

Flexicurity – Theory or practice?



The concept of flexicurity – a strategy to enhance flexibility and security in the labour market at the same time – gained new momentum with the advent of the economic crisis. Public and policy discussions are now dealing with the question of whether flexicurity also works during times of economic crisis, or indeed, if it even can be a way out of the recession.

Differing perspectives of governments...

Throughout the recession, the support for flexicurity from policymakers, especially at the European level, has continued. The European Commission has promoted flexicurity as a general principle which should be adapted to the particular circumstances of the various Member States. Building upon this, the July 2009 European Council emphasised that the complexity of the current economic situation should be taken into account when implementing flexicurity policies. This also means giving priority to those policies that will enable job creation and a high level of employment as well as fighting segmentation, and thus be a way out of the crisis (EU Council, 2009).

... and social partners

Despite this continuing support, following the crisis, an increasingly sceptical view of flexicurity is evident from scholars and social partners. This is partially caused by some public perceptions of flexicurity being purely just about external transitions, which cannot be applied as a policy strategy for labour markets that are struggling with lack of demand for workers. Conversely, in recession, some Member States like Germany and France have been relatively successful in bypassing the negative implications of the recession by implementing flexicurity through, for example, short term working schemes and fostering internal flexibility and job security.

European social partners have diverging positions on this. While BusinessEurope (2010) stated that implementing flexicurity can be one of the key ingredients for job creation and growth in recession, ETUC (2011) pointed out that given the failure of the flexicurity pillar to create jobs, it would be a mistake to suggest it could provide a remedy to the crisis. UAEPME (2010) highlighted that social partners should come together and reconsider the concept as well as the guidelines for implementation in order to avoid a segmented labour market. According to a comprehensive recent study jointly produced by European social partners (2011), similar concerns have been mirrored at Member State level. There were fears raised by many trade union organisations that the segmentation between insiders and outsiders in the labour market is increasing, which might have been generated by flexicurity measures that too often ignored the security pillar. However, the very same study demonstrates the successful implementation of good flexicurity practices as well, which confirms that there is no need to abandon the concept even in times of crisis.

While consensus has certainly not yet been reached, integrated flexicurity policies are once more mentioned as playing a key role in modernising the European labour markets and achieving the employment rate targets in the Europe 2020 strategy. Within the framework of this strategy, the European Social Partners are also called upon to work on defining and implementing “the second phase of the flexicurity agenda” together with the European Commission.

Flexicurity ‘incognito’

Recent Eurofound research on public and social partner-based instruments and regulations clearly shows that flexicurity is being implemented in the Member States of the European Union, and this also during the recession. However, individual initiatives which are combining flexibility and security elements are hardly ever labelled ‘flexicurity’, even if they explicitly address various of the flexicurity dimensions and have been designed and are run by applying a multi-stakeholder approach.

Interestingly, the majority of instruments analysed follow a multifaceted approach by combining various flexibility dimensions (external numerical, internal numerical, functional, labour cost) and security dimensions (job, employment, income, combination) and targeting several objectives.



Keeping or finding a job is current priority

It is not surprising that Member States focused the majority of the identified flexicurity instruments on job creation as well as on fostering transitions into employment, given the stark rise in unemployment due to the impact of the crisis, and that these instruments mainly target employers and the unemployed. However, at the same time almost half of the analysed measures address lifelong learning and the provision of flexible and reliable contractual agreements, thus concentrating on job retention. This dual focus of flexicurity, giving the same priority to those in and those outside of the labour market, is important, particularly in times of crisis.

In contrast to this, the objectives of creating better jobs and fostering social protection have been a lot less evident among the analysed instruments and could therefore receive more attention in future flexicurity debates.

Another flexicurity priority that could be reconsidered refers to promoting equality. This pathway seems to be well developed and should be followed up also in future, but it appears that currently the main focus is on gender equality. Although this is without doubt important, a broader approach to overcoming segmentation (e.g. due to age, skill levels, types of employment contracts, company size etc.) should be considered.

- Equal focus on insiders and outsiders necessary
- More focus on job improvement and social protection possible
- Broader understanding of fostering equality to be considered

Potential for improvement

About half of the analysed measures explicitly state that an increase of security might reduce flexibility or vice versa, involve both governments and social partners and apply a cost-sharing concept among stakeholders. However, only a small share of them incorporates all of these elements. For an effective flexicurity policy, more attention should be paid to potential trade-offs between flexibility and security and the implications arising for target groups and non-target groups. Similarly, a stronger involvement of social partners is recommended as there are some indications that this leads to positive outcomes when using the instrument for employees and employers as well as a more efficient use of funds.

What do companies do?

In terms of groups of workers who are considered vulnerable – young workers, older workers and women – each of them has specific needs when it comes to entering, remaining in and progressing within the labour market. These needs are in some cases distinct from one another, but in other cases they may overlap.

Eurofound company case studies in selected Member States have shown that the primary motivation for putting flexicurity measures into practice is that they will benefit a company economically. There are, however, various factors that have a strong impact on how these measures are implemented, for example the legislative framework in which firms operate, especially when it comes to training and the financing of it. Another relevant

- More consideration of (unintended) effects needed
- Stronger cooperation between governments and social partners is beneficial

factor is company size – large companies have a broader scope for flexicurity measures related to internal mobility, job sharing and rotation or flexibility in job content and working time arrangements, whereas SMEs often have to very targeted and focus on cost-neutral measures, for example changes in work organisation.

Further information

This fact sheet forms part of the Eurofound resource pack on *Flexicurity – It takes three to tango*. The pack explores the issue of flexicurity, providing insights into developments and impacts for Member States, employers and workers.

For a copy of the pack or for further information on this area of activity, please email: flexicurity@eurofound.europa.eu

To view the resource pack online and all other Eurofound materials on this topic, please visit: www.eurofound.europa.eu/resourcepacks/flexicurity.htm

EF/12/24/EN 1

