the scheme was terminated. However, fundraising at sectoral level organised by social partners continues (Eurofound, 2009b).

**External numerical flexibility and combination security**

As explained in chapter 2, combination security refers to enabling a worker to combine his or her paid job with other – notably private – responsibilities and commitments (Wilthagen and Tros, 2004). This means protecting the worker against dismissal during time off work, particularly when this refers to a longer period. Among the examples collected are partial preretirement schemes or training schemes that enable the employer to fill the vacancy created by another hire. Overall, a comparatively small share of collected measures falls into this classification (around 15% of all examples collected).

**Netherlands: Training enables more training**

The **Dutch Anticyclical training (Anticyclisch opleiden: bouw door, leer verder)** programme allows all employees covered by an industrial collective contract in the construction sector to take part in different training sessions. The programme was initiated based on a social partner agreement in 2009 as a crisis measure. Within the framework of the programme, special companies provide training targeted at the unemployed for two periods of two years, resulting in a job guarantee for participants for four years. After the training period, the trainees go to a private company to fill temporary vacancies, giving room for incumbent employees of the company to follow training modules themselves (100 days of training for the incumbent employees are granted for one trainee taken into the firm). Employers are compensated for all arising costs, but they are obliged to keep the number of apprentices at least at 75% of the numbers in the years before. As of December 2009, 146 companies had participated in the scheme, retraining 1,168 workers and offering 465 unemployed a traineeship. In total, 36,805 training days had been realised (on average around 250 days per participating employer). All in all, the entire scheme created a win-win-win situation for employers, employees and outsiders (apprentices) and promoted a joint approach to be followed among various stakeholders (Sprenger, 2009).

**Internal numerical flexibility and job security**

Around 30% of the analysed measures cover internal numerical flexibility and job security. In this category are examples of measures that enable (or force) the employer to reduce or increase the working hours of existing employees, while giving the employee a guarantee that their current job will be preserved. The most characteristic measures are support instruments for short-time working and temporary lay-offs which have been extensively used throughout the EU in order to cope with the immediate effects of the financial crisis (see Eurofound, 2010e for a detailed overview). Most of the time, these working time reductions were subsidised in terms of partial wage compensation for the relative income loss, hence also providing income security for employees and labour cost flexibility for employers. In a few cases, these schemes were combined with training possibilities that would enable the employee to find another job quickly in the case of a permanent lay-off (consequently then also related to employment security).

However, flexible working time is not only a measure applied during economic downturn. Working time can also be reduced (or increased) either as a result of collective agreements or on the initiative of employees, in order to combine professional life with other non-work related activities and responsibilities like caring for children or relatives, training and sabbatical leave (in these cases then also relating to combination security).

**Denmark: Working out a work schedule**

Based on a regional social partner agreement on collective health and well-being in the workplace, employees in the southern region of Denmark have the flexibility to **determine their own working time**. With the help of a new IT based system, employees type their preferred working hours into the system. They can simultaneously see what preferences their colleagues have made and whether there is a need for staff to cover a shift at a specific unit. Once everyone has filled in their preferences, it is possible for the staff members themselves to swap internally to complete their service schedule. The vision of this system is to give the staff members autonomy, imposing the obligation onto the employer to ensure that staff can influence their own working conditions (ETUC, BusinessEurope, UEAPME and CEEP, 2011).

Interestingly, some measures have been identified that aim to give employees the possibility of increasing their working time if they wish, which would not otherwise be possible due to care responsibilities. New public support tools to increase the number of full-time subsidised childcare facilities, incentives for employees to return earlier to full-time work following maternity leave and additional childcare support for parents during holiday periods belong to this group. This, in turn, enables employers to keep their staff members working.

**Netherlands: Helping women work more hours**

**Taskforce Part-time Plus (Taskforce Deeltijd+)** is an initiative targeting women who are working in part-time jobs for less than 24 hours a week, which applies to 1.5 million women in the Netherlands. The main aim of the project is to enable more women to work longer hours by helping them reconcile their work with other private responsibilities (such as childcare or caring for elderly family members), while at the same time making their employment financially more profitable for their employers. The taskforce, assigned by the Ministry of Social Affairs and Employment, runs pilot projects, regional meetings with employers and employees and a practical website about possibilities for longer working hours. Publicity, research activities and financing for the measure are administered and run by the national government (Aafjes, 2009 and ETUC, BusinessEurope, UEAPME and CEEP, 2011).

**Internal numerical flexibility and employment security**

Internal numerical flexibility and employment security can be realised by employers' pools or through training leave possibilities, whereby the employee is either fully or partially entitled to reduce their working hours to pursue training activities that enhance their employability. Over half of the measures classified as this combination relate to training, with employees entitled to either work-related or non-work related training leave through collective agreements or national legislation. In a few of the cases the employer receives a subsidy that partially or fully covers the training costs (therefore also providing some level of labour cost flexibility). Anecdotal evidence for longer-term training leave shows an increased take-up during the crisis (for example, regarding the Austrian educational/training leave (Atzmüller and Krischek, 2010; BMASK, 2010) or the Dutch life course saving scheme (ETUC, BusinessEurope, UEAPME and CEEP, 2011 and Delsen and Smits, 2010). In general, however, it can be assumed that longer employee absenteeism can cause considerable problems for the employer, particularly in SMEs, even if public financial support exists, due to the need to reorganise work

processes and/or find replacement workers. Such instruments are mainly initiated and financed by public funds, but require a certain level of involvement from employers and employees in terms of cofunding.

In some examples, employment security is provided to outsiders by giving them a job, particularly so when there are regulations or incentives to replace the incumbent worker going on training leave by hiring an unemployed person. These regulations are supplemented by subsidies for wage costs paid to the employer and/or social security payment reductions for the newly hired temporary employee. Such practices from Denmark, Finland, the Netherlands, Austria, Poland, Germany, France and Italy are motivated by cost reduction incentives.

**Denmark: Rotating workers to enable training**

Danish **Job Rotation** measures enable employees working at any private enterprise to take long-term leave for training, during which their post is filled with a replacement (ideally unemployed). There must be an 'hour-to-hour relation' between the working hours of the employees in education/training and those of the temporary workers who are recruited as a replacement. Following the recession, the measure was simplified and became permanent. As a result of the post-recession adjustments, it was made possible for firms to receive a special job rotation grant corresponding to the highest level of per diem allowance, plus 60%.

Job rotation schemes are funded by the national government while regional/local municipalities and the public employment service help administer and coordinate the process. Union representatives have been involved in negotiating related arrangements with Job centres and employers.

Job rotation provides firms with the opportunity to reorganise their workforce and thereby perform smooth internal transitions of workers, instead of being forced to dismiss them, at relatively low cost. In addition, it creates an opportunity for unemployed people to work (albeit temporarily), which can be interpreted as a stepping stone. Although multiple stakeholders endorse this main idea and are involved in implementing the measure, its take-up has been limited so far. Some possible reasons for the low usage could be that it is perceived to be cumbersome by employers and that its focus is perceived to be limited to blue collar and low-skilled workers. Also, the job-first approach in the public employment service puts the job rotation scheme down the list of priorities (Hansen et al, 2009 and Rambøll Management, 2008).

**Internal numerical flexibility and income security**

Measures falling into the category of internal numerical flexibility and income security (about 30% of the identified instruments) provide workers with financial compensation for their relative income loss caused by reduced working hours due to off-peak periods or training/sickness/partial retirement/care leave.

As mentioned in the previous section, training measures are usually coordinated via a training institute and if subsidised their costs are paid to the employer. In these particular cases however, authors classified those examples where the employee directly receives some grant or allowances for the

reduced time off work. Income support, which parents get from welfare allowances during times off work or half-time pay are also categorised in this group of measures.

**France: Special training pay for women**

The law on 'equal pay for men and women' in France grants special entitlements to female employees as well as to SMEs hiring them. Supplementing the standard right for maternity leave, female employees are entitled to additional training allowances as they are assumed to spend a considerable part of their income on childcare and consequently have less available means to spend on training classes. In addition, the legislation grants support to SMEs for them to be able to replace employees that go on maternity or adoption leave (Eurofound, 2010b).

There is an interesting example from the Netherlands which demonstrates that such measures do not necessarily have to include public funding but may refer to preparing the necessary framework for employees to save income, to be used later for time off in order to engage in any kind of non-work activity or leave.

**Netherlands: Saving now for leave in the future**

The Dutch **life course savings scheme (Levensloopregeling)** allows workers to save income to be spent later on periods of leave or early retirement (for a maximum of three years' leave). Annually the employee is allowed to save up to 12% of their salary, which can amass to a maximum sum of 210% of the annual salary. The life course savings can be increased beyond this threshold through interest rates (in a savings account) or investment returns from stocks, bonds and options. The life course savings can be used for several types of unpaid leave including leave to care for others, parental leave, adoption leave, educational leave, sabbatical, part-time leave or early retirement (leave preceding retirement). Employees choose the financial institution where they will place their life course account or insurance. This has the advantage that they can maintain the life course account when changing from one employer to the other. The life course credit is not considered as capital to be spent, therefore for income tax declarations life course credit is not included, which provides additional tax benefits for the employees. While the general framework of the scheme is determined by national legislation, how to contribute to the scheme is specified via collective agreements reached by social partners.

In theory, the life course savings scheme offers freedom of choice, employability and empowerment for employees. It creates a general scope for personal development, care duties and other significant life course changes. In 2006, a participation rate of 8% was achieved according to the Dutch household survey. 58% of participants indicated that they had been saving for the early retirement option. In recent years, however, this has changed slightly, with more people opting for a period of sabbatical leave. The balance of deposits and withdrawals fell from €733 million in 2009 to €660 million in 2010, which can be explained by the financial crisis. Still, the overall participation was much lower than initially expected by the government and employees in certain groups have been unable to participate so far (ETUC, BusinessEurope, UEAPME and CEEP, 2011 and Delsen and Smits, 2010).



### **Internal numerical flexibility and combination security**

Internal numerical flexibility and combination security comprises measures related to reduced (or increased) working hours while combining work with other activities including leave to care for others, parental leave, adoption leave, educational leave, sabbatical, part-time leave, early retirement (leave preceding retirement). Unlike the short-time working schemes introduced mostly after the current recession on the initiative of the employer, this group mainly classifies changed working hours on the initiative of employees.

Since most of the cases identified in this group are about measures concerning positive action by employers in terms of work-life balance reconciliations, quite naturally the involvement of trade unions is strong.

#### **Finland: Taking training breaks**

The Finnish **Job alternation benefit (Vuorotteluvapaa/Alterneringsledighet)** concerns all employees with a contract of at least 75% of a full-time employee and a work history of ten years, as well as the unemployed. Employees who have been employed full-time by the same employer for at least one year have the right to conclude a written agreement with their employer to suspend their employment relationship for a specified period. Accordingly, the employer undertakes to hire, for an equivalent period, an unemployed job seeker registered at an employment office. The post for which the job seeker is hired does not necessarily need to be the exact one occupied by the employee taking the leave. The period of leave should be at least three months and at most a total of 359 calendar days. While on leave, employees are not paid by their employer but instead are entitled to receive a 'job alternation' allowance from the National Pensions Institute or their unemployment benefit society. The job alternation allowance amounts to 60% of an employee's theoretical unemployment benefit with no upper limit.

The job alternation leave grants the employee the security of being able to combine their actual work with training activities. Moreover, it provides the unemployed with a chance to gain work experience through a fixed-term work contract. It is also an opportunity for an employer to benefit from having someone with new skills and expertise on their staff (Council of Europe Family Policy Database, 2011).

### **Functional flexibility and job security**

Compared to the first two sets of flexibility combinations, public and social partner-based measures that aim to grant functional flexibility seem to be rather rare. One reason for this might be that as functional flexibility and job security can be achieved by enhancing an enterprise's ability to adapt to changing conditions and requirements, while at the same time granting a high probability of retaining employees' existing jobs, most such initiatives take place at company level without public intervention. Such initiatives, however, do not form the subject of the current research project. Nevertheless, around 10% of the identified measures can be regarded as fitting in this category.

Generally speaking these measures are those training programmes demanded exclusively by the employer in order to prepare the current workforce for the challenges of changing business conditions, where they will be exposed to perform in new or other functions. Moreover, job enrichment measures that enable workers to perform several functions simultaneously are classified under this category.

Examples could be identified from Belgium, Germany and Sweden, where employers are motivated through consulting, subsidies and support offered by either national/regional governments or social partners to train and prepare their workforce for a smooth transition to future labour markets, such as a green economy in line with the Europe 2020 targets.

**Belgium: Promoting green industries**

One of the six pillars of the 2<sup>nd</sup> **Marshall Plan (2<sup>nd</sup> Plan Marshall Verte)** of the Wallonia regional government in Belgium concentrates on the promotion of green industries. The 2<sup>nd</sup> Marshall Plan is the employment and competitiveness pact of the Wallonia government that was introduced following the recession. This specific pillar aims to establish an alliance for green employment. Accordingly, enterprises will be motivated through consulting services and subsidies to engage in activities around the renewable energy sector and to train their staff for upcoming changes and challenges in this sector. Moreover, the Wallonia government gives grants to SMEs that improve their renewable energy activities. The funding for this measure is realised solely by the regional government and the budget foreseen for the 'green part' of the plan for 2010-2014 is around €900 million (OECD, 2009).

Another important type of public or social partner-based support tool concerning functional flexibility and job security deals with telework. Such arrangements enable employees to enjoy working time and location flexibility while keeping their jobs. It also facilitates the work of employers who pursue business activities over multiple time zones and those engaging in subcontracting and outsourcing for some of their business processes.

**Europe: Conditions for teleworking**

As a result of negotiations at European level, in 2002 the European Framework Agreement on **Teleworking** was concluded and signed by European Social Partners. While the agreement regulates the entitlements of teleworkers in terms of working conditions, health and safety, training etc., it provides Member States with three options of implementing the agreement, namely through national legislation, collective bargaining or soft legislation (on a voluntary basis). Most of the EU Member States so far opted for the last two options, justified by the voluntary character of teleworking. The **Czech Republic, Hungary, Poland, Portugal, Slovakia and Slovenia**, however, implemented framework conditions for teleworkers in their national legislation. Hence, these countries guarantee full coverage and legally binding telework regulations. Not surprisingly, according to the European Working Conditions Survey results, in all these countries with the exception of Portugal the application of teleworking as a flexible working mode has increased following this implementation (Eurofound, 2010c).

**Functional flexibility and employment security**

Other common measures of functional flexibility include job rotation and training programmes demanded and designed by the employer in order to increase the multi-skilling of the workforce. Such measures at the same time lead to an increase in the level of expertise and motivation among employees and improve their employment possibilities (Eurofound, 1999), granting them employment security.

**Cyprus: Increasing productivity through training**

A new subsidy scheme to facilitate the **shift from low to high productivity jobs** was introduced in Cyprus in 2009. Within this scheme, enterprises (and indirectly their employees) are provided with training to replace low productivity work positions with high productivity ones. The scheme has been implemented by the Cyprus Productivity Centre and is cofinanced by the European Structural Funds and the national government of Cyprus (Eustathopoulos, 2009).

In general, the enhanced flexibility of employers when hiring temporary agency workers provides the potential to more easily adapt to changing framework conditions and to take advantage of the skills and expertise of temporary agency workers that otherwise would not be available within a firm's workforce. This can be understood as functional flexibility. At the same time, it creates new employment possibilities for temporary agency workers and in several cases also reduces undeclared work.

**Spain: more opportunities for temporary workers**

Following the global recession, in Spain the **Directive on Temporary Employment Agencies (TEAs)** was improved, giving temporary agency workers more opportunities to work in several sectors where they were not allowed to work before, including the construction sector. Following this amendment, the jobs which fall into the risk category that should be excluded for temporary agency workers are to be determined by collective bargaining. Furthermore, the maximum period of time a temporary agency worker can work at a single position is limited to 36 months, extendable for an additional year via social dialogue. The indemnity payment which has been eight days per year is increased to 12 days per year for temporary agency workers (SEPECAM, 2010). In addition **SINDETT**, a training budget to be used exclusively by temporary agency workers, has been allocated via collective agreement (Eurociett and Unieuropa, 2009).

**Functional flexibility and income security**

Only a few examples of public or social partner support measures combining functional flexibility and income security could be identified in the framework of this project (about 10% of the instruments). Most of them correspond to training measures or employer pools as detailed in the previous sections. Functional flexibility is achieved through the application of new skills or the possibility to access a specialised workforce, shared with other employers. Income security is realised by the continuous remuneration of the affected workers.

In a few countries, subsidies paid directly or indirectly to employees for them to move to another job with or without reduced income loss can be considered as a support instrument in the framework of functional flexibility and income security as well.

**Belgium: bonus for older workers**

The Belgium government grants a **bonus for workers aged 50 or older** who, at their own request, change their duties from hard manual labour to lighter work and suffer as a result of this transition a gross income loss of at least €250 per month. The bonus is funded via the national budget (Eurofound, 2009d).

### **Functional flexibility and combination security**

Training measures that help employers to prepare a workforce for changing business conditions (for example with regard to internationalisation or innovation) and enable employees to combine work and training can be considered to combine functional flexibility and combination security. As combination security is perceived to have a voluntary character, only the cases where both employee and employer both agree to pursue training are considered for this category.

#### **Slovenia: linking training and labour market needs**

The **active labour market policy measure** activity 2.4 of Slovenia intends to consolidate human resource development in companies to improve the mobility and employability of workers while enhancing the competitiveness of employers. The overall goal is to set up a system of incentives for linking training and labour market needs, which would eliminate the structural employment mismatch, enhance the qualification structure of human resources and increase employability. Costs of education and training are covered mostly by national funds and European Structural Funds while VAT is covered by the employer. This new activity was introduced in 2011, replacing a similar one where the target group was much smaller and focused (Active Employment Service of Slovenia, 2011).

### **Labour cost/wage flexibility and job security**

Around 30% of the identified measures combine labour cost flexibility and job security. Job security can be fostered through incentives like wage subsidies, local adjustments in labour costs and scaling or reductions in social security payments, all of which provide employers with labour cost flexibility.

While subsidies for employers that stimulate the retaining of actual jobs are the most widespread type of public and social partner-based support tools in this category, few innovative policy instruments can be identified. They mainly deal with reducing the employer's potential (financial) risks in case of keeping or hiring employees that are in the high risk group of job absenteeism.

#### **Netherlands: compensating for sick leave**

The national government in the Netherlands until 2019 grants a risk sharing premium (**Compensatieregeling langdurige ziekte oudere werknemers**) to employers for hiring older workers who fall into a high risk category of getting sick long term. Accordingly, employers that have contracted unemployed older people who have become sick for 13 weeks or more within five years of starting work, are compensated by the government for the worker's income (Eurofound, 2009d).

### **Labour cost/wage flexibility and employment security**

The combination of labour cost flexibility and employment security can be found in more than 50% of identified measures. Similar to the previous category, all measures that aim to (partially) reduce the financial burden of employers so they are more flexible to hire new employees, either temporarily or on a permanent basis, realise labour cost flexibility and employment security. These generally contain subsidies or reductions in employers' shares of social security contributions in the case of hiring unemployed (sometimes with a specific focus on individual target groups like migrants, women, elderly workers, disabled etc.).

**Bulgaria: Subsidising green jobs**

Bulgaria initiated an innovative National Action Plan for Employment in 2010. Accordingly, **employment for green workplaces ('елени работни места')** is promoted at enterprises in specific sectors listed and approved by the Minister of Labour and Minister of Environment and Waters as 'green', in conformity with the European Green Agenda and the Europe 2020 strategy. The jobs listed are subsidised for up to 12 months from the national budget. Applications for subsidies are managed through public employment services. Social partners and regional administrative bodies have been involved in the discussions and adopting the programme through the National Council for employment promotion and in the Councils for cooperation at local branches of the public employment service. The programme is expected to create around 1,200 green jobs. Moreover, it is expected to raise awareness of the industry and public about environmental protection (Bulgarian national action plan for employment, 2011).

In several cases a subsidy is also paid to the employer as a training budget to be offered to employees, which in turn enhances the employability of the employees in case of lay-offs or career path changes. Moreover, traineeships, apprenticeships or work placements for young unemployed that are partially or fully subsidised by national or regional government are among the measures found most often in this category. In a few of the cases, financial support does not come directly from the state but refers to the collection or management of contributions at sectoral level to make skill development less costly and more attractive for employers.

**Austria: Working together to train employees**

Austrian **Qualification networks (Qualifizierungsverbände)** are councils managed by public employment services that bring together at least three employers that want to train their employees. The emerging costs are jointly funded by the national government and employers. In order to be eligible, common qualification measures have to be set up by the participating enterprises. They should be in line with the productive ageing concept and have a special focus on employees older than 45 (Mandl, 2009).

**Labour cost/wage flexibility and income security**

The combination of labour cost flexibility and income security can be found in almost 60% of the identified measures and is, therefore, the most widespread of the analysed instruments.

The most common type of instruments that achieve labour cost flexibility and income security are wage subsidies paid to the employer in case a new employee is hired from vulnerable groups in society like older workers, disabled, migrants, long-term unemployed, or NEETs. Reductions for non-wage labour costs are also commonly used. Both will provide the employer with an incentive to retain workers, which in turn provides them with income security through job security.

In several cases, wage subsidies are granted directly to job takers if they are willing to accept a new position which pays less than their last salary or social security payment. This constitutes an implicit cost saving for the employer who is able to employ the workers at a lower wage.

The already mentioned short-time working schemes that minimise the financial burden for the employer during times of turmoil, while granting employees compensation for their relative income loss, can also be classified into this category.

However, cost flexibility and income security can also be achieved through unconventional benefits that, when carefully applied, provide the employer with considerable cost savings. These relate not only to direct wage or non-wage costs, but also to indirect personnel costs like the administrative effort made when searching for and recruiting new staff or trainees.

**Belgium: Boost for green purchasing power**

In **Belgium**, employers can distribute **eco-cheques** to their employees, a wage premium that is exempt from social security contributions. Eco-cheques are meant to be used for purchasing environmentally friendly, 'green' products. The purpose of this arrangement is to contribute actively to policy efforts to raise awareness of and accessibility to ecological products, and also to grant additional 'fringe benefits' to employees without incurring extra costs for the employer. This measure has been introduced following the global recession together with some other similar ones intended to boost consumption in a stagnant economy and maintain employees' purchasing power. While the arising costs are funded by national government, social partners played an active role in the initiation phase (Eurofound, 2009).

**Lithuania: Matching students and employers**

Employers' representatives in **Lithuania** aim to create a **single database of students** seeking practical training placements and enterprises looking for apprentices. This initiative, funded entirely by the employers' association, should make it easier for students to be placed in practical training, acquire practical knowledge and, possibly, gain employment with an enterprise, which grants them a certain income security. At the same time, it reduces the costs of hiring for employers, making it more economical for them to identify and recruit apprentices whose profiles match their actual skill requirements (European Employment Observatory, 2010).

**Labour cost/wage flexibility and combination security**

This last combination of flexibility and security, which could be found in about 30% of the identified measures, deals with support via public or social partner initiatives granting mainly cost flexibility for employers for the mostly non-work related activities of the labour force combined with work. The most commonly identified measures are those that give the worker the legal right to participate in training during working hours while granting the employer some allowances to partially compensate the costs (either training costs or wage subsidies during training times).

Apart from training measures, few measures could be identified where the state commits to fully or partially cover the employers' costs during maternity/paternity or care leave taken by their employees.

**Denmark: Funding parental leave**

In Denmark, a **fund for maternity and paternity leave** was established in 2004, based on a collective agreement. This fund is financed entirely by the social partners and is used to cover the costs to the employer when an employee goes on maternity or paternity leave, for the duration of the leave. Through the measure, the employability of especially young women is considerably enhanced (ETUC, BusinessEurope, UEAPME and CEEP, 2011).

# Flexicurity characteristics of the identified instruments

## Research approach

Chapter 4 analyses the instruments presented in chapter 3 regarding their ‘flexicurity character’. For this purpose, various policy and academic publications have been screened concerning elements that characterise ‘flexicurity’. On the basis of this, the authors compiled a set of ‘flexicurity indicators’ and ‘process indicators’. The identified public and social partner-based instruments were then analysed against these indicators to assess how far they are characterised by the individual elements or combinations of them. An overview of the indicators and the sources where they were mentioned is given in Table 4. In the following, the working definitions for the individual indicators are given.

### Flexicurity indicators:

- Creation of new and retention of existing jobs: this comprises all Active Labour Market Policies aimed at supporting job seekers, for example through matching, employment incentives or measures benefitting the workers’ employability. Also instruments removing obstacles to job creation fall into this category.
- Creation of better jobs, in terms of improving job quality and promoting high-quality and productive workplaces, including employment and career security, good organisation of work and work-life balance.
- Fostering flexible and reliable contractual agreements, including new modes of access to employment through the framing of new, or review and adjustment of existing, labour law and employment protection provisions; this also comprises measures to fight undeclared work and provisions dealing with flexible and secure work organisation (including working time arrangements) and internal mobility.
- Fostering social protection, dealing with efficient, sustainable and supportive social security/welfare systems or employment protection regulations and aiming at the provision of guaranteed income (also after the end of the professional life) and the fostering of labour market integration.
- Fostering transitions: Going beyond Active Labour Market Policies, instruments fostering transitions include those aimed at smooth job-to-job transitions, without phases of unemployment between jobs. Furthermore, also transitions into the labour market (for example from education, care activities or inactivity to work) and internal transitions/upward mobility or occupational change are considered, as is the transition between different forms of employment (like from short-time to permanent contracts).
- Fostering equality, overcoming segmentation: This includes all measures promoting more open, responsive and inclusive labour markets and supporting equal access to quality employment for all. Among others, measures to reconcile work, family and private life as well as those facilitating a return to the labour market for people with poor employment prospects and those fostering upward mobility or transition into typical employment fall into this category.
- Fostering lifelong learning/skill development: This refers to all instruments improving the awareness and offer of or access to (continuous) education and training, with the aim of increasing employability or upward mobility.

As a working hypothesis it is expected that those measures that have been considered as ‘implemented flexicurity’ follow at least one of the above principles, pathways or objectives.

**Process indicators**

- Definition of flexibility/security dimensions and trade-off between the two, in terms of being aware of the effects on flexibility and security of the affected stakeholders.
- Social dialogue among and/or involvement of different stakeholders (social partners, public authorities), about the design and implementation of measures that contributes to a negotiated balance between flexibility and security and results in a joint commitment towards the sustainability of the instrument.
- Distribution of costs between stakeholders: This refers to a cost-effective allocation of resources, compatible with sound and financially sustainable public budgets, not least because of cost-sharing among businesses, public authorities and individuals which also results in a multilateral compensation of gains and losses.

To be in line with the flexicurity concept, the measures that have been considered as ‘implemented flexicurity’ should satisfy as many of the above indicators as possible, and ideally, all of them.



Table 4: Flexicurity and process indicators in policy and academic publications

	European Commission, 2007a	EMCO, 2009	Council of the European Union, 2007; European Expert Group on Flexicurity, 2007	Council of the European Union, 2008	ETUC, BusinessEurope, UEAPME and CEEP, 2007	ETUC (EurActiv, 2007a; ETUC, 2007a; ETUC, 2007b)	UEAPME (EurActiv, 2007a)	Business Europe (EurActiv, 2007a, Business Europe, 2007)	CEC (CEC, 2007)	Eurociett (Eurociett, 2009; 2011)	Leschke et al., 2006	Madsen, 2007
Flexicurity indicators												
creation of new and retention of existing jobs	X	X	X	X	X	X		X	X	X		
creation of better jobs		X	X	X	X	X			X		X	X
fostering flexible and reliable contractual agreements		X	X	X	X	X		X	X	X	X	
fostering social protection	X	X	X		X	X		X		X		
fostering transitions	X	X	X	X	X	X		X		X	X	X
fostering equality, overcoming segmentation		X	X	X		X				X	X	X
fostering life-long learning/skill development	X	X	X	X	X	X		X	X	X	X	X

	European Commission, 2007a	EMCO, 2009	Council of the European Union, 2007; European Expert Group on Flexicurity, 2007	Council of the European Union, 2008	ETUC, BusinessEurope, UEAPME and CEEP, 2007	ETUC (EurActiv, 2007a; ETUC, 2007a; ETUC 2007b)	UEAPME (EurActiv, 2007a)	Business Europe (EurActiv, 2007a, Business Europe, 2007)	CEC (CEC, 2007)	Eurocieltt (Eurocieltt, 2009; 2011)	Leschke et al, 2006	Madsen, 2007
Process indicators												
definition of flexibility/security dimensions and trade-off between the two					X					X		X
dialogue among and/or involvement of different stakeholders			X		X	X						X
distribution of costs between stakeholders			X									X

**Flexicurity pathways, principles and objectives of the analysed public and social partner-based instruments**

- *creation of new and retention of existing jobs*
- *creation of better jobs*
- *fostering flexible and reliable contractual agreements*
- *fostering social protection*
- *fostering transitions*
- *fostering equality, overcoming segmentation*
- *fostering lifelong learning/skill development*

The most widespread flexicurity principle followed by the identified public and social partner-based instruments in the Member States of the European Union is the creation of new and retention of existing jobs, followed by fostering transitions. More than half of the measures follow one of these objectives, and about 40% of all measures aim at both objectives. It should be noted, however, that information is not available for all instruments mentioned in this section.

About 80% of the **job creation/retention** measures target employers, particularly by offering wage, social security or training subsidies for employing unemployed workers. Consequently, the unemployed also form an important target group of these instruments (in about 70% of the measures), and there is a strong link to external and labour cost flexibility as well as employment and income security. The situation is similar for the **transition support instruments**; here the unemployed are the major target group (about 80% of the identified instruments), followed by employers (about 70%). At least one third of the identified job creation and transition support instruments targeted at employers and at least half of those focusing on the unemployed have been established or changed during the financial and economic crisis.

Employees form the target group of about 30% of transition support measures (mainly dealing with training company employees and transforming fixed-term contracts into permanent ones) and of about 40% of the instruments that foster the creation of new and retention of existing jobs (for example, short-time working arrangements or decreased non-wage labour costs for existing employees to avoid dismissals). For job creation/retention and transition support measures targeted at employees, a higher prevalence of job and combination security can be observed, and at least half of the instruments were initiated or adapted because of the recession.

About 45% of the instruments target lifelong learning, and the same percentage promote flexible and reliable contractual agreements as well as fostering equality and overcoming segmentation in the labour market.

**Lifelong learning** instruments often provide financial support to employers (forming the target group of about 70% of the analysed measures) to offer training to existing employees (the target group of almost 60% of the instruments) or for newly hired unemployed (about half of the measures). At least 40% of the analysed initiatives have been changed or initiated during the economic crisis, with a slightly higher number among those instruments focusing on training for the unemployed than

among those targeting employees. Lifelong learning seems to be the one with the highest social partner involvement among the analysed flexicurity objectives.<sup>5</sup>

The analysed **contractual arrangements** mainly target employees (more than 80% of the measures) and employers (more than 70%) and deal with working time arrangements (including short-time working and temporary lay-off) and work-sharing (also cross-company). About one quarter of the instruments target the unemployed, for example by introducing the requirement that an unemployed person has to be employed while workers are on training leave. At least 40% of the regulations considered have been changed or initiated during the economic crisis.

The analysed measures that have been classified to **foster equality and overcome segmentation** in the labour market often provide employment subsidies for disadvantaged groups and therefore mainly target employers (about three quarters of the instruments) and the unemployed (about 70%). Consequently, external and labour cost flexibility as well as employment and income security are more prevalent among these instruments than the other flexicurity dimensions. Less than half of the instruments support employees. At least a quarter of the measures have been introduced or adapted during the recession; this seems to be more common among those targeted at the unemployed than among those focusing on employers or employees.

To a much lower degree – in less than 30% of the identified measures – the **creation of better jobs** is tackled, and **social protection** is in focus in less than a quarter of the identified measures. Job improvement measures mainly deal with working time arrangements or training, and therefore target employees and employers rather than the unemployed. Only about 20% of the identified instruments have been driven by or changed during the crisis. Also the identified social protection instruments tend to target employees (in about two thirds of cases), for example by offering lower social security contributions for keeping jobs or maintaining social security levels while workers are on training leave or on reduced working hours, rather than the unemployed (about 45% of the cases). Whereas at least 40–50% of the social protection measures targeting employers and employees have been established or altered in the recession, this holds true for only about a quarter of those focusing on the unemployed. Social protection measures seem to be characterised by the lowest level of social partner involvement among the analysed flexicurity objectives.

The vast majority of initiatives satisfy a broader spectrum of the flexicurity approach: fewer than 10% of the identified measures are in line with only one of the flexicurity objectives defined for the current analyses. Almost half of them deal with flexible and reliable contractual agreements and comprise regulations or social partner agreements allowing working time or wage reductions to avoid dismissals. As a consequence, they are very often related to internal and labour cost flexibility as well as to job and income security. Examples are short-time working or partial retirement schemes.

Next to that, lifelong learning is comparatively often targeted without being linked to any of the other flexicurity objectives (forming the other half of the single-objective measures identified). Also here, there is a strong relationship to labour cost flexibility, but regarding the security dimension, employment and combination security are dominant.

As already briefly mentioned above, the **combination** of job creation/retention and transition support is very common among the identified instruments (more than 40% of the measures). About one third of the measures aim at fostering transitions and equality, and a similar number combine job creation

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<sup>5</sup> It has to be noted that information about social partner involvement is fragmented among the analysed instruments and that information is not available for all instruments.

with fostering equality. Also the combination of all three of these objectives (job creation, smooth transitions and overcoming segmentation of the labour market) is very prevalent among the identified instruments. All of these measures mainly target employers and the unemployed and hence combine external and labour cost flexibility with employment and income security.

Other widespread combinations link lifelong learning with fostering transitions, the creation/retention of jobs and/or fostering equality. Also these mainly target employers and the unemployed and hence combine external and labour cost flexibility with employment and income security. The identified examples of training subsidies for older workers, low qualified or temporary agency workers also involve a functional flexibility dimension.

A similar number of identified measures have been classified to aim to create/retain or improve jobs and guarantee flexible and reliable contractual agreements, often also related to fostering transitions and/or equality. They deal with flexible working time arrangements or alternative forms of work contracts. In an attempt to extend such measures to foster equality and overcome segmentation in the labour market, several countries provide regulations or incentives to improve working time standards for specific groups of workers, mainly those with caring obligations.

Several of the identified instruments aim to create new or retain existing jobs while providing social protection, particularly through financial support for non-wage labour costs. Some of these measures offer assistance in the case of employment of unemployed persons (thereby also fostering transitions) and/or specific vulnerable groups (fostering equality).

The creation of better jobs is in several cases to be attained through lifelong learning and fostering equality. Interestingly also, a comparatively high number of measures combining job improvements and better transitions can be found among the analysed measures (more than 10%). These refer to the above-mentioned examples of unemployed replacing core workers while they are on (training) leave.

The joint approach combining lifelong learning and the provision of flexible and reliable contractual agreements can also be found in various measures (about 10%). They mainly deal with working time regulations with regard to training, for example training leave, the workers' right to use a certain percentage of working time annually for training or the employers' right to send employees on training during times of lower demand. Such instruments are characterised by a comparatively strong social partner involvement. With few exceptions they follow all security dimensions of the flexicurity matrix. None of them deal with external flexibility, but they address heterogeneous combinations of the other three flexibility types.

Public and social partner-based instruments dealing at the same time with flexible and reliable contractual agreements as well as social protection have been identified (about 10% of the measures). These are legal regulations concerning short-time working or training leave (therefore also aiming at the retention of jobs and lifelong learning) or partial pensions (aiming at creating better jobs or smoother transitions), hence covering either internal or external flexibility, the first being combined with labour cost flexibility. All of them involve income security. While short-time working regulations cover job security, pension schemes are classified as combination security.

### Process characteristics of public and social partner-based support for flexicurity measures

#### Indicators used for the following analyses<sup>6</sup>

Does the design, administration or implementation of the measure include the following (in the ideal case all of them)?

- *definition of flexibility/security dimensions and trade-off between the two*
- *dialogue among and/or involvement of different stakeholders (social partners, public authorities)*
- *distribution of costs between stakeholders (public authorities, businesses, individual)*

Less than 15% of the identified public and social partner-based instruments are characterised by **all of the elements** established as ‘flexicurity process indicators’ for the purpose of this project (see box above). This means that comparatively few of the analysed measures at the same time refer to flexibility and security aspects in the short descriptions available, involve a multi-stakeholder cooperation in the design, administration or implementation and distribute arising costs among the various actors. All except one of these instruments cover income security, about 60% of them deal with job and/or employment security, and one third deal with combination security. Among the flexibility dimensions, labour cost flexibility is dominant (75% of the measures), followed by external (about 60%) and internal flexibility (about 50%). Functional flexibility is only addressed in slightly more than 10% of these instruments.

The instruments satisfying all of the above process requirements mainly address job creation, flexible and reliable contractual agreements, smooth transitions and lifelong learning (about 55–60% each). The objectives least prevalent among them are the creation of better jobs and fostering equality (about 15%).

The vast majority of the measures have been initiated or adapted during the recession.<sup>7</sup>

About one quarter of the analysed instruments include an explicit **definition of flexibility and security dimensions** (that is, they consider the necessity of the trade-off between flexibility and security for the involved actors to result in an outcome acceptable for all stakeholders) **as well as dialogue** among and/or involvement of public authorities and social partners. Almost 70% of these measures deal with contractual arrangements, while only about 15% address the equality issue. At least 60% of the instruments have either been established or changed during the economic crisis.

Slightly fewer than one quarter of the measures are characterised by both **dialogue** among and/or involvement of different stakeholders (public authorities, social partners) and the **distribution of arising costs** between various actors (public authorities, businesses, individuals). Among the flexibility dimensions, a dominance of labour cost flexibility can be observed, followed by external flexibility, whereas the other two flexibility types are covered to a much lower extent. Regarding security types, employment and income security are dominant, but job and combination security are also dealt with in about half of the measures. About 60% of the instruments address lifelong learning,

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<sup>6</sup> For a description of the working definitions of the indicators see beginning of chapter 4.

<sup>7</sup> Information is not available for all instruments discussed in this section.

smooth transitions and the creation of new or retention of existing jobs, and a similar share have been altered or introduced in the recession.

Also the combination of a distinctive **definition of flexicurity and security dimensions** with **cost-sharing** among the involved stakeholders is observed in slightly less than a quarter of the analysed measures. While measures dealing with social protection are represented to a higher extent than in the total sample of identified instruments (around 40% compared to around 20%), particularly the shares for instruments fostering equality (around 30% compared to around almost 50%) and better jobs (around 10% compared to almost 30%) are lower. About half of the instruments had been changed or newly established in the recession.

The process indicator most often observed among the selected flexicurity instruments at Member State level is cost-sharing among various stakeholders. More than 50% of the instruments involve this element. Slightly less than half of the measures explicitly define both flexibility and security dimensions, and hence consider the balance between employers' and employees' interest. About the same number have been designed or implemented or are administered by a multi-stakeholder partnership of public authorities and representatives.

Interestingly, in about 20% of the analysed measures only one of the flexicurity process indicators is prevalent. The majority of them (or about 10% of all analysed measures) refer to instruments having been designed or implemented with multi-stakeholder dialogue, highlighting that even involvement of public authorities, employees' and employers' representatives is not a sufficient condition for explicitly defining trade-offs between flexibility and security and coming to a distribution of costs among all involved parties. They mainly refer to legal regulations that have been drafted by the government in consultation with the social partners. They cover all security types, but focus on internal and external flexibility as they particularly deal with labour contracts.

Finally, among the identified instruments there is a single measure that does not justify any of the flexicurity process indicators as it is an initiative solely provided by an employers' organisation aimed at the short-term matching of supply and demand on the labour market.

## Analysis by country clusters

### Methodological considerations

A common agreement concerning the flexicurity concept is that a 'one-size-fits-all' approach does not work. Consequently, the flexicurity principles claim that flexicurity policies and instruments cannot be simply copied from country to country and implemented without adaptation, but need to be tailored to specific national circumstances (Council of the European Union, 2007).

As this is an important aspect, it must not be neglected in the research. However, from the sources used to identify, classify and analyse public and social partner-based support instruments, which can be considered to be flexicurity 'in action' at Member State level, no information regarding the motivation and drivers for their establishment is available. Hence, the question whether or not the compiled instruments have been tailored to national framework conditions cannot be answered, or it has to be assumed that all measures alike target specific national labour market challenges. Neither is a very satisfying answer from a scientific point of view. Furthermore, among the sample of analysed instruments, not all countries are equally represented, so no solid assessment of individual Member States can be given.

To bypass this, the authors decided to approach the question by using the flexicurity country clusters identified by previous research (see Table 2 in chapter 2) and investigate whether there are patterns among the individual measures applied in the different country clusters. Countries belonging to the same cluster are supposed to be dealing with similar labour market conditions, and hence similar labour market problems. They also have comparable institutional settings, resulting in similar implementations of the flexicurity guidelines in terms of addressing similar combinations along the flexicurity matrix, targeting similar objectives concerning the flexicurity pathways/principles and by following a similar process of implementing measures. At the same time, differences between country clusters are supposed to be as large as possible.

The available literature does not come up with a single, generally accepted clustering of European countries according to their flexicurity character. Rather, four major clustering concepts can be identified (see also chapter 2<sup>8</sup>):

- The European Commission (2006a, 2007b) differentiates between five clusters, with Greece being included in the cluster of central and eastern Europe (while in the other classifications it is considered as Mediterranean). It covers the lowest number of Member States, therefore also resulting in the highest number of ‘missing values’ in the current research. More than 10% of the identified instruments cannot be classified into one of the clusters.
- Laporsek and Dolenc (2011) show five country clusters that are very similar to the ones of the European Commission. However, they cover more countries, hence fewer than 5% of the measures cannot be classified. The striking difference between this classification and the one of the European Commission lies in the Mediterranean cluster which here also includes Slovenia, Luxembourg and Poland. As a consequence, almost twice as many instruments are classified as Mediterranean than in the European Commission classification.
- Eurofound (2007) identifies six clusters as it considers the Baltic States as a separate group (subsumed as central and eastern Europe in the other classifications). Interestingly, Ireland and Cyprus also belong to the Baltic cluster. As a consequence, and in spite of the methodological difficulties encountered in the project, many flexicurity instruments could be identified for the Baltic countries, while the number of instruments in the central and eastern European countries is much lower than in the classification of the European Commission (25 vs. 41). The Netherlands are considered to be Anglo-Saxon, while in the other classifications they are classified as Nordic/Scandinavian. This results in a higher number of instruments in the Anglo-Saxon cluster (27 vs. 13) and a lower one in the Nordic/Scandinavian cluster (29 vs. 46). This categorisation shows the lowest number of identified instruments that cannot be classified into one of the country clusters (less than 5%).
- Auer and Chatani (2011) cover all 27 Member States and identify seven clusters. Like Eurofound they also differentiate between central and eastern Europe and the Baltic States (including Spain), and have an additional ‘other’ cluster with Lithuania and Bulgaria that is considered to be similar to both aforementioned clusters. Romania is considered a Mediterranean country.

In spite of these differences, all researchers identified the flexicurity country clusters by using statistical methodologies. The considered indicators include economic and social indicators as well as characterising labour market legislation. Comparison of the flexicurity country clusters with

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<sup>8</sup> The typology mentioned in chapter 2 of Ciuca et al (2009) is omitted for the further analysis as it shows the same clusters as the European Commission (2007b), supplemented by Romania.



similar clustering of industrial relations frameworks showed a good coherence (see also Meardi, 2011). As a consequence, analysing the identified measures by country clusters not only serves the purpose of investigating on differences and pattern regarding flexicurity implementation in different countries, but also puts the isolated instruments into context (in terms of policy pathways and institutional settings).

Table 5 provides an overview of specific characteristics of the individual country clusters, resulting from previous research in the fields of flexicurity and industrial relations, and supplemented by information from statistical sources.

The following sections try to analyse whether the identified flexicurity instruments are typical for the individual country clusters – bearing in mind their economic, social and labour market characteristics as well as institutional settings, hence a continuation of traditional pathways – or whether uncommon approaches have been chosen, deviating from those instruments implemented because of path dependencies with the aim to compensate for ‘deficiencies’ concerning individual flexicurity dimensions.

Table 5: Selected characteristics of flexicurity country clusters

Cluster	Nordic/Scandinavian	Anglo-Saxon	Continental	Mediterranean	central and eastern Europe	Baltic States
Labour market security	high	low to medium	medium to high	low to medium	low	low
income	high	medium	medium to high	low	low	low
employment	high	medium to high	medium to high	high	low	low
job	low	medium	medium to high	high	low	low
Labour market flexibility	medium to high	high	low to medium	low	medium	low to medium
internal	medium to high	medium	low to medium	low	low	low
external	medium to high	high	low to medium	low	medium	medium
functional	medium to high	medium	low	low	medium	medium
Taxation in labour markets	medium to high	low	medium to high	no clear pattern	medium	medium
Lifelong learning (LLL)	importance of LLL policies	low	medium to high	low LLL participation	low LLL participation	low LLL participation
Part-time and temporary employment	high percentage of part-time employment	low to medium percentage of part-time employment	medium percentage of temporary and part-time employment	high percentage of temporary employment medium percentage of part-time workers	low percentage of temporary and part-time employment	low percentage of part-time employment
Other labour market characteristics		low segmentation high rates of secondary education attainments		lack of sufficient institutions to provide sufficient social security lack of modern work organisation	low mobility	
Active labour market policy (ALMP)	high costs importance of ALMP	relatively low costs low spending on ALMP	very high costs high spending on ALMP	average costs medium spending on ALMP	low spending on ALMP	low spending on ALMP
GDP per head (PPS), 2008	highly developed	highly developed	highly developed	moderately to highly developed	less to moderately developed	less developed
Change in GDP Q2/2008–Q2/2010	decrease partly more severe than EU average, partly slightly better	decrease more severe than EU average	decrease around EU average or less severe	mostly decrease much more severe than average	partly decrease much more severe than EU average, partly slightly better (with PL experiencing an increase)	highest decrease

	decrease partly more severe than EU average, partly slightly better	decrease partly more severe than EU average, partly slightly better	decrease less severe than EU average (partly rather stable)	mostly decrease much more severe than EU average	decrease partly much more severe than EU average, partly slightly better (with PL experiencing an increase)	highest decrease
<b>Change in employment Q2/2008–Q2/2010</b>						
<b>Trade union density</b>	medium to high density (lower in nl)	low	low to medium	low	low	low
<b>Employers' organisation density</b>	high	low to medium	medium to high	medium	low	low
<b>Collective bargaining coverage</b>	high	low to medium	medium to high	medium to high	low to medium (high in si)	low
<b>Power balance</b>	labour-oriented	employer-oriented	balanced	alternating	employer-oriented	employer-oriented
<b>Role of social partners in public policy</b>	institutionalised	rare/event-driven	institutionalised	irregular/politicised	irregular/politicised	irregular/politicised

Sources: European Commission, 2006; European Commission, 2007a/b; European Commission, 2010b; European Commission, 2010c; Eurofound, 2007; Laporsek and Dolenc, 2011; Auer and Chatani, 2011; Eurostat (taken from the EU Commission's fifth report on economic, social and territorial cohesion, 2010); own compilation

### Target groups by country clusters

Irrespective of the applied country cluster system,<sup>9</sup> the vast majority (around 90%) of instruments identified in central and eastern Europe (including the Baltic States) address employers. This is in line with the general ‘power balance’ characteristic of these countries which have been found to be employer-oriented (see Table 5). In contrast to this, a much more balanced picture emerges for the Anglo-Saxon countries – which are also generally seen to be employer-oriented – among the analysed instruments concerning their target group. This might highlight an increased focus on the workforce during the recession, because among the measures collected for Anglo-Saxon countries a higher share have been initiated or amended during the crisis than for the CEEC countries.

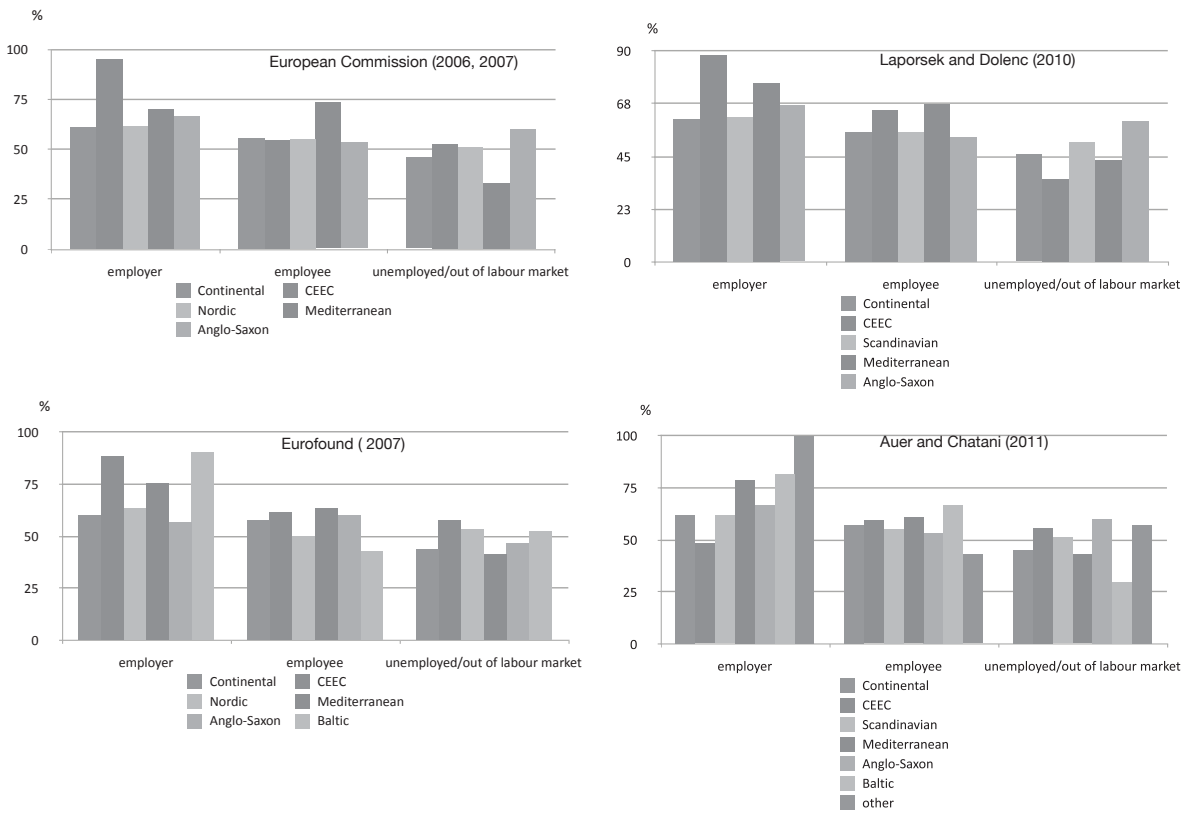
Among the measures compiled for the Nordic/Scandinavian countries a good balance is found between those addressing employers and those aimed at the workforce. This is a bit surprising bearing in mind that these countries are seen to follow a labour-oriented approach. At the same time it has to be considered that these countries are generally promoted as ‘good practice’ examples concerning the development of the flexicurity concept. The awareness that for a successful and sustainable flexicurity system both employers and workers need to be addressed, might be an explanation for finding a comparatively high share of instruments targeting employers in spite of a generally labour-oriented culture. This argument is supported by the finding that the instruments identified for the Nordic/Scandinavian countries show the lowest share of recession measures compared to other country clusters. Hence, they predated the crisis and were therefore have been initiated during the ‘fair weather’ period of enhancing flexicurity.

The instruments identified for the Continental European countries show a rather balanced orientation between employers and the workforce, which again is in line with the general assumptions about these countries. Also the measures found for the Mediterranean countries show a balanced approach towards employers and employees, but a comparatively low share of the instruments targeted at the unemployed or those out of the labour force. Many of these countries were particularly hard hit by the recession and a comparatively high share of the analysed instruments were either initiated or amended during the crisis. This suggests that during the crisis the support for the unemployed was rather tackled by (a combination of) single-sided measures than by instruments combining in themselves flexibility and security dimensions.

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<sup>9</sup> The share is lower when applying the classification of Auer and Chatani (2011); however, if also considering their ‘Baltic’ and ‘other’ cluster, a dominance of employer-targeted instruments in the new Member States can be also found in this classification.

Figure 1: Target groups addressed by the identified instruments by flexicurity country clusters



Source: Own classification, calculation and presentation; country clusters based on European Commission, 2006 and 2007b; Eurofound, 2007; Laporsek and Dolenc, 2010 and Auer and Chatani, 2011

### Flexicurity dimensions targeted by country clusters

The analysis of the instruments identified per country cluster along the flexicurity matrix (see Figures 2 and 3) show some differences<sup>10</sup> regarding the prevalence of individual flexibility and security types, hence suggesting at least some extent of the tailor-made approach requested in the flexicurity principles.

As mentioned in chapter 3, the majority of identified measures have been classified to cover **labour cost flexibility**. The share of such measures is comparatively high in central and eastern European (and Baltic) countries (about 70–80% of the identified measures), irrespective of the classification used. This is somehow surprising as these are in general poorer countries with low spending on Active Labour Market Policies, while the instruments in this category mainly deal with public employment subsidies. On the other hand, these are rather traditional instruments that might be easier to transfer from other countries and to implement than more innovative or tailor-made approaches. An explanation for this finding might therefore be that the high share of labour cost flexibility measures in central and eastern Europe might rather be attributed to a more diversified labour market policy in other country clusters, hence making the weight of labour cost measures there relative to the identified spectrum of initiatives.

When applying the country clusters of the European Commission, Laporsek and Dolenc or Auer and Chatani, the share of analysed instruments covering labour cost flexibility is very high in the

<sup>10</sup> It should be noted that the following elaborations are based on a qualitative analysis rather than statistical methods. Consequently, nothing can be said about the statistical significance of the mentioned differences or similarities.

Anglo-Saxon countries, with the lowest share seen among the Eurofound clusters. This supports the above argument regarding diversified approaches, as Eurofound includes the Netherlands in the Anglo-Saxon countries. This is one of the 'flexicurity good practice countries' for which a higher number of measures not dealing with employment subsidies could be found. For that reason, the Nordic/Scandinavian countries show a comparatively low share of labour cost flexibility among the identified instruments (about 60% of the identified instruments).

Also the Mediterranean clusters in the Eurofound and Laporsek and Dolenc classifications show a high coincidence of labour cost flexibility, while their respective share in the European Commission and Auer and Chatani classifications is around average.

Regarding **external flexibility**, the second most common flexibility type covered by the identified measures, fewer differences can be observed among the country clusters.

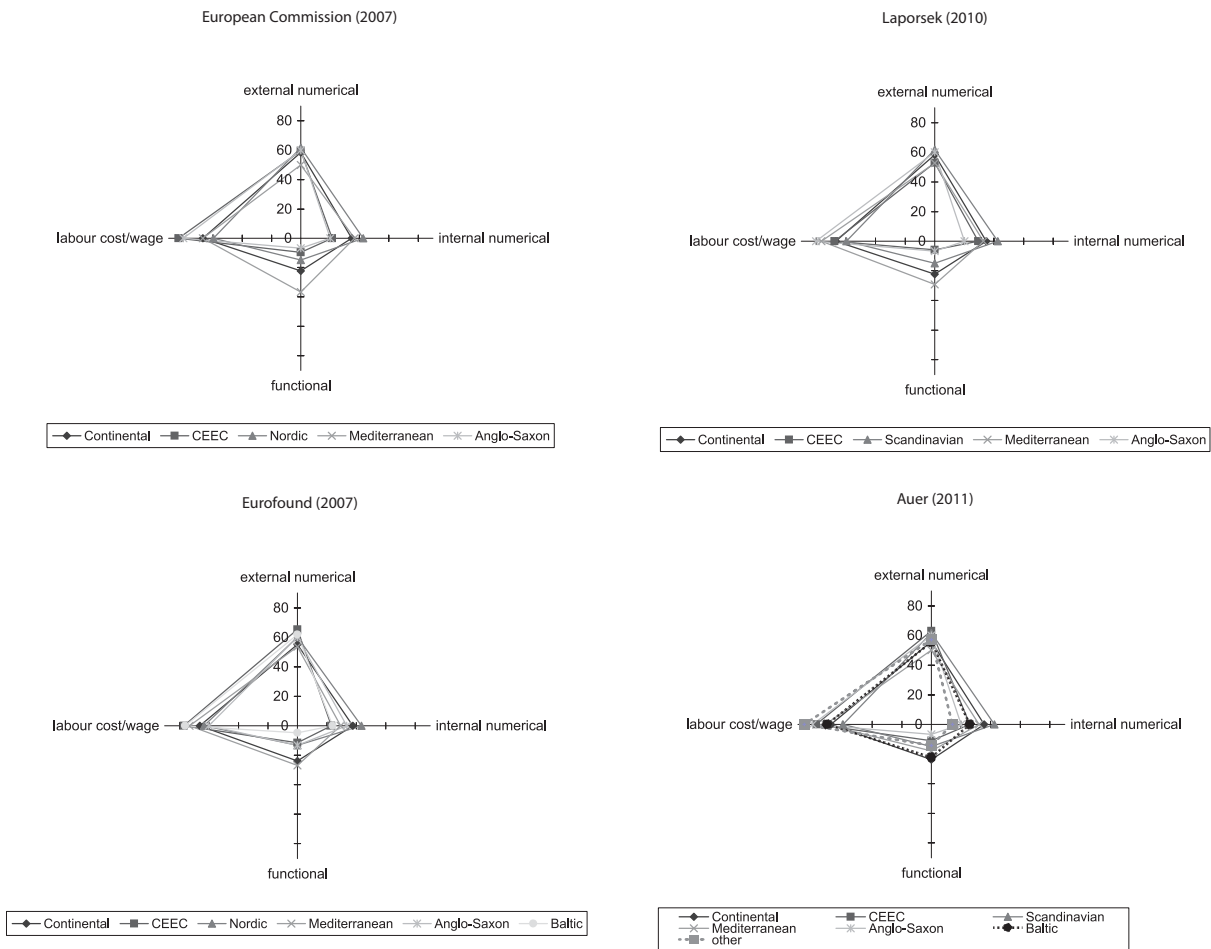
In general, the lowest share of external flexibility measures can be found in the Mediterranean countries (about 50% of the analysed instruments), which is in line with the general assumptions about these countries (see Table 5). Also the higher share of such instruments among those identified for Anglo-Saxon and Nordic/Scandinavian countries compared to Continental Europe fits with the generally assumed picture. According to the Laporsek and Dolenc classification, central and eastern Europe (including Baltic countries) shows a low share of external flexibility, while for the other classifications the level is high. This highlights some effect of the instruments identified for Romania (few external flexibility measures were found) and Poland (many external flexibility measures were found).

**Internal numerical flexibility** instruments again show more heterogeneity across the country clusters. In all classifications, the highest share of internal flexibility among the analysed instruments is in the Nordic/Scandinavian countries (about 40%) and to a comparatively low extent in central and eastern European and Baltic countries (20–30% of the measures). Both are again in line with the assumed findings according to the general characteristics of these countries (see Table 5). According to the European Commission and Laporsek and Dolenc, the Anglo-Saxon countries are the ones with the lowest level of internal flexibility support (20%) while in the Eurofound classification this cluster lies in the middle field (with about 30% of the measures dealing with internal flexibility, hence again pushed upwards by the inclusion of the Netherlands into this cluster).

Regarding **functional flexibility**, a more diversified picture across country clusters emerges when applying the classifications of the European Commission and Laporsek and Dolenc than when using the clusters identified by Eurofound or Auer and Chatani. With the exception of the Auer and Chatani classification, the Mediterranean countries show the highest share of functional flexibility measures (30–40%) which is in contradiction to what the general country characteristics (see Table 5) seem to indicate. As a comparatively high number of the measures analysed for the Mediterranean countries are recession-driven, this might be a new development.

Also the Continental European countries show a comparatively good share of functional flexibility instruments (slightly more than 20%). Interestingly, in spite of their comparatively strong emphasis on internal flexibility, the Nordic/Scandinavian countries 'only' have a middle position regarding functional flexibility. This is, however, in line with the assumed country characteristics. Bottom of the table for functional flexibility instruments are the Anglo-Saxon countries in all classifications (in some of the classifications together with central and eastern Europe).

Figure 2: Share of identified instruments by flexibility dimensions and country clusters\*



\* Share of flexicurity instruments that have been classified to cover the respective flexibility dimension (according to the flexicurity matrix) among the identified flexicurity instruments per country cluster

Source: Own classification, calculation and presentation; country clusters based on European Commission, 2006 and 2007a/b; Eurofound, 2007; Laporsek and Dolenc, 2010; Auer and Chatani, 2011.

**Income security**, the most prevalent security type among the identified measures – in line with the assumed characteristics of these countries (see Table 5) – has the highest shares among measures in the Nordic/Scandinavian and Continental European countries, irrespective of the classification used (around 85%). This is particularly interesting regarding the Nordic/Scandinavian countries as they show a comparatively low level of labour cost flexibility.

They succeeded in establishing instruments that provide workers with a sustainable income without subsidising employers’ costs, mainly by establishing flexible working time regulations. In contrast to this, the Anglo-Saxon countries show a comparatively low level of measures supporting income security – lower than the share of respective instruments among the Mediterranean and central and eastern European countries for which a low level of income security would have been expected. For central and eastern Europe this might again be explained with the focus on more traditional labour market policy instruments (in line with the dominance of labour cost flexibility, see above), while

for the Mediterranean countries this might highlight a stronger orientation on income security during the crisis.

**Employment security** is more often covered among the instruments identified in Continental European and Anglo-Saxon countries than in Nordic/Scandinavian countries, which is again slightly contradictory to the assumed country characteristics (see Table 5). As Continental European and Anglo-Saxon countries both show a higher share of recession measures among the selected sample of instruments than the Nordic/Scandinavian countries, this might highlight a crisis-driven development.

Job security measures have the highest share among the Nordic/Scandinavian countries,<sup>11</sup> which is completely different than expected (see Table 5). An explanation for this might be that the general tendency to push for job security during the crisis (see chapter 2) also impacted the Nordic/Scandinavian countries. However, the majority of the measures classified as providing job security in this country cluster seem to be more general instruments that existed before the recession. In a similar way, among the measures identified for the Anglo-Saxon countries there is a comparatively low share of job security instruments while a medium level was expected.

In contrast to this, a medium to high share of job security measures in Continental European and Mediterranean countries as assumed based on general characteristics can be observed among the identified instruments.

With respect to **combination security**, the only statement that can be generally made for all four cluster typologies is that there are comparatively few differences among the country clusters and that there are slightly above average incidences among the measures identified for the Continental European countries. While the Anglo-Saxon countries are on top of the list in the classifications of the European Commission, Laporsek and Dolenc and Auer and Chatani, they are at the bottom in the Eurofound classification (again showing the influence of the inclusion of the Netherlands). The central and eastern European countries show the lowest share according to the European Commission and Laporsek and Dolenc classification, but a medium to high share according to Eurofound and Auer and Chatani. This shows the influence of considering the Baltic countries as a separate cluster.

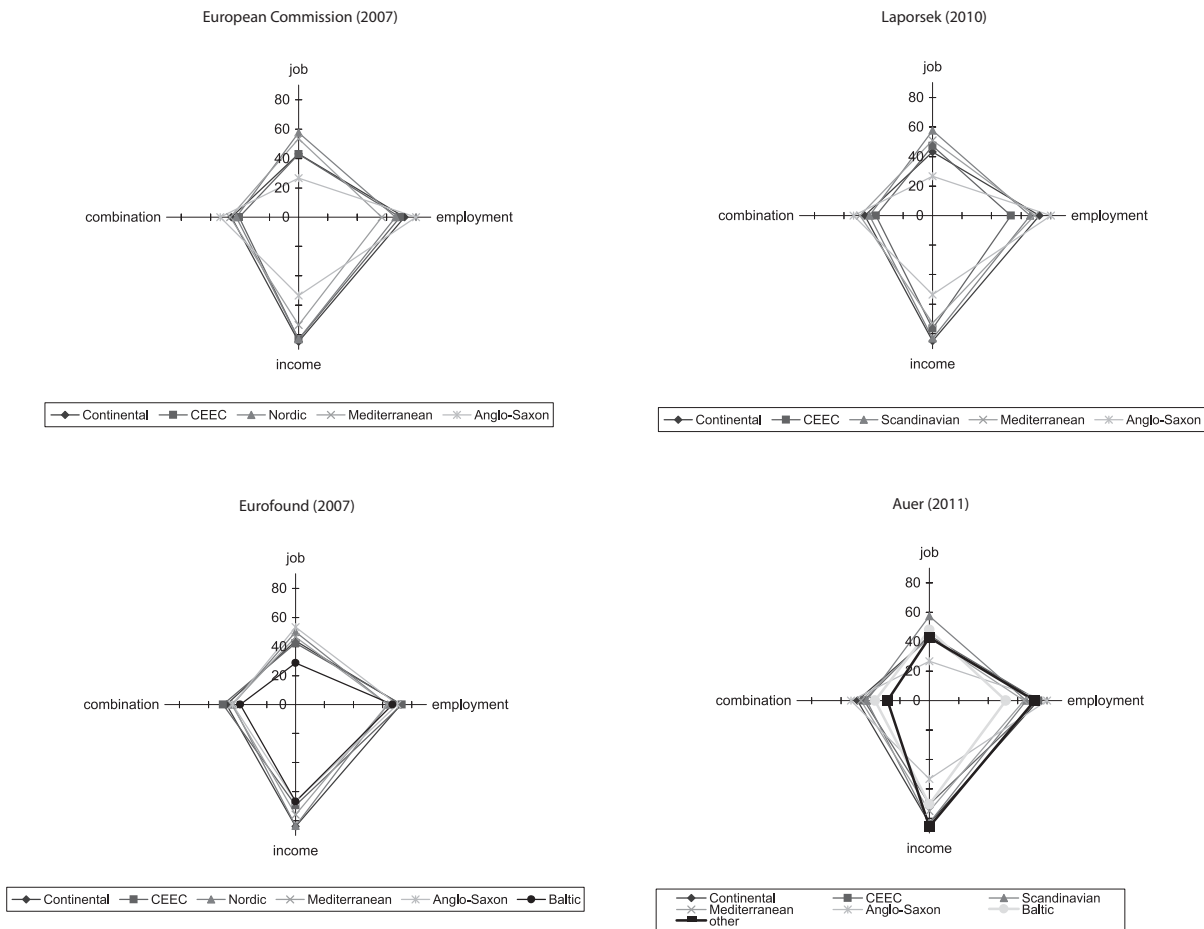
Finally, it should be mentioned that for the Eurofound, and partly also the Auer and Chatani country clusters, considerable differences can be found between the central and eastern European and Baltic clusters regarding the coverage of the individual security dimension while they are more similar concerning the flexibility types.

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<sup>11</sup> With the exception of the Eurofound classification in which the Anglo-Saxon cluster shows the highest level of income security. Here again, the inclusion of the Netherlands in the Anglo-Saxon cluster pushes up the values.



Figure 3: Share of identified instruments by security dimensions and country clusters\*



\* Share of flexicurity instruments that have been classified to cover the respective security dimension (according to the flexicurity matrix) among the identified flexicurity instruments per country cluster

Source: Own classification, calculation and presentation; country clusters based on European Commission, 2006 and 2007b; Eurofound, 2007; Laporsek and Dolenc, 2010; Auer and Chatani, 2011

### Objectives followed by country clusters

The **creation of new and retention of existing jobs** – the objective most commonly followed by the analysed instruments – is comparatively rarely addressed in all classifications in Continental Europe (but still in about 50% of the measures) and shows a considerably higher coverage in the Nordic/Scandinavian countries (about two thirds of the measures). This is in line with the respective focus on external flexibility, which is higher in the Nordic/Scandinavian than Continental European countries (see previous section and Table 5).

For the central and eastern European countries the interesting situation arises that they are among the ‘top players’ regarding job creation/retention measures according to the Eurofound, European Commission and Auer and Chatani classifications while they are around average according to the Laporsek and Dolenc classification. This again shows the influence of including or excluding Poland in this country cluster (almost all measures identified for Poland have been classified as supporting

the creation of new or retention of existing jobs). The Baltic countries of the Eurofound and Auer and Chatani classifications show the lowest share of identified instruments supporting the creation of new and retention of existing jobs among the country clusters.

Irrespective of the cluster systematic used, the Mediterranean and Anglo-Saxon countries' share of analysed instruments for creating new and retention of jobs range around the average.

**Fostering transitions**, the flexicurity pathway/principle that is second most commonly followed by the identified instruments, is least addressed in the Mediterranean countries in most classifications (around 50% of the measures), which is in line with the general low external flexibility in these countries (see previous section and Table 5). For the Continental European and Nordic/Scandinavian countries, the share of identified transition measures ranges around or slightly above the average.

Among the Anglo-Saxon countries a comparatively high share of measures supporting transitions (about two thirds of the identified instruments) can be found when applying the classifications of the European Commission, Laporsek and Dolenc or Auer and Chatani. When using the cluster systematic of Eurofound, however, the share is 'only' around average, which again shows the influence of including the Netherlands in this country cluster.

The measures identified for Continental European and Nordic/Scandinavian countries show an average level of providing **support for lifelong learning and skill development** while particularly for the Nordic/Scandinavian countries a higher share could have been expected due to the importance these countries place on LLL policies (see Table 5). The highest share of training measures can be observed, however, in all classifications among the Anglo-Saxon countries.

The lowest shares of skill development measures among the analysed instruments can be found in the Mediterranean and central and eastern (including Baltic) countries. The comparatively low prevalence of such measures could be seen as one reason for the low LLL participation with which these countries are generally characterised (see Table 5).

Anglo-Saxon countries in all classifications show the highest share of instruments **fostering equality and overcoming segmentation**. This again fits well with the general picture of these countries as they are characterised by low segmentation (see Table 5). The share of measures fostering equality in the Continental European and Nordic/Scandinavian countries is around the average among all instruments.

For the Mediterranean countries according to the European Commission, Eurofound and Auer and Chatani classifications, the lowest share of measures aimed at overcoming segmentation could be identified, while a medium level is observed according to the Laporsek and Dolenc classification. Regarding the central and eastern European countries, it is the other way round. This is again due to the influence of Poland, for which almost all identified instruments have been classified as following this objective.

**Flexible and reliable contractual agreements** are addressed to a medium to high level in Continental Europe as well as the Mediterranean and the Nordic/Scandinavian countries. While the Anglo-Saxon countries in the European Commission, Auer and Chatani and Laporsek and Dolenc classifications show a very low incidence of public and social partner-based measures addressing flexible and reliable contractual agreements, the share is much higher in the Eurofound classification due to the inclusion of the Netherlands.

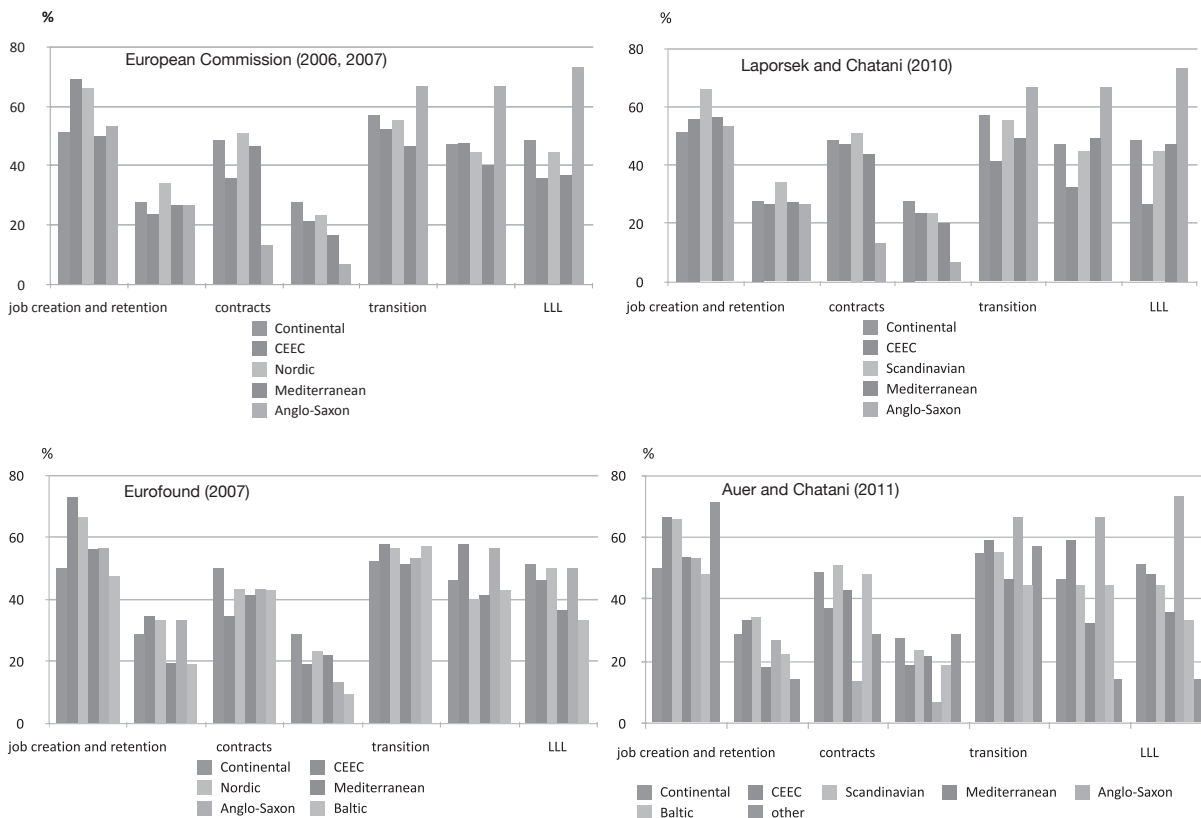
Central and eastern European countries show a low level of contractual arrangements among identified measures, while for the Baltic countries an average share can be observed.

Instruments aimed at **creating better jobs** are more widespread among the instruments identified in the Nordic/Scandinavian countries, closely followed by the Continental European and Anglo-Saxon countries. Among the Mediterranean countries, a lower share of respective measures could be identified.

Regarding central and eastern European countries, again differences can be observed depending on the classifications. While these countries show an average level of job improvement measures when applying the European Commission and Laporsek and Dolenc classifications, the coverage of this flexicurity pathway/principle is higher when applying the Eurofound or Auer and Chatani classifications. By using them, however, it becomes obvious that the Baltic countries are responsible for this finding, as they are characterised by a considerably lower share of such instruments among the analysed measures.

Finally, **social protection** is most often addressed in Continental European countries, followed by the Nordic/Scandinavian countries. In general, the Anglo-Saxon countries show the lowest share of social protection measures among the compiled instruments, which is in line with the general low security level in these countries (see Table 5). The other country clusters generally show an average share of social protection measures among the analysed instruments.

Figure 4: Share of identified instruments by flexicurity objectives and country clusters\*



\* Share of flexicurity instruments that have been classified to follow the respective flexicurity pathway/principle among the identified flexicurity instruments per country cluster

Source: Own classification, calculation and presentation; country clusters based on European Commission, 2006 and 2007b; Eurofound, 2007; Laporsek and Dolenc, 2010; Auer and Chatani, 2011

In spite of the differences between the classification systems, one can mention that the instruments identified for the Continental European (and to a slightly lower extent also the Mediterranean) countries show a comparatively even distribution among the analysed flexicurity objectives, but, with a lower share of instruments dealing with fostering better jobs and social protection.

The instruments compiled for the Anglo-Saxon countries are characterised by a certain dominance of lifelong learning as well as fostering transitions and overcoming segmentation.

The identified measures for both the Nordic/Scandinavian and central and eastern European countries seem to particularly target the creation of new and retention of existing jobs and – in line with that – smooth transitions.

### **Processes followed by country clusters**

The **definition of both flexibility and security dimensions**, explicitly stating a trade-off between the two, is most widespread in the identified measures of Nordic/Scandinavian countries (about 60% of the measures show this element) which may be explained by the comparatively stronger ‘flexicurity tradition’ of these countries. However, about 50% of the instruments identified for the Mediterranean countries and about 40% of the Continental European measures are characterised by this element. A lower level – about one third of the identified measures – can be observed among instruments identified for the Anglo-Saxon and central and eastern European countries.

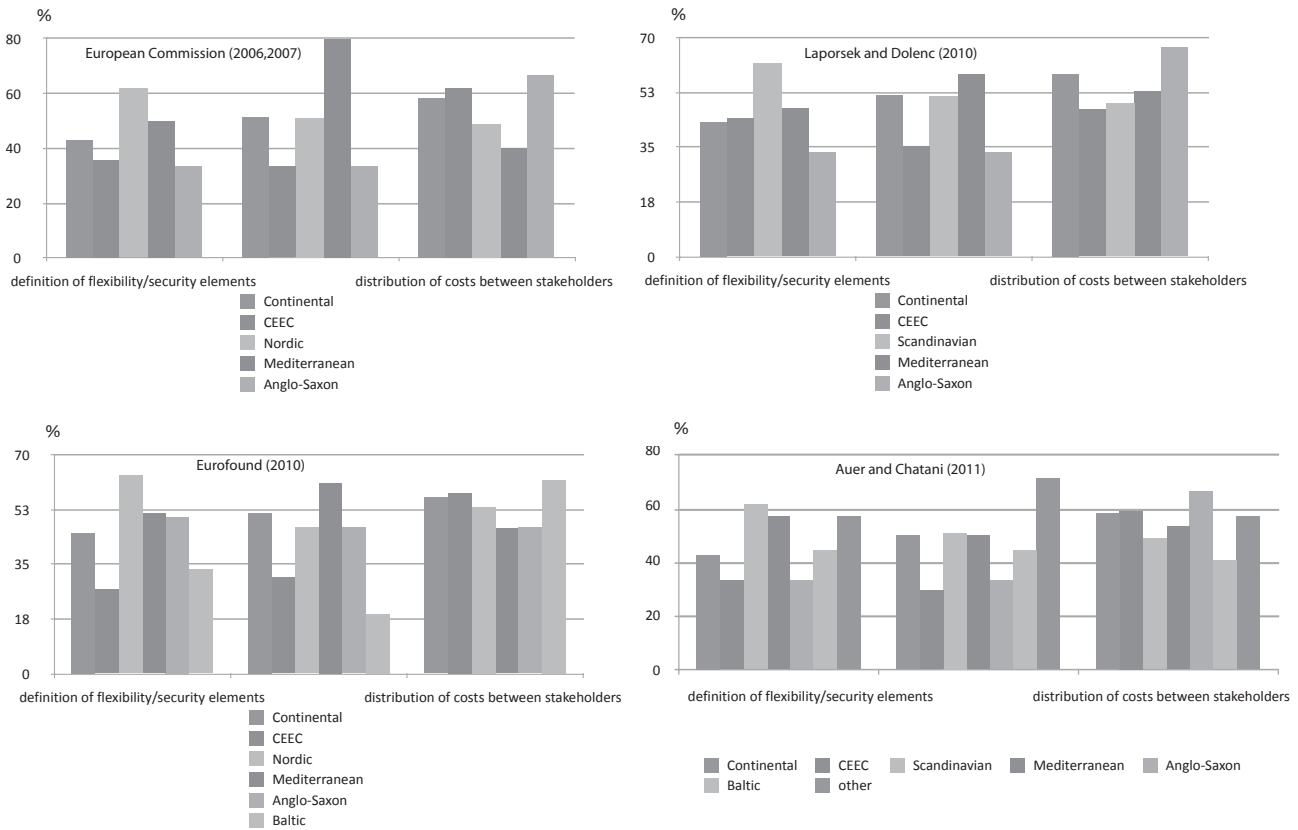
**Multi-stakeholder cooperation** in the design, implementation or administration of the schemes was most often found among the instruments analysed for the Mediterranean countries and is also rather common in the identified measures for Continental European and Nordic/Scandinavian countries. For the latter two this can be explained by the institutionalised involvement of social partners in public policy (see Table 5).

In contrast to this, it is less widespread among the central and eastern European (including Baltic) as well as Anglo-Saxon instruments. This is also in line with the general characteristic of these countries where the role of social partners in public policymaking is rather rare or irregular (see Table 5).

With the exception of the Eurofound classification (in which the Netherlands again pushes down the result), all cluster systems show the highest share of measures incorporating **cost-sharing between various stakeholders** (public authorities, companies, individuals) in the Anglo-Saxon countries (about two thirds of the instruments). In most classifications the share of cost-sharing among the instruments identified for central and eastern Europe is also comparatively high. These observations may be explained by the comparatively low public spending on labour market policy (see Table 5) and hence the tradition, willingness or need to share the cost of the considered instruments.

Measures identified for the other country clusters generally show a level of cost-sharing among stakeholders that is around the overall average.

Figure 5: Share of identified instruments by flexicurity process indicators and country clusters\*



Share of flexicurity instruments that have been classified to fulfil the respective flexicurity process indicators among the identified flexicurity instruments per country cluster

Source: Own classification, calculation and presentation; country clusters based on European Commission, 2006 and 2007b; Eurofound, 2007; Laporsek and Dolenc, 2010; Auer and Chatani, 2011

With the exception of the measures analysed for the Nordic/Scandinavian countries, the share of the definition of flexibility as well as security dimensions is lower than the share of multi-stakeholder cooperation. This implies that dialogue among all relevant stakeholders is an important, but not sufficient, precondition for raising awareness about and actively considering the trade-offs between flexibility and security in the affected target groups.

Finally, the highest share of instruments that were deemed to be particularly innovative or uncommon across Europe seem to have their roots in Nordic/Scandinavian countries (with about one third of all measures considered as such). The lowest share is in central and eastern Europe.



The aim of this research project was to investigate the implementation of flexicurity at Member State level, by showing a large number of examples to make the somewhat ambiguous concept of flexicurity more tangible. It was not the intention to give an assessment regarding different development levels across Europe, or to give any judgements about ‘the best way’ to realise public flexicurity policies in the Member States.

The report identified more than 230 public and social partner-based instruments that can be considered to constitute flexicurity practices as they each combine at least one flexibility and security type, according to the commonly applied flexicurity matrix. The compiled instruments by no means constitute a comprehensive overview of the national flexicurity systems, as the interaction between instruments only focusing on flexibility dimensions with those targeting the security dimension cannot be captured by the methodology applied in this project. As a consequence, the analyses had to be limited to measures that in themselves combine flexibility and security.

Even if the identified instruments can only be seen as illustrative examples of how flexicurity is implemented in Europe, and the vast majority of those instruments are not explicitly labelled ‘flexicurity’ but have been classified as such by the authors, this research provides some indication that the practical implementation of flexicurity as regards public policies and support instruments is being realised in the Member States.

Based on the qualitative research approach followed, the analysis of the identified instruments allows for some conclusions regarding the characteristics of flexicurity measures as well as for some recommendations concerning potential future developments of the concept or its implementation. Finally, some current gaps in the research field of flexicurity are also pinpointed.

## **The concept of flexicurity and the implementation process**

First of all, the concept of flexicurity stresses the importance of cooperation between the government and public authorities, and employers’ and employees’ organisations in the design and implementation of flexicurity. Furthermore, recent assessments of crisis-related measures show that the combination of social dialogue and state intervention has often helped to accelerate recovery (ILO, 2011).

The current analysis also shows that there are many measures including multi-stakeholder cooperation that are characterised by:

- an explicit definition of flexibility and security dimensions, hence an agreed upon and accepted trade-off between the two;
- a joint approach of funding the instruments, implying a more efficient use of funds (less risk of deadweight loss if employers and individuals have to contribute themselves);
- a better sustainability of the instruments (because of lower dependency on a single financial source).

Consequently, the involvement of all relevant stakeholders in the design and implementation of flexicurity policies can be seen as an important (although not sufficient) precondition for a flexicurity system that results in a win-win situation. Cooperation is not necessarily limited to governments, employers’ and employees’ organisations but could go beyond that, for example also involving public and private employment services.

In spite of this, ‘only’ about half of the analysed measures are characterised by dialogue among and/or involvement of different stakeholder groups. It has to be mentioned that for a high number of instruments no information regarding multi-stakeholder cooperation is available. There seems to be a particular lack of instruments featuring this cooperation in the central and eastern European and Anglo-Saxon countries. Furthermore, during the crisis social dialogue faced challenges in some of the countries with long standing traditions of social partnerships (such as Ireland or Spain) that need to be overcome in recovery (ILO, 2011).

Another striking finding regarding the process of designing and implementing flexicurity practices is that only a minority of the identified instruments seem to satisfy all of the elements that have been considered as ‘requirements’ for establishing or running good flexicurity practices in this project. The measures generally consider one or the other of the technical aspects of the flexicurity concept (such as multi-stakeholder cooperation or the purposeful and planned trade-off between flexibility and security), but only in few instances all of them. This shows some potential for improvement regarding the way flexicurity practices are designed, implemented and administered. Examples are the need for more explicit considerations on how to balance flexibility and security (including assessments about the effects instruments might have on groups other than the explicit target groups). There could be unintended side effects on other labour market groups when offering instruments fostering equality and overcoming segmentation to one specific disadvantaged group, or designing innovative funding concepts on a cost-sharing basis.

Although it is appreciated that the general concept of flexicurity is open and inclusive in order to allow for different national approaches, taking into account path dependencies as well as economic, social and institutional frameworks, a more specific definition of the flexicurity pathways and principles covering the creation of ‘better jobs’ could be considered. The current research project, for example, dealt with several measures that have been classified to foster the creation of better jobs as well as reliable contractual agreements (such as dealing with working time flexibilisation or training), based on the assumption that benefiting from this support also improves job quality. However, depending on the specific use of the legal possibilities or public support in individual cases, the outcome might be rather disadvantageous for the target group or negatively affect others. Furthermore, the combination of fostering better jobs and social protection is not very widespread among the identified measures, raising the question about the long-term perspective or outcome for the workers.

In a similar way, the flexicurity element of ‘fostering equality’ could be reconsidered. Among the identified instruments, ‘only’ about two fifths were classified as doing so, showing that there is some room for improvement. A higher prevalence of such measures was found in the Anglo-Saxon countries which consequently might provide some good practices in this respect. In spite of honouring the promotion of equality as one of the strengths of the implementation of flexicurity (Voss et al, 2011), many public documents limit this to gender equality. Modern labour markets, however, are characterised by a much more heterogeneous group striving to overcome segmentation. A broader understanding of the flexicurity principles could incorporate them, for example by addressing segmentation due to age, skill levels, types of employment contracts or nationality. In line with that, also differences between small and large enterprises, in different sectors or regions within a country need to be considered. At the same time, the emphasis on gender equality should not be diminished.

Since the high peak of the global financial and economic crisis it has been discussed whether flexicurity can also be implemented in ‘bad economic times’. The high share of measures that have



been either initiated or amended in the course of the recession show there is room for flexicurity in economically difficult times. The recent stronger emphasis on the retention of workers in the labour market (European Economic and Social Committee, 2009, Voss et al, 2011 and Eurofound, 2010e) together with the finding that several of the analysed instruments provide support for maintaining jobs during temporary hardships pinpoints a kind of paradigm shift of flexicurity towards an increased relevance of internal flexicurity (Eurofound, 2010e). Although several job retention measures are clearly characterised by both a flexibility dimension and a security dimension, and therefore can be considered as flexicurity practices, the concept as such currently only implicitly deals with maintaining jobs. In order to adjust the concept to the current economic situation, consideration should be given to making this aspect explicit through, for example, the creation of new jobs or fostering transitions.

### **Orientation of flexicurity instruments**

In general, the impression arises that the public and social partner-based instruments implemented in Member States that can be considered to be part of the national flexicurity system follow largely standard, widespread or common approaches (particularly in central and eastern Europe). Nevertheless, for the Nordic/Scandinavian countries a more diversified set of public and social partner-based flexicurity measures could be identified.

Furthermore, some more innovative or creative initiatives could also be identified (see several of the illustrative boxes in chapter 3). The limited information available about their effectiveness indicates rather beneficial outcomes; hence the provision of more in-depth information as a first step towards the exchange of good practices would be appreciated. However, several of these instruments seem to be rather limited in scope, either due to limited financial resources to make them available to a larger target group or because of low uptake caused by a lack of awareness. Consequently, such bottlenecks also need to be investigated and addressed.

Previous research (for example Bertozzi and Bonoli, 2009 Eurofound, 2007) suggests that countries characterised by a specific flexibility/security mix will establish instruments to compensate the current lack of the system. Examples for such 'original' measures are initiatives to make the labour market more flexible in countries that show a high level of job security but relatively rigid labour markets. The current research, however, rather supports the other strand of literature (Meardi, 2011) pinpointing the strong influence of path dependencies and the political, social, cultural as well as economic settings. This means the analysed flexicurity instruments tend to follow established national characteristics rather than complementing or counterbalancing them.

However, a few indications of altered policy pathways could be observed in the current project. Among the instruments identified for the Mediterranean countries, for example, functional flexibility as well as income security seems to have gained momentum during the crisis. In the Continental European and Anglo-Saxon countries the emphasis on employment security might have increased because of the recession. However, as these observations are only based on the analysis of a selected set of instruments, more investigation would be required to validate these assumptions, and longer-term monitoring would be interesting to see whether such developments are permanent trends or only temporary adjustments.

Among the identified instruments a dominance of external flexibility and employment security rather than internal flexibility and job security was found. This is particularly true for the central and eastern European (including Baltic) countries which – in spite of that – seem to have some improvement

potential regarding flexicurity policies dealing with job creation. Against the altered framework conditions, there is a need to rethink labour market strategies in these countries – there seems to be a lack of measures going beyond the subsidisation of job creation. More attention to instruments dealing with working time flexibility (already highly available in the Nordic/Scandinavian countries) while at the same time providing workers with reliable contracts and social protection (Voss et al, 2011) might be advisable. Furthermore, among the analysed sample of flexicurity measures, only about 30% of the instruments fostering transitions target employees, which highlights a certain lack of public support for internal mobility, particularly measures supporting occupational change during employment as already highlighted in previous research (Mandl, 2009). These instruments could also be aligned with the above-mentioned broader understanding of equality and overcoming segmentation by targeting specific workforce groups that go beyond gender considerations. Such instruments offer the possibility to improve income security for workers without high levels of public spending, as is often required with regard to employment subsidies.

At the same time one should not neglect one of the employment groups most affected by the recent recession: young persons striving to enter the labour market for the first time. An exclusive focus on internal flexicurity will make it even harder for them to find jobs (Burroni and Keune, 2011). Consequently, a balanced mix of addressing insiders and outsiders – internal and external flexicurity – needs to be emphasised.

The current project, but also the study on social partners' perspectives on flexicurity (Voss et al, 2011), hints at a certain need to catch up regarding the establishment or improvement of supportive social security systems as one pillar of flexicurity measures. In Voss et al, 2011 this was identified as one of the main weaknesses (after a lack of fostering upward mobility of workers and the promotion of high quality and productive workplaces), and among the measures analysed in the project on hand less than one quarter of the instruments dealt with social protection. Among the measures compiled for the current research, particularly for the Anglo-Saxon countries, very few such initiatives could be identified, and an improvement potential regarding social partner involvement can be highlighted.

Finally, particularly in the Mediterranean and central and eastern European countries the analysed sample of flexicurity practices showed a certain lack of initiatives dealing with training or skill development. More emphasis on this pillar might be a good way to implement flexicurity in economically difficult times, as a potential for improving both employees' long-term employability and companies' competitiveness is inherent in such measures, which is beneficial in times of uncertainty.

### **Research on flexicurity**

Unfortunately, the methodology applied in this project does not provide the possibility to say much about the effectiveness and efficiency of the analysed instruments as hardly any information about the outcomes of the measures – or at least the extent of their take-up – is available in publications that can be approached at centralised level.

Such information would, however, be very helpful to safeguard the meaningful use of public or sectoral funds in terms of avoiding deadweight loss. Furthermore, this could also contribute to the relevance and coherence of the instruments, so that they correspond to current labour market needs (which could change as changes in the framework conditions occur) and are in line with current and future EU strategies (HM Treasury, 2011). Finally, such information could enhance the exchange of good practices across Europe, pointing to the strengths and weaknesses of individual instruments as well as success factors and bottlenecks.

To make the best use of such comprehensive and systematic evaluations conducted by objective researchers, the operation of continuous monitoring tools and the open dissemination of their results is recommended. Monitoring should continue beyond the public intervention to investigate sustainability yields that is, the lasting value for the target group after its participation in the instrument.

In this respect it should be noted that a recent study on social partners' perspectives about flexicurity (Voss et al, 2011) showed that both employers' and employees' organisations are positive about the potential of flexicurity if implemented in a 'balanced and holistic way', while at the same time mentioning that there has not yet been a guaranteed path to providing a win-win situation. Therefore, research should investigate in depth the effects of individual measures on workers and companies, also in terms of groups such as insiders vs. outsiders at the labour market, gender, age, occupational groups, nationality, company size classes, sectors, regions etc. (Burroni and Keune, 2011). In this context, attention should not only be paid to the intended effects, but also to the unintended (positive and negative) ones, including the 'trade-offs' between affected stakeholders (that is, benefits for one group being realised at the expense of other groups) (HM Treasury, 2011).

Research could also cover in a more in-depth way the processes applied for designing, implementing and running flexicurity practices. This would lead to a better understanding of how cooperation between relevant stakeholders can be realised in a way that results in a win-win situation, by actively discussing and addressing the balance between flexibility and security of the target groups. Such know-how could be a basis for giving recommendations for implementing flexicurity, particularly in countries where the tradition of social dialogue is not very well established.

Naturally, the most comprehensive research approach to flexicurity would be an in-depth analysis of complete national flexicurity systems. While such national assessments have already been conducted in statistical terms, qualitative approaches are currently lacking (those that go beyond the focus on individual measures combining flexibility and security dimensions, and consider flexibility or security instruments in their entirety and their interaction). The reason for this is that for such a solid scientific assessment, in-depth knowledge of the national economic and social framework conditions, public policies and institutional settings is required. This knowledge can only be acquired by very intensive research activities necessitating considerable resources. Consequently, it is very difficult to realise, particularly if cross-national comparisons among all Member States are envisaged.

Finally, it needs to be mentioned that the intangibility of the flexicurity concept makes it difficult to conduct solid and robust scientific research on the issue, be it quantitative or qualitative. Concerning the four different country clustering exercises also applied in this project, for example, no distinctive judgement regarding their reliability or validity ('which is the best') can be given. When relating them to the qualitative data basis used in this project; that is, a set of identified public and social partner-based support instruments implemented in the Member States of the European Union, it seems to be of advantage to differentiate between central and eastern Europe and the Baltic countries (as done in Eurofound, 2007 or Auer and Chatani, 2011) because these two country clusters differ regarding the security types and objectives followed by the compiled measures as well as the process of designing and implementing the flexicurity practices. When comparing the classifications of the European Commission (2006, 2007a/b) and Laporsek and Dolenc (2011) it becomes obvious that the inclusion of additional new Member States in the analysis (as done by Laporsek and Dolenc) brings about some changes in the characteristics of the flexicurity measures implemented in central and eastern Europe, which might imply that even greater differentiation within this cluster might be useful.

The inclusion of the Netherlands in the Anglo-Saxon cluster as designed in Eurofound (2007) seems to considerably influence the characteristics of flexicurity measures implemented in this cluster and should therefore be reconsidered. In contrast to this, the characteristics of flexicurity measures in the Mediterranean countries are rather similar according to the classifications of the European Commission (2006, 2007a/b) and Laporsek and Dolenc (2011), implying that the inclusion of the additional countries (Slovenia, Luxembourg, Portugal) into this country cluster fits well.

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# Annex – Analysed public and social partner-based instruments

Country	Instrument (name in national language)	Instrument (name in English)	flexibility				security					
			external numerical	internal numerical	functional	labour cost/wage	job	employment	income	combination		
AT	Kurzarbeitsbeihilfe	short-time working support		X	X	X		X		X		X
AT	Arbeitsstiftung (outplacement)	work foundation (outplacement work foundation)	X						X		X	
AT	Kündigung mit Wiedereinstellungszusage	temporary suspension of employment and reemployment commitments	X						X		X	
AT	Implacement Arbeitsstiftung	Implacement work foundation	X						X		X	
AT	Frühpensionierungsmöglichkeiten	various pre-retirement schemes	X								X	X
AT	Altersteilzeit	partial retirement	X			X					X	X
AT	befristete Arbeitsverträge	fixed-term contracts	X					X			X	
AT	geringfügige Beschäftigung	marginal employment		X			X	X			X	X
AT	Eingliederungsbeihilfe	'Come back' subsidy	X				X			X	X	
AT	Lockerung des „besonderen Kündigungsschutzes“/ Erhöhung der „Ausgleichstaxe“	Lifting of protection against dismissal/ increasing the compensation charge	X				X			X	X	
AT	„Frauen in Handwerk und Technik“ (FT) Programme	'Women in trade and technology' (FT) Programme	X				X			X		X
AT	CaseManagement für gut qualifizierte Migrantinnen zum qualifizierten Einstieg in den österreichischen Arbeitsmarkt	CaseManagement for well-qualified immigrants for a qualified entry into the Austrian labour market			X		X			X	X	
AT	Kombilohn Neu	combined wage revitalised	X				X			X	X	
AT	Aktionsplans für die Gleichstellung der Geschlechter	action plan for gender equality		X				X				X
AT	Neugründungsförderungsgesetz (NEUFÖG)	start-up promotion law	X				X			X	X	
AT	Förderung der Einstellung des ersten Beschäftigten in Ein-Personen-Unternehmen	wage subsidy for hiring the first employee in one-person enterprises	X				X			X	X	

Country	Instrument (name in national language)	Instrument (name in English)	flexibility				security					
			external numerical	internal numerical	functional	labour cost/wage	job	employment	income	combination		
AT	no information available	security for free service contract	X							X		X
AT	Branchen-Ausbildungsfonds	fund for training			X	X		X				X
AT	Qualifizierungsverbund	qualification networks				X		X				X
AT	Basisförderung für Lehrbetriebe	basic support of training enterprises	X			X		X		X		X
AT	Bildungskarenz	training leave/educational leave		X		X		X		X		X
BE	chômage partiel	temporary unemployment support		X		X		X		X		
BE	Tewerkstellingcel, Cellule de Reconversion	reconversion cells	X					X		X		
BE	Cellule pour l'emploi	reemployment units	X					X		X		
BE	Carte «Restructuration»	restructuring card	X			X		X		X		
BE	Groupement d'entreprises	labour pool	X	X		X		X		X		
BE	Outplacement et cellule pour l'emploi	outplacement and employment cells	X					X		X		
BE	Partage de compétences	skillpooling	X	X		X		X		X		
BE	Crédit temps	time credit		X				X		X		
BE	Réduction des cotisations patronales	subsidising social security contributions	X			X		X		X		
BE	no information available	pension system	X							X		
BE	Réduction de cotisations sociales – groupe cible travailleurs âgés	reduction of social security fees for the older worker target group	X			X		X		X		

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Country	Instrument (name in national language)	Instrument (name in English)	flexibility				security				
			external numerical	internal numerical	functional	labour cost/wage	job	employment	income	combination	
BE	Prime pour travailleurs de plus de 50 ans passant à un travail plus léger	bonus for workers over 50 shifting to lighter work			X	X			X		
BE	no information available	short-term fixed contracts	X				X		X		
BE	Titre-service/dienstencheques	service voucher system	X			X			X		
BE	2eme Plan Marshall Verte	2nd Green Marshall Plan			X	X		X	X		X
BE	Win-Win	win-win	X			X			X		
BE	Eco-cheques	eco cheques				X			X		
BE	no information available	'training centres'			X			X			X
BE	no information available	training fund			X			X			X
BG	Насърчаване на заетостта на 'зелени работни места'	promotion of employment in 'green workplaces'	X			X		X	X		
BG	no information available	pension insurance contribution from the state				X		X	X		
BG	no information available	Operational Programme 'human resources' with priority lines 1, 2 and 6			X			X	X		X
BG	Насърчаване на работодатели-микропредприятия да наемат безработни лица за първите пет разкрити работни места	encouragement for micro-enterprise employers for hiring unemployed for the first five new jobs	X			X		X	X		
CY	Προσωρινή αναστολή εργασιών στα Ξενοδοχεία	suspended employment	X			X		X	X		
CY	Σχέδιο Επιχορήγησης Επιχειρήσεων για Αντικατάσταση Θέσεων Εργασίας Χαμηλής Παραγωγικότητας με Θέσεις Εργασίας Υψηλής Παραγωγικότητας	transition from low productivity to high productivity work positions			X			X			
CY	no information available	single-enterprise initial and continuing training programmes		X		X		X	X		X

Country	Instrument (name in national language)	Instrument (name in English)	flexibility				security					
			external numerical	internal numerical	functional	labour cost/wage	job	employment	income	combination		
CY	no information available	scheme for staffing enterprises with graduates of tertiary education	X			X			X		X	
CY	Σχέδιο Παροχής Κινητρικών για Πρόσληψη Ατόμων που Ανήκουν στις Ευπαθείς Κοινωνικά Ομάδες	job creation for the long-term unemployed and other vulnerable groups	X			X			X		X	
CZ	Částečná nezaměstnanost	partial unemployment		X				X			X	
CZ	no information available	changes in social security contributions				X			X		X	
CZ	no information available	fixed-term contracts	X	X				X			X	
CZ	Společenský účelná pracovní místa	social-purpose jobs	X						X		X	
CZ	no information available	allowance for care of a family member		X				X				X
DE	Kurzarbeitergeld	short-time working allowance		X				X			X	
DE	Arbeitgeberzusammenschlüsse	employers' groupings	X	X		X					X	
DE	Transferagentur/ Transfergesellschaft/Beschäftigungs- und Qualifizierungsgesellschaften	transitional employment agency or transitional company	X						X		X	
DE	Betriebliche Bündnisse für Arbeit	company pacts for employment		X				X			X	
DE	Arbeitszeitkonten	working time accounts		X				X			X	
DE	regionaler Arbeitnehmertransfer	regional staffing/labourpools		X		X			X		X	
DE	Mini-Jobs	mini-jobs	X	X				X			X	X
DE	Beschäftigungsbrücke Bayern	Employment Bridge Bavaria	X			X			X		X	
DE	Mehrwert Berlin	added value Berlin	X					X			X	
DE	ServiceCenter Aus- und Weiterbildung	Service Centre VET and further training				X			X		X	
DE	Tarifvertrag zur Kurzarbeit, Qualifizierung und Beschäftigung in der Metall- und Elektroindustrie	collective agreement on short-time work, training and employment in the metal and electrical industry		X				X			X	X



Country	Instrument (name in national language)	Instrument (name in English)	flexibility				security					
			external numerical	internal numerical	functional	labour cost/wage	job	employment	income	combination		
DE	Weiterbildung Geringqualifizierter und beschäftigter älterer Arbeitnehmer in Unternehmen, WeGebAU	continuous training for low-qualified and older employees in companies				X	X	X	X	X	X	X
DE	die Förderung der Altersteilzeit	the extension of the phased early retirement scheme	X			X	X	X	X	X	X	X
DE	Ressourceneffizienz für Betriebsräte und Beschäftigte	resource efficiency in firms			X	X	X	X	X	X	X	X
DE	Elterngeld	parental leave rights and allowance		X				X	X	X	X	X
DE	Perspektive 50plus	perspective 50 plus	X			X	X	X	X	X	X	X
DE	Entgeltssicherung	earnings safeguarding programme	X			X	X	X	X	X	X	X
DE	Öffnungsklauseln	opening clauses		X		X	X	X	X	X	X	X
DK	Arbejdsfordeling	job-sharing		X		X	X	X	X	X	X	X
DK	Job rotation	job rotation	X	X	X	X	X	X	X	X	X	X
DK	varslingspuljen	warning pool	X					X	X	X	X	X
DK	Voksenlærling	adult traineeship	X			X	X	X	X	X	X	X
DK	no information available	self-determination of service schedules/rosters		X			X	X	X	X	X	X
DK	no information available	Plus working time		X			X	X	X	X	X	X
DK	no information available	new collective agreement for industrial sectors		X			X	X	X	X	X	X
DK	no information available	fund for maternity and paternity leave		X			X	X	X	X	X	X
DK	no information available	occupational pension schemes	X					X	X	X	X	X
DK	no information available	social chapter	X				X	X	X	X	X	X
EE	Töötasu ja tööaja vähendamise õigus	the right to reduce salary and working time for employers		X			X	X	X	X	X	X

Country	Instrument (name in national language)	Instrument (name in English)	flexibility				security					
			external numerical	internal numerical	functional	labour cost/wage	job	employment	income	combination		
EE	no information available	tax incentive				X			X			X
EE	no information available	new employment contracts act	X								X	
EE	Paigatoetus	wage subsidy	X							X		
EL	Πρόγραμμα «Επιχορήγηση Ξενοδοχειακών Επιχειρήσεων για τη Διατήρηση θέσεων εργασίας, για τα έτη 2010-2011»	'Subsidising hotel enterprises for maintaining jobs, for the years 2010-2011' programme							X			X
EL	«Ειδικό Διετές Πρόγραμμα Προώθησης της Απασχόλησης με Επιχορήγηση των Ασφαλιστικών Εισφορών για την Πρόσληψη 25,000 Ανέργων»	special two-year programme for the promotion of employment through the subsidisation of social security contributions for the recruitment of 25,000 unemployed persons	X							X		
EL	«Τροποποιημένο Πρόγραμμα Επιχορήγησης 200.000 θέσεων πλήρους απασχόλησης με επιδότηση των εργοδοτικών εισφορών, για τη διατήρηση τουλάχιστον 400.000 θέσεων εργασίας, σε επιχειρήσεις και γενικά εργοδότες του ιδιωτικού τομέα»	amended programme for subsidising 200,000 full-time jobs, through the subsidisation of employers' contributions, for maintaining at least 400,000 jobs in enterprises and private-sector employers in general							X			X
EL	no information available	programmes for the recruitment of young people	X							X		
EL	Πρόγραμμα Επαγγελματικής Κατάρτισης Εργαζομένων «ΛΑΕΚ 0,45%»	workers vocational training programme «LAEK 0.45%»		X					X			X
ES	Expediente de Regulación de Empleo	temporary lay-off plan		X					X			X
ES	formación continua	continuing training			X					X		X
ES	no information available	pension system	X	X					X	X		X
ES	no information available	social security exemption for older workers					X					X
ES	no information available	employment subsidies for young unemployed	X							X		X
ES	no information available	reallocation of tax benefits	X							X		X

## Annex – Analysed public and social partner-based instruments

Country	Instrument (name in national language)	Instrument (name in English)	flexibility			security					
			external numerical	internal numerical	functional	labour cost/wage	job	employment	income	combination	
ES	no information available	life-long individual capitalisation funds	X		X	X		X		X	
ES	no information available	permanent employment promotion contract	X			X				X	
ES	no information available	rebate on social security contributions	X			X	X			X	
ES	Real Decreto-ley 10/2010, de 16 de Junio, de Medidas Urgentes para la Reforma del Mercado de Trabajo	Royal Decree 10/2010 of 16 June with urgent measures for the reform of the Spanish labour market		X		X	X		X	X	X
ES	Créditos para formación continua	continuing training credits for enterprises			X	X			X		X
ES	no information available	permanent employment promotion contract	X				X			X	
ES	no information available	authorisation of private employment agencies	X		X	X		X		X	
ES	Fondo de Garantía Salarial (FAGOSA)	Fund for the guarantee of salaries	X			X				X	
ES	no information available	law on equality		X			X				X
ES	SINDETT	training fund			X		X		X		X
ES	Emplea Verde	Green hiring programme			X	X		X			X
FI	Muutosurva	change security	X	X					X		
FI	Osa-aikaistaminen	short-time work/job-sharing (Employment Contracts Act Section 7, § 3 and 11)		X			X			X	
FI	Finpron vientienkaat	Finpro export partnership	X			X		X		X	
FI	Lomautus	temporary lay-off		X		X		X		X	
FI	no information available	reform on young guarantee scheme	X			X			X	X	X
FI	Sanssi-kortti	chance card	X			X		X		X	
FI	Vuorotteluvapaa (Alternering/sledighet)	Job Alternation Leave	X	X	X	X		X		X	X

Country	Instrument (name in national language)	Instrument (name in English)	flexibility				security				
			external numerical	internal numerical	functional	labour cost/wage	job	employment	income	combination	
FI	Kolmikantainen joustoturvatyöryhmä	tripartite flexicurity committee	X	X	X	X	X	X	X	X	X
FR	droit individuel a la formation, DIF	individual right to training		X	X			X		X	X
FR	congés emploi formation, CIF	job training leave		X	X			X		X	X
FR	chômage partiel	partial unemployment		X		X		X		X	X
FR	cellules de reclassement	reemployment units	X					X		X	
FR	La convention de préretraite totale du Fonds National de l'Emploi (FNE)	special allowance from the national employment fund for early retirement	X							X	
FR	groupements d'employeurs	labour pools	X	X				X		X	
FR	revenu de solidarité active (RSA)	solidarity income	X			X				X	
FR	Le Fonds de sécurisation des parcours professionnels (FSPP)	fund for securing professional career (FSPP)	X	X				X		X	X
FR	Accord interprofessionnel pour le développement des compétences	interprofessional agreement for competence development			X			X		X	X
FR	LOI n° 2009-1437 du 24 novembre 2009 relative à l'orientation et à la formation professionnelle tout au long de la vie (1)	law reforming training and lifelong learning				X		X		X	X
FR	no information available	law of 'equal pay for men and women'				X		X		X	X
FR	contrat d'apprentissage or contrat professionnalisation	apprenticeship contracts	X	X				X		X	X
FR	no information available	exception to the minimum wage	X			X		X		X	
FR	no information available	collective agreement regarding young workers in the metal sector	X		X			X		X	X
HU	no information available	pension system	X							X	(X)
HU	Alkalmi Munkavállalói Könyv, AMK	booklet for casual workers	X			X		X		X	X
HU	egyszerűsített foglalkoztatás	the ACT of simplified employment	X	X				X		X	X

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Country	Instrument (name in national language)	Instrument (name in English)	flexibility				security				
			external numerical	internal numerical	functional	labour cost/wage	job	employment	income	combination	
HU	Út a munkához	'Ways to work'	X			X			X		
HU	no information available	training			X				X		X
HU	no information available	START programmes	X			X			X		X
IE	Employer job incentive scheme	employer job incentive scheme	X			X			X		
IE	Skillsnet	Skillsnet				X			X		X
IE	FAS Plumbing Apprenticeship	FAS plumbing apprenticeship	X			X			X		X
IT	Supporto di reddito per i lavoratori temporanei	income support for temporary workers	X		X				X		
IT	Fond Impresa	training fund			X				X		X
IT	Misure per conciliare tempi di vita e tempi di lavoro	Law No. 69 of 2009, Article 38		X	X	X		X	X		X
IT	Forma.Temp (Fondo per la formazione dei lavoratori in somministrazione con contratto a tempo determinato)	training fund for temporary agency workers			X	X			X		X
IT	Italia 2020: Programma di azioni per l'inclusione delle donne nel mercato del lavoro	Italy 2020: Action Plan for inclusion of women in the labour market	X	X	X	X		X	X		X
IT	Cassa Integrazione Guadagni, CIG	Wage Guarantee Fund		X		X		X	X		
IT	Procedura di mobilità – indennità di mobilità	mobility procedure	X			X		X	X		X
IT	Contratto di Solidarietà	job security agreement	X	X		X		X	X		
LT	no information available	tax subsidy	X			X		X	X		
LT	no information available	'Development of a model for the organisation of students' practices and implementation of the model in industrial enterprises in Lithuania'	X			X			X		X
LT	no information available	working time accumulation periods		X				X	X		X
LU	chômage partiel	partial unemployment		X				X	X		

## The second phase of flexicurity: an analysis of practices and policies in the Member States

Country	Instrument (name in national language)	Instrument (name in English)	flexibility			security				
			external numerical	internal numerical	functional	labour cost/wage	job	employment	income	combination
LU	congé sans solde pour formation	agreement on individual access to vocational training		X	X		X	X		X
LU	Congé individuel de formation, CIF	individual training leave		X	X		X	X		X
LU	Le congé linguistique	language leave		X			X	X		X
LU	Cellule de reclassement, CDR	re-deployment units	X				X	X		X
LU	compte épargne-temps	'time-savings accounts'		X			X	X		X
LU	no information available	fund for employment	X				X	X		X
LU	no information available	training fund			X		X	X		X
LV	Algoti pagaidu darbi	paid temporary work	X				X	X		X
LV	no information available	flexible working time arrangements		X			X			
LV	no information available	work-breaks		X						
LV	no information available	pension system	X							X
LV	Jauņiešu darba prakse	youth work practice	X				X	X		X
LV	no information available	duration of short-term contracts	X				X			
MT	Employment Aid Programme	Employment Aid Programme	X				X			
MT	Re-employment for redundant workers	reemployment for redundant workers	X				X	X		X
MT	Work Trial Scheme	work trial scheme	X				X	X		X
MT	Training Aid Programme	training aid programme					X	X		X
MT	Exemption from social security payments	exemption from social security payments	X				X	X		X
MT	Traineeship Scheme	traineeship scheme	X				X	X		X
NL	Deeltijd WW	part-time unemployment benefit		X			X	X		X
NL	Poortwachter Centra (Disability Benefit Act, WIA)	gatekeeper centres (Disability Benefit Act)	X					X		

## Annex – Analysed public and social partner-based instruments

Country	Instrument (name in national language)	Instrument (name in English)	flexibility				security						
			external numerical	internal numerical	functional	labour cost/wage	job	employment	income	combination			
NL	Mobiliteitscentra	mobility centres	X							X			
NL	Anticyclisch opleiden: bouw door, leer verder	anticyclical training in the construction sector	X	X	X	X	X	X	X	X	X	X	X
NL	Flexpool	Flexpool	X							X	X		
NL	Premie korting voor hoge loonkosten	premium reduction for high wage costs	X				X	X	X	X	X	X	
NL	Compensatieregeling langdurige ziekte oudere werknemers	compensation for hiring older people who become sick	X				X	X	X	X	X	X	
NL	no information available	pension system	X	X						X	X	X	X
NL	Wet Flexibiliteit en Zekerheid from 1999 (Flex-Wet)	The Flexibility and Security Act	X							X	X		
NL	levensloopregeling	life course savings scheme		X						X	X	X	X
NL	Taskforce Deeltijd+	taskforce part-time plus		X						X	X	X	
NL	Loonsuppletie	wage subsidy	X				X	X	X	X	X	X	
NL	Wet Aanpassing Arbeidstijd, WAA	act on adjustment of working time		X			X	X	X	X	X	X	X
NL	WAADI	law on the allocation of workers by intermediaries						X		X	X	X	
NL	Pilots de Vries	Pilots de Vries	X				X	X	X	X	X	X	
NL	afspiegelingsbeginsel	reflection principle	X				X	X	X	X	X	X	
NL	STOOF (Stichting Opleiding en Ontwikkeling Flexbranche)	training fund					X	X	X	X	X	X	X
NL	nieuw werk	new work		X						X	X	X	X
PL	Program zwolnień monitorowanych (Outplacement)	Training and retraining for workers threatened by redundancies/ Monitored dismissals (according to the Act of 20 April 2004 on promotion of employment and labour market institutions)	X										X

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Country	Instrument (name in national language)	Instrument (name in English)	flexibility			security				
			external numerical	internal numerical	functional	labour cost/wage	job	employment	income	combination
PL	Solidarność pokoleń. Działania dla zwiększenia aktywności zawodowej osób w wieku 50+	Solidarity of generations. Activities to increase labour force participation of persons aged 50+				X		X		
PL	Platny urlop szkoleniowy	Paid training leave (according to the Act of 20 April 2004 on promotion of employment and labour market institutions)	X	X		X		X		X
PL	no information available	Reduction of the cost of work permits for foreign worker	X			X		X		
PL	no information available	Developing new incentives to increase vocational attractiveness for disabled people	X			X		X		X
PL	no information available	Internship for young unemployed	X			X		X		X
PL	no information available	'Under 30s programme'	X			X		X		X
PL	przygotowanie zawodowe osób dorosłych	strengthen vocational training of adults	X			X		X		X
PL	no information available	regulation of telework			X	X		X		X
PT	Subsidio de Desemprego Parcial	partial unemployment benefit	X			X		X		X
PT	no information available	introduction of employment contract of very short duration	X					X		
PT	no information available	amendment to 'phased working time'		X				X		X
PT	no information available	collective agreement on working time adaptability		X				X		X
PT	no information available	group adaptability		X				X		X
RO	Casa Socială a Constructorilor (CASOC)	builders' social house		X		X		X		X
RO	no information available	professional training programmes				X		X		X
RO	no information available	fixed-term contracts	X					X		X



Country	Instrument (name in national language)	Instrument (name in English)	flexibility			security				
			external numerical	internal numerical	functional	labour cost/wage	job	employment	income	combination
RO	Schema de ajutor de stat pentru formarea profesională generală și specifică Axa 2 – Corelarea învățării pe tot parcursul vieții cu piața muncii; Domeniul Major de Intervenție 2.3 – Acces și participare la formarea profesională continuă	State aid scheme for comprehensive and targeted vocational training Axis 2 – linking life-long learning and the labour market; Key Area of Intervention 2.3 – access to and participation in continuous vocational training				X		X	X	X
SE	Trygghetsråden	job security councils	X					X		
SE	Arbetsgivarring	The Employer Ring	X	X			X	X	X	X
SE	no information available	tax incentive for employing older workers				X		X		
SE	flexitime	flexitime		X			X	X	X	X
SE	Instegsjobb	step-in job	X			X		X	X	X
SE	Jobbgarantin för ungdomar	youth job guarantee	X			X		X	X	X
SE	Prova-på-plats	test a workplace	X			X		X	X	X
SE	Nystartsjobb	new-start jobs	X			X		X	X	X
SE	Generell sänkning av socialavgifterna	general reduction of social security contributions				X	X	X	X	X
SE	Lågre socialavgifter för unga	reduction in social security payroll taxes for workers younger than 26	X			X	X	X	X	X
SE	no information available	energy efficiency programme			X	X		X	X	X
SI	Zaposli.me	Employ.me	X			X		X	X	X
SI	Usposabljanje in izobraževanje zaposlenih	employee training and education			X	X		X	X	X
SI	Povračilo prispevkov delodajalca	employer's contributions reimbursement	X			X		X	X	X
SI	Usposabljanje absolventov na delovnem mestu in subvencija za zaposlitev diplomantov / Absolvent – aktiviraj in zaposli se!	Workplace training for students finished with their courses but not yet graduated (called 'absolvents') and graduate employment subsidies. Absolvent – activate yourself and get a job!	X			X		X	X	X

Country	Instrument (name in national language)	Instrument (name in English)	flexibility			security					
			external numerical	internal numerical	functional	labour cost/wage	job	employment	income	combination	
SK	Flexikonto a podpora dočasného udržiavania nadbytočných zamestnancov	short-time working/job-sharing and annual working time account (Labour Code §142(4), 143(1)(4), 252c)		X			X			X	
SK	Zákon č.5/2004 Z. z o službách zamestnanosti § 47 Vzdelávanie a príprava pre trh práce zamestnanca §48 Oprávnené náklady na vzdelávanie a prípravu pre trh práce	law No. 5/2004 coll. on employment services §47 Education and preparation of employee for the labour market §48 Eligible cost of training and education for the labour market				X		X		X	X
UK	Better West Midlands project	Better West Midlands project	X					X			
UK	Statutory Guarantee Pay	Statutory Guarantee Pay		X		X				X	
UK	Redundancy Action Scheme (ReAct)	Redundancy Action Scheme (ReAct)	X			X		X			X
UK	Train to Gain	Train to Gain				X		X			X
UK	Job Centre Plus/Local Employment Partnership	Job Centre Plus/Local Employment Partnership	X					X			
UK	New Deal for young people	New Deal (for young people; for lone parents; for 50 plus)	X			X		X		X	X
UK	6 month offer	6 month offer	X			X		X		X	
UK	Routes into work and Care First Careers	Routes into work and Care First Careers	X			X		X		X	
UK	Working tax credit (WTC)	Working tax credit (WTC)				X		X		X	
UK	flexible working hours for Parental Leave and Flexible Work	flexible working hours for Parental Leave and flexible work		X				X			X
UK	future job funds	future job funds	X			X		X		X	X
UK	support for apprenticeship expansion	support for apprenticeship expansion		X	X		X	X			X





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*Flexicurity is a strategy intended to enhance both flexibility and security in the labour market and has been on the agenda of public and policy discussions across Europe since the 1990s. In light of the recent economic crisis, the question has arisen whether flexicurity, which was developed in times of good economic and labour market performance, would also work in 'bad weather'.*

*This research project aims to investigate the implementation of flexicurity across the European Union by analysing a large number of public and social partner-based instruments that combine an element of flexibility and security. This research should contribute to making the somewhat ambiguous concept of flexicurity more tangible, by providing numerous examples of how flexicurity can be realised.*

The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite EU body, whose role is to provide key actors in social policymaking with findings, knowledge and advice drawn from comparative research. The Foundation was established in 1975 by Council Regulation EEC No 1365/75 of 26 May 1975.

