Exploring the conceptual weaknesses of flexicurity: on ambiguity, complementarities, conflicts of interest and reductionism

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Abstract

In recent years 'flexicurity' has become an influential concept in academic and political discourse. Flexicurity is an attempt to broaden the analysis and policy debate concerning the labour market, the welfare state and their interaction. It focuses on the so-called flexibility-security nexus and argues for a simultaneous increase of these two dimensions. However, in spite of its popularity, in our view, both as an academic concept and as a policy concept flexicurity suffers from a number of serious shortcomings. In this paper we critically review the flexicurity concept and discuss a number of its problematic features. In particular, we will focus on four aspects: the concept's ambiguity and openness to political capture; its failure to problematise the creation of institutional complementarities; its lack of attention to conflicts of interest and the heterogeneity of the labour market; and its reductionist view of the sources of flexibility and security. We conclude by presenting a number of suggestions on how to strengthen the flexicurity approach.

Keywords

Flexicurity • labour market • welfare state • flexibility • security • ambiguity• complementarities • Europe • policy

Introduction[1]

In recent years 'flexicurity' has become an influential concept in academic and political discourse. Flexicurity is an attempt to broaden the analysis and policy debate concerning the labour market, the welfare state and their interaction. It focuses on the so-called flexibility-security nexus and argues for a simultaneous increase of these two dimensions. Within the last few years a vast amount of research has been developed on the basis of the flexicurity approach. Also in the policy community flexicurity has move centre-stage, in particular since it has become the core concept in the European Employment Strategy. However, in spite of its popularity, in our view, both as an academic concept and as a policy concept flexicurity is rather underdeveloped and suffers from a number of serious shortcomings.

In this paper we want to critically review the flexicurity concept and discuss a number of its problematic features. In particular, we will focus on four aspects: the concept's ambiguity and openness to political capture; its failure to problematise the creation of institutional complementarities; its lack of attention to conflicts of interest and the heterogeneity of the labour market; and its reductionist view of the sources of flexibility and security. We will illustrate this discussion with a series of empirical examples.

In the next section we will briefly place the emergence of flexicurity in historical perspective and outline its main features as presented in the literature. In sections 3-6 the four aspects mentioned above will be discussed. Section 7 presents conclusions as well as a number of suggestions on how to strengthen the flexicurity approach.

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Labour market and welfare regulations in historical perspective: from security to flexibility to flexicurity?

Since the late 19th century, European countries witnessed the development of extensive bodies of labour market and welfare regulations. In Western Europe, until the late 1970s, they were oriented towards addressing the 'social question' and largely had protective and security-enhancing objectives. Labour market regulations were to protect workers from the excesses of capitalism and the uncertainties of the market, and to redress, to some extent, the power imbalances between workers and employers (Crouch, 1999). Also, the welfare state aimed to reduce the dependency of citizens on the market for their well-being by providing protection against risks related to poverty, illness, disability, and old-age (Esping-Andersen, 1990). Moreover, the state played a key role in the labour market by pursuing full employment through demand management and public sector employment. The main functions of these labour market and welfare regulations were (i) to constrain the control of the employer over labour power and fostered social stability and fairness; and (ii) to neutralize class conflict and produce labour peace, needed out of productive concerns. Within this common general trend, ample diversity prevailed in the extent to which these objectives were pursued and achieved, and in the way labour market and welfare institutions were shaped (ibid.). The countries of Central and Eastern Europe (CEE) before World War II followed their own varieties of this trend but were after the war incorporated into the state socialist block, developing their own type of labour market and welfare regulations imposed by the state.

Since the late 1970s, the above trend was gradually reversed (Ferrera, 2005). In the context of the accelerating globalization of the economy, mounting unemployment and inflation, the ageing of the European population and the collapse of state-socialism in CEE, there was an ideational shift towards neoliberalism and monetarism. In the new dominant discourse supply side economics started to replace demand economics, the market replaced the state as the core mode of governance, and enterprises were argued to need high levels of flexibility to adjust to and compete in the global market. With the neo-classical market as the ultimate inspiration, the state increasingly became a 'competition state' (Jessop, 2002) to which social progress is subordinated to and dependent on economic success. Labour market and welfare regulations became more and more seen as interfering with the proper functioning of the labour market and leading to undue dependency on collective welfare provisions. As a result, the main trends in labour market regulation became the adjustment of labour supply to the requirements of the market, deregulation and rising labour market flexibility and an increasing reliance on the market for employment creation (e.g. OECD, 1994). Also, wage moderation to strengthen international competitiveness became the norm in wage bargaining (Keune, 2008a). At the same time, welfare state reform focused on strengthening its productive rather than its protective function, on increasing labour market participation of the inactive and on reducing their dependency on the welfare state and the protection against the uncertainties the market creates (Serrano Pascual, 2009; Hudson and Kühner, 2009).

In recent years, attempts have been made to develop approaches that marry the two above-discussed trends by on the one hand fostering labour market flexibility and high rates of participation and on the other hand providing protection and security to individuals. This preoccupation stems partially from normative concerns with social exclusion, increased precariousness and the like. It is also due, however, to the increasing awareness of the links between competitiveness and social progress. The increase of international competition related to globalization emphasises that firms in Western economies can no longer afford competitive strategies based on simple cost reduction and low quality (Hall and Soskice, 2001). Indeed, increasingly success in the global economy is seen to require innovation and improvements in quality and productivity, which then require a high skilled and motivated labour force. Following this line, more and more the goal of competitiveness has been 'balanced' with that of social cohesion and security in the political debate. Probably the first example of this trend was the Delors' White on Growth, Competitiveness and Employment, but relevant examples can be found also in national strategies such as the Blair's Third Way.

Within this context, the concept of flexicurity entered the academic and political discourse in the late 1990s. The most widely followed definition of flexicurity paints it as 'a policy strategy that attempts, synchronically and in a deliberate way, to enhance the flexibility of labour markets, work organisation and labour relations on the one hand, and to enhance security – employment and social security – notably for weaker groups in and outside the labour market, on the other hand' (Wilthagen and Tros, 2004: 169; Klammer, 2004; Muffels et al., 2008). According to the authors, flexicurity concerns various types of interconnections between different types of flexibility and security which should produce a win-win situation for workers and employers. In this way, it aims to reconcile the double bind of the strong demand for further flexibilisation of the labour market, stemming from competitive concerns, with an equally strong demand for protection of employees, especially vulnerable employees, stemming from concerns with social cohesion (*ibid.*). Or, to phrase it differently, flexicurity can be characterised as a form of coalescence and synchronisation of economic and social policy and as a system of joint and mutual risk management for workers and employers (Wilthagen and Bekker, 2008). It intends to overcome one-dimensional approaches to labour market analysis and policies (e.g. simple 'deregulation') and aims to reconcile flexibility and security and to overcome their traditional contraposition. Rather, it is suggested that powerful complementarities and mutually reinforcing effects may exist between the two (Wilthagen and Tros, 2004; Wilthagen, 2005). Moreover, the flexicurity approach argues that a variety of combinations of flexibility and security can produce flexicurity policies and outcomes. Four major 'flexicurity pathways' are presented as functional equivalents to pursue flexicurity objectives in diverging national situations (Bekker and Wilthagen, 2008). They all concern, with varying emphasis, five mutually supportive components: flexible and secure contractual arrangements; efficient active labour market policies; life-long learning; modern social security provisions that also contribute to good mobility in the labour market; and social dialogue (*ibid.*).

Hence, flexicurity is claimed not to prescribe a one-best-way solution but a range of possibilities or combinations. A number of commentators claim that this lack of specification of the flexicurity approach is an advantage and maybe even a must. For example, Rogowski argues that flexicurity needs to remain an aspiration rather than being identified with a concrete policy, and that 'for the success of flexicurity policies it seems crucial that the definition of the term flexicurity remain vague so that it can be used to address a range of sometimes contradictory policy goals' (Rogowski, 2008: 86). Also Jørgensen and Madsen (2007) argue that, at least from the point of view of political discourse, the most attractive aspect of flexicurity is its ambiguity. In this conception, flexicurity takes on the role of a beacon that guides policy makers in the right direction by inspiring them to take a holistic approach, to explore interlinkages between policy fields and to aim for balanced strategies and outcomes.

In our view, the flexicurity approach is an interesting attempt to overcome some of the limits of the deregulation discourse of the 1980-90s and to broaden the debate on labour market and welfare state reform. It has become a key concept in the debate on labour market and welfare reforms in Europe and the balancing of flexibility and security is now part and parcel of the discourse of the EU, many governments and international organisations. However, at the same time the flexicurity approach suffers from a series of weaknesses that shed doubt on its conceptual soundness. Also, as we will see below, many empirical examples show how difficult it is to design and implement reforms that appropriately balance flexibility and security. For this reason, in this paper we want to discuss the shortcomings of the flexicurity approach. In the following sections of this paper we will consider in particular four shortcomings: its conceptual ambiguity, its failure to problematise the creation of institutional complementarities, the difficulty to reach consensual win-win solutions and its restricted view of the sources of flexibility and security.

The ambiguity of the flexicurity concept

Although a number of authors consider the ambiguous nature of the flexicurity as strength, we rather see it as a weakness because of several reasons. Firstly, as one of us has demonstrated, because of the ambiguity of the concept, diametrically opposed views on labour market problems and solutions can be plausibly argued to fit the flexicurity philosophy (Keune and Jepsen, 2007). For example, both the Rehn model (Rehn, 1988) and the diversified quality production (DQP) model (Streeck, 1991) could be fitted under the flexicurity heading, even though they are dramatically different. The Rehn model combines extensive external flexibility through low dismissal protection and high geographical mobility to the benefit of employers, with the security for employees provided by full employment, unemployment benefits and active labour market policies. DQP rather builds on strong job security, continuous skills upgrading and high internal and functional flexibility. The fact that such fundamentally different models fit the flexicurity approach calls its usefulness in directing policy strategies into question.

Secondly, this ambiguity has, at least at the European level, led to a situation in which almost all European level actors (Commission, Council, European Parliament, European Trade Union Confederation, BusinessEurope, etc.) endorse the importance of flexicurity to address Europe's labour market problems, but they have very different views on how to translate the abstract concept into policy; indeed, their respective positions are largely their traditional ones now presented under the heading of flexicurity (Keune, 2008b). A good illustration of this is provided by the positions on flexicurity of the European Trade Union Confederation (ETUC) and the main European employers' organisation BusinessEurope.

In 2007, a few months after the Commission produced a Communication on flexicurity, the European social partners presented a joint analysis of the challenges facing the European labour market (ETUC et al., 2007). In this document, it is stated that 'European Social Partners recognise that in today's labour market it is necessary to improve policy measures which address both the flexibility and security dimensions for workers and employers alike. Applied in the right way, the flexicurity approach can create a win-win situation and be equally beneficial for employers and employees' (ETUC et al., 2007: 53). This would seem to express an agreement on the importance of flexicurity for labour market reform and a willingness to engage in social dialogue on this issue.

But to what extent do both sides indeed agree on flexicurity and it implications and what are the chances that they will agree on more specific labour market reforms that go beyond these very general statements? From a detailed examination of the position of the two sides on the various elements of the flexicurity debate (Table 1), it is striking to note that they seem to disagree on most key aspects of the flexicurity debate. This starts already with their general diagnosis of the problems of the labour markets in the EU. BusinessEurope claims that Europe's labour markets need more flexibility to allow companies to be competitive, while ETUC claims that companies already have extensive flexibility and that the main problem is excessive flexibility that leads to precariousness. Where flexicurity is concerned, for BusinessEurope this is about adaptation to the market while for the ETUC it is also about human, social and sustainable development and better jobs. BusinessEurope pictures employment protection legislation, a key issue in the flexicurity debate, as hampering job creation while the ETUC sees it as a factor that rather allows for proper adaptation to labour market changes, that prevents unfair dismissals and that acts as an incentive for investment in human resources. Also, BusinessEurope underlines the need for and advantages of flexible contracts while the ETUC wants them to remain an exception. In addition, BusinessEurope argues for employment friendly unemployment benefit systems that foster a quick re-entry of the unemployed into the labour market, while the ETUC argues for comprehensive and generous welfare systems.

Table 1: Confronting employers' and unions' views on flexicurity

Issue	BusinessEurope	ETUC
General diagnosis EU	Structural reforms are required to increase labour market flexibility to	Business is already enjoying high adaptability. The problem is rather the

labour market	allow companies to be competitive. Workers need: employment security rather than job security.	increase of precarious jobs with 'excessive' flexibility. Also, a flexible labour market does not create more jobs..
On flexicurity	Flexicurity is about facilitating the creation of new jobs as opposed to trying to preserve existing ones, and supporting companies and workers' efforts to adapt to market changes. Flexicurity implies removing the obstacles to creating new jobs while equipping workers to maximise their chances on the labour market.	Flexicurity is about finding 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. This balance, which must lead to a win-win situation, is decided primarily by the social partners themselves, through negotiations.
Employment protection legislation	Stringent EPL hampers the creation and growth of new businesses, the adjustment to shocks and productivity growth. It also has a negative impact on the entry of the less advantaged into the labour market and increases the average duration of unemployment..	Job protection functions as an 'early warning' system, giving workers that are fired time to look for a new job or retrain. As a result, the time spent in unemployment is reduced and workers find a new job more easily. It reduces unfair dismissals and creates incentives for employers to invest in workers.
Flexible contracts	In order to stimulate job creation, it is essential to have access to a variety of contractual arrangements. Part-time, fixed-term, agency work, etc. enable employers to adapt to changes and demand while allowing workers to respond to their personal needs and preferences.	The principle agreed by social partners in the framework agreement on fixed term contracts, transposed by Directive 1999/70/EC, is that atypical forms of work should remain exceptions. The ETUC's policy is also to integrate "non-standard" contracts fully into labour law, collective agreements, social security and life long learning systems.
Work organisation	In addition to strengthening external flexibility there is a need to increase internal flexibility, i.e. internal mobility and variations in working patterns and working-time arrangements.	Internal flexibility is an alternative to external flexibility. Aims to advance productivity, innovation and competitiveness and a better combination of work with other activities.
Labour costs	High levels of employment require that labour costs remain contained. A reduction of non-wage labour costs is key for job creation.	Wages need to be fair and competitiveness should focus on productivity instead of wage competition.
Lifelong learning, training	Crucial role of lifelong learning for the competitiveness and for employability of individuals. But a right to training has little impact for the workers who are most in need: the less qualified. Legislation is not the right instrument to influence learning behaviours.	An educated work force with updated skills is a flexible one, internally as well as externally. But business invests less and less in the training. Business should take its responsibility and workers should get an annual qualifications development plan and the necessary training.
Active labour market policies	Their aim is to spur the unemployed to look for work more actively and/or to improve their employability.	They are crucial to build bridges from job to job. With generous benefits, they allow workers to prepare for and search new suitable and rewarding employment.
Unemployment benefits and social security	Employment friendly social security systems that do not discourage a quick re-entry of the unemployed in the labour market.	Comprehensive and generous welfare systems that limit loss of income and allow workers to prepare for and search a new suitable job.
Sources: ETUC 2007a, 2007b; BusinessEurope 2007.		

Clearly, the positions of the two social partners concerning flexicurity and its elements are worlds apart and represent the 'traditional' views of capital and labour. The flexicurity discourse has not managed to overcome this labour-capital divide or to bring the two sides closer to each other, even though both have stressed the importance of flexicurity. The two sides continue to represent the interests of their constituents and consensus or a cross-class alliance on the reform of the labour market seems as far away as ever. In more general terms, this shows how the social partners agree on the general discourse on flexicurity but strongly disagree on the measures that should be taken to balance flexibility and security. It is the ambiguous nature of the flexicurity concept which makes it possible that actors with widely different views on employment and labour market policy subscribe to it; but when a precise and operative specification of the concept is needed, many of its contradictions come to light and the cleavages between different views re-emerge. Indeed, as Hyman argues, flexicurity can be seen as a 'composite resolution', a purely linguistic combination of opposites which can then be applied to virtually any policy mix (Hyman, 2005). This results in Babel-like confusion and the obscuring of differences of opinion. Also, it leads to a situation in which the flexicurity concept has become widely accepted but where at the same time a struggle takes place in which different actors try to impose their favourite interpretation of it on the rest.

The difficulty of creating institutional complementarities

A second issue to be discussed here concerns institutional complementarities. Institutional complementarity has become an increasingly popular concept in neo-institutional analysis and political economy in recent years and it is used in a variety of ways in the literature (see Höpner, 2005; Crouch et al., 2005 SER). Following Höpner (2005: 333), here it is used to mean that the interplay between two institutions increases the functional performance of both these institutions (see also Hall and Soskice, 2001; Amable 2003; Hancké et al., 2008). Institutional complementarity is a (if not *the*) key concept in the flexicurity approach: it is encapsulated in the assumption that positive sum games can be set up between regulations aimed at increasing flexibility and regulations aimed at reinforcing security. This would then increase performance by creating a labour market that is both more flexible and more secure, which is then expected to lead to higher competitiveness, more employment and higher well-being. The paradigmatic example for flexicurity proponents here is the idea of the Danish 'golden triangle' (Madsen, 2006). This 'triangle' is argued to exist of three, mutually reinforcing regulatory arrangements: (i) low dismissal protection making it easy to dismiss workers and hence creating flexibility; (ii) extensive unemployment benefits providing income security to the unemployed; and (iii) active labour market policies aimed at employability and activation of the unemployed, helping them to return to employment as soon as possible and producing the labour supply the market demands. In this conception, the unemployment benefit system off-sets the negative effects of the low dismissal protection (fear of unemployment and loss of income) while the active labour market policies are the 'grease' of the system, assuring it to be dynamic. Finally, implicitly, this constellation of institutions is argued to produce high levels of employment and economic competitiveness.

Flexicurity strategies can be conceived as searches for such complementarities, which should produce superior outcomes for both workers and employers. The mainstream flexicurity approach however fails to problematise the creation and maintenance of complementarities and often assumes that complementarities designed on the drawing table will also play out according to the intentions in real life. According to us, this is not self-evident, however, for a number of reasons.

First, well-functioning complementarities are hard to devise on the drawing table. As Streeck (2001) shows, many complementarities that are today observed in institutional constellations were not designed as such; often the institutions seen as complementing each other emerged at different moments in time, independently from each other and not because of their potentially mutual supporting relationships. The observed complementarities arose not by design but rather through the strategies of actors working within the institutions.[2] This argument could be applied to the Danish 'triangle', the elements of which were shaped at very different moments in time in the past 100 years and which were not designed as a system in their conception. They have over time been pulled into complementary relations by the all-encompassing unions and employers' organisations as well as the state, through, among others, collective agreements setting additional rules and regulations on the operation of the labour market, consensus building and participation in the operation of labour market and social security institutions, and political struggle. The 'emergence' of complementarities between various institutions hence depends on the way actors 'act out' the institutions, the consensus or lack thereof among collective actors on the 'proper' use of such institution, the relationship with the broader context in which they function, etc. This then depends to a large extent on governance by the state and collective actors which are key to making complementarities work. It is much less plausible that 'spontaneous' coordination through the market will produce such complementarities because of the unpredictability of behaviour of dispersed individual actors. And even when actors try to produce flexicurity arrangements, there is no guarantee they will be able to do this. The reforms paths in the labour market and welfare arena of many European countries show that cases of well-functioning complementarities are rare while examples of non-coordinated reform strategies are common (OECD, 2006).

The Italian case represents a good example of this difficulty. In Italy since mid 90s' the regulation of the labour market has experienced many profound reforms (Regini and Regalia, 2004; Cella and Treu, 2009) and the rhetoric of flexicurity has played recently an important role in the political debate. In 1996 the so-called *Legge Treu* (L. n. 196/97) promoted a massive flexibilisation of the labour market setting up new instruments and forms of labour markets regulation. Among others, it introduced temporary work, previously forbidden in Italy, vocational training contracts (*Contratti*

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[2] In his comparative-historical analysis of Germany and Japan Streeck (2001) shows how these two countries developed into relatively coherent *Gestalten* in the period up to the 1970s as the result of continuous experimentation, improvisation and never-ending adjustments within the limits of changing, and ever newly discovered institutional constraints and opportunities, as well as rare moments of formative political intervention in which divergent sectoral arrangements were forcefully pulled together into a common national pattern.

di formazione e lavoro), as well as other types of flexible contracts. This process of progressive flexibilisation of the labour market continued also in more recent years. For example, the Legge 30/2003 introduced new and modified some of the already existing forms of flexibility introduced by the Treu Law. As in many other European countries, this flexibilisation aimed to increase the labour market participation of specific disadvantaged groups like young people and women (Alacevich, 2004). In this respect, these policies were successful: by increasing atypical employment these reforms lead to a substantial reduction of unemployment. However, at the same time, they created a whole series of new insecurities and uncertainties: almost all atypical contracts are non-voluntary, there is a large amount of atypical workers among the older cohorts, only in few cases the fixed term contract function as a stepping stone towards a stable contract, wages of atypical workers are often much below those of comparable typical workers and atypical workers are badly protected against labour market uncertainty (Barbieri and Scherer, 2008; Reyneri, 2005; Burroni and Keune, 2009). During the same period profound welfare reforms started but they mainly concerned pension reforms, the improvement of the financial sustainability of the welfare system and the introduction of new forms of complementary pension. Little was done however to deal with the problem of the new uncertainty created by the above mentioned labour market reforms. For example, in several occasions, a variety of actors (unions, policy makers, etc.) proposed to draw up a so-called *Statuto dei Lavori* (Employment Rights Charter) a general intersectoral agreement in which new guarantees for flexible workers were to be specified. Such an agreement however never materialised. Also, a Committee of experts - the 'Commissione Onofri' – prepared an important and well structured proposal for rebalancing the labour market and the welfare system, but the proposal was never implemented (Guerzoni, 2008). Similarly, many experiments with new 'social pacts' such as the 1998 Christmas Pact (Patto di Natale) or the Agreement of July 2007 (followed by the Law n.247) only in part limited the use of flexibility and were not able to introduce a systematic framework of guarantees for flexible workers (Carrieri, 2008). Thus, notwithstanding the political discourse on the importance of balancing flexibility and security, welfare reforms and labour market reforms in Italy followed two separate paths that lack integration.[3] Actors did not foster the emergence of complementarities and neither did the market; on the contrary one could argue that a negative complementarity emerged as the group of atypical workers became exposed to major insecurities without compensation, which negatively affects their well-being as well as productivity and competitiveness (Burroni and Keune, 2009).

Moreover, institutional complementarities do not automatically persist over time. Institutions as well as the context in which they exist are dynamic and complementarities have therefore to be dynamic as well. What is a well-functioning complementarity at time t_0 could become an institutional constraint at time t_1 (Crouch et al., 2005). Hence, in absence of active and dynamic policy coordination it is difficult to maintain institutional complementarities in the medium and long run. Let’s consider the example of public employment in Southern Italy. To promote the growth of regular forms of employment and to reinforce security as well as demand for local firms in a backward area with an extensive shadow economy, consecutive Italian governments expanded public sector employment in the region. However, these policies lacked a clear connection with the type of public services in demand. At first, they created stability and security for an important part of the southern population through the growth of standard employment and income; but over time this practice more and more led to a highly inefficient public sector with low quality public services. This negatively influenced the production of the local collective competition goods that private firms need to be productive and competitive and as a result the position of these firms in international competition weakened, leading to a dramatic reduction of security for their workers. Thus, where initially the strategy of employment growth through public sector expansion reinforced security in the southern regions, in the longer run it was one of the factor that hindered the competitiveness of southern firms, contributing to the growth of unemployment, poverty and insecurity. Indeed, maintaining complementarities over time requires active and adaptive collective forms of governance. We will come back to this point in the final section of the paper.

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[3] A similar argument is made by Tangian (2007) who shows that across the EU the trend in labour market reform is one of deregulation, but that this is not matched by new securities that offset the effects of deregulation.

Win-win intentions facing conflict of interests and missing actors

Flexicurity is proposed as a win-win solution which should further to the interests of both workers and employers and which should as a policy strategy be based on consensus generated through social dialogue. However, this in itself noble objective faces a series of hard-to-surmount obstacles. The most basic one of these is the fact that, even though Marx is not at the height of his popularity these days, there are still fundamental differences of interest between capital and labour that cannot be ignored. Globalisation and the increasingly post-industrial character of European societies are often pictured as factors reducing labour-capital contradictions and fostering cross-class alliances and competitive corporastism (Rhodes, 1998). However, while this to some extent is a correct description of ongoing political events, it ignores the fact that globalisation strengthens the power position of capital, and in particular MNCs, over labour (Keune and Schmidt, 2009) and that to an important extent employers, managers and financial capital drive and manage the new uncertainties of the globalised post-industrial labour market (Crouch and Keune, 2009).

Secondly, workers or employers cannot be treated as homogenous groups and flexicurity strategies may serve the interests of some workers or employers but not of others. Let's consider the following examples. Inspired by the Danish triangle, flexicurity is often pictured as a way to increase the role of market coordination in the labour market through reduced dismissal protection or the increased use of flexible contracts, but with support to the weaker market actors (the workers) through social security or active labour market policies. However, the impact of such reforms may have differentiated effects on different groups of workers. One possible effect of an increased role for the market is that previously protected older workers start losing their jobs as employers start to replace them by younger, cheaper (and possibly better educated) workers. While there may (without implying that there necessarily will) be positive aggregate effects of this in terms of labour market dynamism or productivity, for the group of older workers this still means they become unemployed. And in spite of the support they may receive they will face major difficulties in finding new employment considering the adversity of employers to hire older workers.

This example can of course also be reversed: if flexicurity policies lead to higher job security on internal labour markets, in exchange for increased functional or working time flexibility, with possible positive aggregate effects in terms of productivity or innovation, it may make it (even) harder for young people to find jobs; they will be the losers of such measures. Indeed, flexicurity-type reforms may strengthen existing cleavages or create new ones between groups of workers. Similarly, it is not difficult to image differentiated effects of flexicurity-type measures on large and small enterprises or on different sectors. Hence, apart from basic differences of interests between labour and capital, there are also differences between groups of workers or groups of employers. These two factors make it hard to imagine real win-win outcomes without losers and new disparities. Indeed, ignoring the heterogeneous nature of the economy and the labour market may create a blind spot for trade-offs that emerge between groups of workers or groups of enterprises. Thus, rather than simply talking about win-win solutions that are good for all, it would be better to examine flexicurity policies on the disparate effects they have, to determine their positive effects on some but also their negative effects on others.

Another, related aspect of the flexicurity discourse is its insistence on the need for consensual design of flexicurity reforms with the participation of the state, trade unions and employers' organisations. Again, while this may be a noble objective in itself, little attention is given in the flexicurity discourse to the manifold obstacles to such processes. The governments of the day have their ideologies and programmes which will tend to favour either (groups of) workers or (groups of) employers more. Also, the flexicurity debate involves many of the most contested issues in labour relations, of the key differences of interest between workers and employers. Arriving at consensual win-win policies is therefore a difficult task. This is not only true in the more conflictual industrial relations systems but also for example in the Netherlands, a traditional example of consensus-oriented industrial relations (Visser and Hemerijck, 1997), where recent proposals for the reform of the system of dismissal protection were put in the fridge following the unbridgeable divide between employers and unions. And again divisions may exist within the workers' or employers' camp, as evidenced for example by the refusal of the CGT to sign the 2008 flexicurity agreement in France or by the divide between the CGIL and the other unions in Italy on recent labour market reforms.

Finally, an additional difficulty here is that in many countries in Europe there are no unions and/or employers' organisations that have the levels of membership, institutional positions, tools or capabilities to meaningfully participate in the conclusion of such consensual agreements and coordinate or enforce their implementation. Here we can think simply of the UK or of the Baltic countries where unions and employers hardly play any role at the macro level. In these circumstances it makes little sense to call for consensual policies with the participation of these actors since they do not have the power and resources to play the role expected from them. At the same time, this further complicated arriving at win-win reforms, since these are even more difficult for governments to devise and implement alone.

The reductionist view of flexibility and security

A further problem of the flexicurity debate is that it is based on a reductionist view of the sources of flexibility and security that essentially limits itself to the labour market-welfare nexus at national level. This view leads the flexicurity analysis to overlook important dimensions that in fact play a key role in producing security and flexibility. Here we will focus on three of these dimensions.

First, the flexicurity debate deals mainly with national-level institutions and policies, implicitly supposing that national labour markets have a high degree of homogeneity. But as discussed above, looking at empirical cases we find many relevant variations and cleavages among economic sectors, occupational groups, types of enterprises (large-small) and different regions. For example, in the same national economy sectors or enterprises of different size vary very much along dimensions such as the extent of exposure to international competition, the degree of unionisation, skill levels, the impact of immigration, etc. The impact of the same national flexicurity arrangement on sectors characterised by a low skill and non-unionised workforce can be very different from that on sectors with high levels of skills and unionisation; similarly its effect on small enterprises operating in the shadow economy may be very distinct from that on large enterprises. Here again the Italian case is a good example. Despite a legal framework that is the same in all the country, relevant territorial disparities characterise the Italian case (Colombo and Regini, 2009). For example, in 2007 in Lombardy the employment rate was 66.7%, the unemployment rate 3.4% and the youth unemployment rate 12.9%; the respective figures for the region of Calabria were 44.9%, 11.2% and 31.6%. Also, strong and weak Italian regions differ a lot also in terms of their institutional framework, including industrial relations practices, unions and employers' associations membership rates, the efficiency of local and regional government, the structure of families, the role of the shadow economy, the availability of tangible and intangibile infrastructures and so on (Trigilia, 1992; Trigilia and Burroni, 2009). If national reforms aimed at promoting flexicurity arrangements do not take these structural and institutional regional differences into account they risk to have a very diverse impact on the various regions, they may improve the situation in some regions but worsen it in others, and they may eventually enlarge the gap between rich and poor regions. Similarly, in many European countries the strength of unions, the role of collective bargaining, the mechanisms of labour regulation, the kind of security measures for workers, etc. vary according to sectors or to size of enterprises. Again, national across-the-board reforms may have dramatically different impacts on the different sectors or enterprises.

Secondly, the focus of the flexicurity approach on national labour market and welfare regulations leads to a blind spot for other types of regulations, that is, through collective agreements, company policies, informal rules in the informal sector and others. Indeed, national regulations should not be the end of the analysis since within the national regulatory context further regulations and policies may create quite a different (and differentiated) picture. For example, the Dutch Flexicurity Law allows unions and employers to depart from the standards set by this law through (largely sectoral) collective agreements. A recent study shows that although the overall reform indeed aimed at creating a new balance between flexibility and security, the weakness of trade unions at sectoral level has meant that the way the sectoral collective agreements use the moving space allowed for by the law decisively puts the emphasis on the increase of flexibility (Houwing, 2010). Also the Danish 'triangle' discussed above fails to take the all-encompassing practice of collective bargaining in Denmark into account, even though Danish collective agreements play an important role in shaping and combining flexibility and security (Andersen and Mailand, 2005). Likewise, large firms have the resources and instruments to develop their own way to internally combine flexibility and security at firm level, in order to, for example, reduce uncertainty for workers and to increase their motivation, participation and productivity. Finally, in the informal sector, which is sizeable in many EU countries, formal regulations apply only to a limited extent while informal rules and customs play a prominent role.

Thirdly, flexibility and security are not exclusively the outcomes of specific flexicurity arrangements but depend to an important extent on institutional arenas and processes that are outside their scope. These include role played by families and communitarian mechanism of regulation, but also functioning of financial markets, changes in international competition, the employment-creating capacity of national and local economies, the functioning of the production system, etc. (Crouch and Keune, 2009; Schmid, 2008). For the example, the regulation of financial market has a strong impact on income or job security. Crouch (2008) showed how the growth of credit markets since the 1980s offered financial security for poor and middle-income groups, sustaining their capability to consume through the expansion of forms of credit for individuals like credit cards or mortgages. These arrangements, captured under the term 'privatised Keynesianism', explain how moderately paid workers in Anglo-Saxon economies, who have very limited job security and have seen their wages close to stagnate for several years, maintained consumer confidence until recently (Crouch 2008, p. 481). It also helped creating and maintaining jobs in construction, consumer goods and services. In other words, this model offered the economic security in terms of possibilities to consume independent from labour market regulation and welfare provision, and employment security by creating demand for labour. This model of privatised Keynesianism collapsed first of all because of the malfunctioning of financial markets; however, this collapse has had profound effects on the security of working people.

A number of other examples can be given, including macro-economic policies (key for income security and job creation), the international competitiveness of firms (crucial for job creation), education (a key issue for functional flexibility and employment security), the family (key in providing income security in Southern countries), etc. All these issues play an important role in determining flexibility and security but are rarely included in the flexicurity approach. However, to properly understand the sources and levels of flexibility and security, they need to be accounted for. Indeed, all the above observations point towards the need for a more complex and expanded approach towards the analysis of flexibility and security that takes into account more elements of national models of capitalism and their place in the global economy.

Conclusions.

Flexicurity has become a core concept in both academia and politics. However, as we have argued in this paper, it suffers from a number of serious shortcomings. We focused our attention on four main problems: (i) the ambiguity of the concept; (ii) the failure to problematise the creation of institutional complementarities; (iii) the difficulty of achieving win-win solutions; and (iv) its reductionist view of the sources of flexibility and security. The analysis of these shortcomings brings to light severe limits to flexicurity's academic soundness and political usefulness. At the same time this analysis can be used to strengthen the study of the nexus between flexibility and security. This in itself can be a positive addition to the set of innovative approaches towards the study of the labour market and the welfare state that has emerged in the last decade or so and which includes, among others, the transitional labour market approach (Schmid and Gazier, 2002), the capabilities approach (e.g. Salais and Villeneuve, 2004) and the governance of uncertainties approach (Crouch, 2009). More in particular, our analysis leads to a series of proposals for the improvement of the flexicurity approach.

The first is to be more explicit in the definition of flexicurity. On the one hand, a differentiation should be made between an analytical and a programmatic definition of flexicurity (Wilthagen, 2005). In analytical terms the flexicurity approach can be presented as an instrument to map the state of play in a specific case by describing the occurrence and weight of the various types of flexibility and security and by disentangling their interplay. In programmatic terms, more clarity is required to reduce the ambivalence of the concept and to allow for a higher-quality policy debate. This requires that the ambitions of the flexicurity approach are downscaled and that its use as a guiding principle for the reform of any type of labour market situation, which than can take a very wide range of concrete manifestations, should be abandoned. Instead, it should be posed much more concretely as a labour market model in which certain concretely identified forms and combinations of flexibility and security are considered as superior than others. For example, it may be defined as a strategy that promotes increased external flexibility (to be achieved by lowering dismissal protection and encouraging the use of flexible contracts) in combination with increased employment and income security (through increasing training, matching services, unemployment benefits entitlements, and others). And such a definition should also include at least some indication of what are seen as appropriate or minimum levels of its various elements, which can then serve as goals. Other definitions are possible as well and it is not up to the present paper to take a stance on this. What we want to stress is the need to be more explicit about what we mean when using the concept of flexicurity in a programmatic sense.

The second suggestion concerns the importance of approaching national cases as heterogeneous cases which contain significant within-country differences. We showed how national institutional arrangements result in very different flexibility and security outcomes for different social groups, regions or sectors. Whereas this is a quite obvious point, it is often ignored in the flexicurity approach. Hence, this heterogeneity should be explicitly incorporated into the flexicurity approach, both to provide more precise and detailed analytical descriptions of national models and to better consider the impact of policy interventions. Heterogeneity also concerns to the often contrasting interests that social groups have and the difficulty to reach win-win solutions. Here it seems more appropriate to abandon the unrealistc concept of win-win solutions and to rather use concepts like on negotiated reforms or balanced trade-offs.

Thirdly, the flexicurity approach needs to pay more attention to governance and policy coordination. This is particularly important because of its emphasis on complementarities as a key dimension of flexicurity. In analytical terms, the study of mechanisms of policy coordination can shed more light on the emergence and functioning of complementarities in flexicurity practices, and their persistence or disappearance over time. In programmatic terms, as we have argued in this paper, the creation and maintenance over time of complementarities cannot be left to the market nor can it be solved with general references to the importance of the social partners.

Fourthly, to give a more comprehensive account of the sources of flexibility and security in European society the flexicurity approach should extend its scope to other factors that influence flexibility and security as well as the relationship between the two. Where labour market institutions are concerned this includes, for example, collective bargaining practices or company policies. Examples of research aiming to include these factors are slowly emerging but are still exception rather than common practice. In addition, taking into account factors further away from the labour market, like the functioning of financial markets, the characteristics of production systems, and the like can lead to a more complete account and understanding of flexibility and security and their interaction.

In our view, these four proposals may significantly strengthen the flexicurity approach and help to overcome some of its major weaknesses.

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