

Flexicurity – It takes three to tango



When formulating its aims for a European employment strategy, Europe faced a dilemma: how to create more and better jobs in the face of global competition while maintaining and promoting social cohesion. The concept of flexicurity, pioneered in some Member States, offered a possible solution. This approach gives employers more flexibility in reacting to market changes – by hiring or firing more easily or using temporary contracts and outsourcing. At the same time it provides some degree of security for workers, such as social security benefits that do not substantially reduce their income. Flexicurity also emphasises the need for incentives to allow for a smooth transition between work and non-working life, such as paid parental leave, part-time work and care facilities for children and older family members. As part of the flexicurity approach, workers are encouraged to engage in a process of lifelong learning to keep their skills updated and to increase their employability. ‘Protecting the income, not the job’ was one slogan coined to describe the impact on workers. This approach has the potential to substantially enhance the competitiveness of the European economy and create more employment.

It is not surprising, therefore, that the European Commission addressed the issue in its communication, *Towards common principles of flexicurity: More and better jobs through flexibility and security*. The communication calls for ‘policies that address simultaneously the flexibility of labour markets, work organisation and labour relations, and security – employment security and social security’.

The Commission identifies four basic components of flexicurity:

- **Flexible and reliable contractual arrangements**
- **Comprehensive lifelong learning**
- **Effective active labour market policies (ALMP)**
- **Modern social security systems**

Trusting the system

Adopting a flexicurity approach can have an impact on a wide range of policy domains and requires rethinking from all three parties involved: employers, workers and governments.

For the flexicurity approach to work there has to be trust. Employers want to be able to react more quickly to economic developments by using a range of flexible employment practices. If workers are to give up their job security, they have to feel secure about being able to find a new job, about not losing out financially and about employment alternatives. In order for this to happen, training and upskilling play an important role, as they allow workers to maintain their employability. Social security systems should provide adequate income support to encourage employment and facilitate labour market mobility as well as offering measures that help people combine work with private and family responsibilities such as childcare, eldercare and further education. Flexicurity can also benefit workers who might opt for different forms of employment and working time arrangements over their life course.

Can we all go Danish or Dutch?

Denmark and the Netherlands are the two Member States that pioneered flexicurity. The cornerstone of the Danish system is easy transition between different employment contracts. Its approach includes a very strong emphasis on lifelong learning, offering Danes the opportunity to retrain constantly, in a wide variety of areas, at all skill levels. There is a heavy reliance on government investment in both active labour market policies and generous social security systems, as well as close and ongoing dialogue between social partners, to create an atmosphere of trust.

The Dutch model is based on building up and recognising extensive social rights for non-standard forms of employment in the workplace, including part-time work and temporary contracts. These forms of employment are now a common feature of the Dutch labour market. So can the Danish and Dutch models just be copied?

Evidence seems to suggest that it is not that simple. The widening of the flexicurity concept by the Commission Communication to take into account the EU as a whole has led to less coherence in the reference framework. National approaches differ strongly and there is little convergence, primarily due to differences in the culture of social dialogue and the structure of social security systems. If flexicurity is to be more firmly established, social dialogue is likely to be the ‘common pathway’, as it allows for the balancing of different interests.



What does it mean for work?

Flexibility covers many different aspects of work organisation, ranging from numerical flexibility (e.g. temporary contracts, overtime, part-time work, irregular working times), functional flexibility (e.g. task and job rotation), outsourcing, and wage flexibility. Flexibility is also used more and more in working time arrangements. It is important to make the point that some forms of flexibility tend to favour the enterprise (e.g. unusual working hours, overtime, temporary contracts), while others tend to favour workers (long-term leave for child or eldercare). There are also some forms, such as part-time work and flexible working times, that can in principle be advantageous to both parties. There are strong national variations as to which types of flexibility are most prevalent, highlighting the diversity of European practice. Research also suggests that there is some evidence to show that in terms of economic success, it is the type of flexibility that matters rather than the degree.

Flexicurity and the family

Although the issue of flexicurity mainly concerns the relationship between employers and workers, it has obvious repercussions on the household of each individual worker. Only if there is a security system in place that allows for the combination of working life and family obligations, such as childcare and eldercare, can flexibility in the workplace be considered. The challenge for the EU lies in ensuring that these more de-standardised life-course working arrangements can be supported by the relevant institutions. Social security systems have to be adapted to include frameworks for flexible working time options, including career breaks and changes in status.

It remains a challenge to ensure that the necessary security is provided to take into account these new ways of organising time during the life course. This would benefit not only workers, men and women and their families, but also companies and society.

Who loses out?

Flexicurity implies that there is upward mobility for workers. If you lose your job or have opted for a break in working life, there should be provisions in place to allow you to find a new job or to acquire the necessary skills to do so. But research from Eurofound's *European Working Conditions Survey* (EWCS) shows that there are some groups of workers who are more vulnerable than others when exposed to higher levels of flexibility.

Age, job tenure and level of education seem to be the main factors in determining how flexibility affects workers. Well-educated older workers with job tenure of up to 20 years appear to be in a better position than younger workers with

The question is whether short-term temporary jobs are a first step towards permanent employment or whether for some workers, and more particularly lower qualified workers, there is a risk of being trapped repeatedly into taking up temporary jobs.

lower levels of education. Temporary employment contracts of short duration can have two potentially opposite effects. They can increase overall efficiency by creating a better match between the needs of companies and workers. However, at the same time, they can discourage both employers and individual workers to invest in human capital, thus potentially reducing productivity.

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

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