



BUSINESSEUROPE



THE ROLE OF SOCIAL PARTNERS
IN THE DEVELOPMENT AND IMPLEMENTATION OF
FLEXIBILITY AND SECURITY IN CONTEMPORARY LABOUR MARKETS

CLUSTER 4 SEMINAR THE HAGUE 8 FEBRUARY 2011

SEMINAR NOTES

Organisation and programme

The fourth country cluster on flexicurity in the joint European level social partners' project, "The implementation of flexicurity and the role of social partners" took place in The Hague, Netherlands on 8th February 2011. It was attended by European social partners, experts and social partners' representatives from the following countries: Bulgaria, Netherlands, Slovakia, Slovenia, Spain and the United Kingdom.

An attendance list is attached as appendix one.

Presentation of the questionnaire survey results was done by A. Kwiatkiewicz. The coordinator of the expert team, E. Voss presented comparative results of the 7 national fiches of cluster 4.

National cases presented by social partners:

- **The Netherlands** – presentation by Vanessa Roelse (Ministerie BZK) and Gertjan Tommel (Trade Union ACOP FNV)
- **Spain** – presentation by Hector Torres Laguna (CEP) and Ana Hermoso Canoura (CC.OO)
- **Slovenia** – presentation by Goran Lukic (ZSSS) and statement by Anže Hiršl (ZDS)

Presentations are attached to these notes and available on the EU Social Partners resource centres websites¹.

Seminar Notes

Welcome and information on the project by the European Social Partner

After a brief welcome statement of Mr *Jaap Uijlenbroek* of the Dutch Ministry of the Interior and Kingdom Relations that kindly had offered to host this fourth cluster seminar (although various elements of his introductory speech were questioned by a representative of FNV, including the appropriateness to have such a SP seminar opened by a public authority).

Cinzia Sechi (ETUC) and Maxime Cerutti (BUSINESSEUROPE) on behalf of the European social partners welcomed the participants, presented the background of the project in the context of the EU social partners' work programme 2009 – 2011 and its main purposes and methodology (survey, interviews, national fiches, cluster seminars, final conference).

¹ <http://www.resourcecentre.etuc.org/> & <http://www.erc-online.eu>



It was highlighted by the European social partners that learning from each other and the exchange of knowledge and experiences in regard to flexicurity practice in the countries represented at the seminar were the main purposes of the day. They welcomed in particular that three national cases were prepared for the seminar.

Further goals of the seminar: look at solutions, practice, analyse how flexicurity may be implemented for the benefit of both sides.

The EU SPs invited the participants in particular to:

- Discuss flexicurity from different national perspectives and learn about national experience and policies.
- Learn more about the role of social partners in national reform processes and flexicurity orientated policies.
- Comment on the draft country fiches that were sent prior to the country cluster in order to improve the quality of the research and the final version of country fiches.

Comparative results of the EU Social Partners' survey and results of the discussion

After the introduction round, Mrs Anna Kwiatkiewicz on behalf of the expert team presented the comparative results of the survey conducted amongst national member organisations in spring 2010 (the presentation is attached in the annex).

The expert highlighted that the survey was an important, preliminary step that contributed positively to the preparation of national fiches. In particular the answers given to the open questions of the survey were very useful. Also the relative high number of cases of good practice reported in the replies was stressed as a positive outcome.

A discussion after the presentation of the survey results followed with comments made by national trade unions:

- A Dutch trade unions representative stressed the differences in opinions between employers and TUs and the differences between countries, especially in the context of the crisis. A member of the study's expert team explained that the presentation took not into account the national specificities in opinion and present a general picture
- Trade union participants expressed the opinion that the overall picture presented in the survey results seems to be more positive and consensual than the reality is. There are a lot of critical views on flexicurity that are not reflected in the overall survey results. As the situation of the Netherlands demonstrates social partners have very divergent views on the matter.

Flexibility and security in recent labour market and social policy reforms: state of play of the implementation of the common principles – comparative results of the analysis Part A

The coordinator of the expert team, Eckhard Voss presented results of the comparative analysis of the cluster countries focussing in Part A on the issues of flexible and reliable contractual arrangements, greater internal and external flexicurity (the presentation is attached in the annex or).

National case presentation and discussion

The Netherlands

For the Dutch social partners delivered a joint presentation on the joint project in the Dutch public sector, "*The great exodus*". Though not focussed explicitly on flexicurity, the joint project exemplifies a good practice case with regard to both flexibility and security in the Dutch labour market (or rather

the public sector). The project has developed a number of activities in order to better cope with major challenges (demographic change, financial constraints, changing citizens' demands, professional transition and mobility). The main project partners are the Ministry, sector employers and the trade unions.

Highlights of the presentation and discussion:

- Partners in the project: Ministry, sector employers and TUs.
- Method: scenario analysis.
- Supporting material: survey among public service employees, interviews with experts, scholar's ("wise men") essays.
- Participant of Dutch unions: the national fiche on the Netherlands gives a more positive outlook of the Dutch economic reality than we think. The Flexicurity Act 1999 is not interpreted in the correct way. : the Act addressed to a growing group of flexible workers (12-14% at that time). Companies need flexibility, but there is also a need to improve the security position of flex workers – in 1999 their share in employment was between 12-14% and today it is around 34%. The problems of flexible work in an insecure environment during the last decade has rather increased than decreased.
- The Dutch employers highlighted the fact that it is important to encourage internal flexicurity, commensurate with issues related to the public sector.

Spain

Following the discussion of the Dutch case, Mr Torres Laguna of CEP presented an overview of "Flexibility and Security in the context of crisis and recovery in Spain". The presentation highlighted the structural problems and challenges the Spanish economy and labour market is facing that the moment, e.g. the high budget deficit, a low productivity of the economy, problems in the field of adaptability and labour market legislation and organisation (e.g. the duality of the labour market between permanent jobs on the one hand and temporary jobs and other types of flexible jobs on the other. He also presented the recent reform acts that aim at reducing the labour market duality and increasing the potentials of internal flexibility (Law 35/2010) and the social security reform Act of 2nd February 2011.

In commenting on this presentation, representatives of the Spanish trade unions stressed that the opinion on external flexicurity/rigidity of the labour legislation on permanent jobs between social partner differ. There is also a need to improve and create a sufficient standard of social security in Spain – poverty is increasing, the economic stability has decreased, unemployment has increased rapidly and immediate measures should be taken to increase the situation of young people on the labour market.

Highlights of the presentations and discussion:

- Spanish trade union representatives highlighted inaccuracies with regard to the characterization of trade union structures and their political orientation – the author Eckhard Voss apologized for these mistakes and assured that the report will be revised after the seminar
- With view on the report on Spain, the Spanish UEAPME member made the remark that the situation of SMEs has not been covered so far and stressed that in particular the needs of small companies should be addressed in the report, e.g. the difficulty to create permanent jobs, the relatively long notice period etc. It was also stressed that the Spanish PES too much is focusing on the unemployed and doesn't address more preventive issues, especially in SMEs. Furthermore the challenges in the field of CVT and LLL from the perspective of SMEs were highlighted (financing, supply not matching demands etc.)

Flexibility and security in recent labour market and social policy reforms: state of play of the implementation of the common principles – comparative results of the analysis Part B

After the presentation and discussion of the Dutch and Spanish cases, Eckhard Voss presented results of the comparative analysis of the cluster countries focussing in Part B on the issues of supportive social security systems, gender equality, cost effective allocation of resources and flexibility and security in the context of crisis and recovery (the presentation is attached in the annex).

Highlights of the presentation and discussion

- A Bulgarian participant raised questions and made a number of comments in regard to temporary agency work and temporary contracts. He also highlighted the fact that in Bulgaria there are today more than 40 different options for the employer to limit the duration of an employment contract or cancel it – external flexibility therefore is already rather high
- At the same time the development of internal flexibility in Bulgaria is still rather weak; also there are needs in the field of LLL and CVT
- A UK participant made comments on the UK fiche: It is not easy to hire and fire people in the UK public sector (notice period up to 30 weeks depending of the length of employment). Extreme case: 104 weeks of compensation.
- The fiche is also a bit inaccurate in regard to labour market regulation in the UK – the regulation is not as weak as described and the equality situation regarding different types of contracts is fairly given.
- The UK fiches needs also a revision with regard to schemes and Government initiatives described in the report that have been canceled in the meantime

Flexibility and security in recent labour market and social policy reforms: State of play of the implementation of the common principles – comparative results of the analysis Part C

The discussion was followed by a brief presentation delivered again by Eckhard Voss summarizing results of the comparative analysis of the cluster countries focussing in Part C on the role of social partners and social dialogue in the implementation of the common principles of flexicurity (the presentation is attached in the annex).

Highlights of the presentation and discussion

- Dutch unions stressed the fact that there is quite a worrying situation in regard to social dialogue in different member states, e.g. Greece - it blurs the vision of the SD at the EU level
- Flexicurity seems to be presented as one fits all solutions, it is not even questioned whether it is needed at the given country level.
- In the Dutch context: social dialogue is quite important in the Netherlands, but the situation is worsening. Moreover, the Dutch employers stressed that it is important to remain competitive and to keep in mind that issue especially after the crisis.
- Spanish trade unions: social dialogue has developed quite positive but against the current crisis situation and the recent austerity reforms it is at the crossroads.
- Employer representatives stressed the overall aim of flexicurity – the creation of jobs and economic dynamism.

National case presentation and discussion

Slovenia

Goran Lukic from the trade union federation ZSSS presented an assessment of the state of flexibility and security in Slovenia. The presentation was followed by comments from the representative of the employer federation ZDS, Anže Hiršl.

Highlights of the presentation and discussion

- Lukic: “We are now living in an area of flexicurity”
- Flexicurity is not only related to external flexibility. But this focus clearly is determining the discussion in Slovenia – 8 out of 10 job in Slovenia are temporary contracts
- Challenges: coverage of young people by unemployment benefits, making training a priority (e.g. “extra bonus for training”, individual employability, mobility)
- Hiršl : social dialogue in too many areas is just a formal exercise without real substance and influence. Unemployment is a major challenge : 2008 - 66,000 ; 2010 – 105,000 and 2011 : 120,000. In this context, there is little flexibility in hiring and dismissing, EPL is stricter than in Germany and there is a low working time flexibility. The Slovenian government should be more active in regard to flexicurity. It is not taking the lead.
- Situation changed after the crisis: until 2009 social dialogue council played an important role, there was a broad consensus on major needs in regard to labour market modernisation. The crisis and the new government brought significant change.
- In Slovenia a balanced approach to flexicurity does not exist. Flexicurity and its main parameters will be addressed in the new amendment of the labour law. Flexicurity should encompass four pillars: internal flexicurity, employment of young people, LLL, elderly workforce.
- The government should act on the initiatives of employers and TUs organizations so it can be put into practice. Otherwise it is impossible to implement flexicurity - that would not be sustainable and reasonable. However, the dialogue continues on a bipartite basis.
- Comments from Slovakia: similar problems and challenges as in Slovenia in regard to social dialogue and the lack of a clear national pathway of flexicurity
- Slovak SPs will send comments on the national fiche
- UK participants: Employers and TUs are talking about many of the topics/principles that correspond to flexicurity though not explicitly referring to flexicurity as this dialogue is not maintained at the national level.
- The UK model was developed by collective bargaining , not by labour law. Lots of legislation was adopted after joining the EU in 1973.

Strengths, weaknesses and challenges – the way forward

Eckhard Voss on behalf of the expert team summarized the debates and presentations at the seminar, highlighting major strengths and weaknesses as well as challenges and problems in regard to the flexicurity concept as arising from the discussions and comments of the day:

- *Strengths*: integrated approach, addressing the right issues and challenges of the labour market, focus on internal flexicurity, concept of transitional labour markets and employment security, idea of “change security” and/or “secure professional pathways”, active and strong social partners’ involvement and social dialogue based approach

- *Weaknesses:* imbalances in the implementation of flexibility and security (focus on external flexibility), financial constraints hinder the development of a sufficient standards of social security, burden of “inherited systems”, segregation and dual labour markets/inequalities of different contractual statuses
- *Challenges/problems:* financial sustainability, too low employment rates, high youth unemployment rates, transition from job to employment security, lack of joint understanding and common solutions, equal access to security, mobility, insider-outsider distinction, weak social dialogue, social partners are left alone by governments, portability of social rights
- *Other comments:* “It takes three to tango” – stressed by the DK SPs, also the NL SPs. When SPs are strong and play a real role – easier to reflect how specific initiatives can be developed and eventually implemented. Flexicurity promises balance b/n different elements, i.e. stability and mobility. Challenge to find a fair trade off and balance. Flexicurity is not working as some undermining elements do not work, i.e. social dialogue, social security, ALMP

Closing round table and comments by the European social partners

The representatives of the European social partners (BUSIENSSEUROPE, ETUC and UEAPME²) summarized the presentations and debates of the two days and drew some initial conclusions.

J. Bir, ETUC:

- Last cluster seminar of exchange, reflecting on flexicurity and current practice
- There is no one way to do things – tailor-made solutions for each MS
- Definition of flexicurity: the use of the concept can be different; TUs are afraid about potential easier dismissals forms and growth of precarious employment; avoiding oversimplification of the concept, it is false that there is only security for workers and flexibility for employers;
- Key principles: labour market reforms – new challenges such as creation of more and better jobs, creating friendly policies to reconcile work and private life, promotion of LLL,
- The role of social partners: importance of social dialogue in this area – they have a key role to play and should be at the heart of the process.

L. Volozinskis, UEAPME:

- After this series of seminars we better understand why flexicurity is such a sensitive topic in the national MS – it touches upon core issues for the LM and social dialogue;
- In different MS Flexicurity-related measures implemented in the patchy way and not called flexicurity – it limits the opportunity to grasp the full Flexicurity potential;
- Flexicurity is not an end per se but a tool to support structural reforms of the LM;
- Not sufficient to have a good bipartite SD, the effective tripartite SD also needed, also should be effective at the sectoral and company level
- For SMEs needed at the regional level

² The representative of CEEP, Mr Persson unfortunately had to leave earlier due to important other duties and was not able to attend the final round table.

- Each of the MS need to find its own model and flexicurity pathways;
- Flexicurity should adapt – it is not a forever defined and not a static concept;
- Flexicurity is also about competitiveness, growth and creation of new jobs – the tool to boost the EU economy;
- SMEs: how to make flexicurity working for small businesses, certainly deserves more reflection, flexibility in CAs is needed.

M. Cerutti, BUSINESSEUROPE:

- Is the labour legislation reflecting needs of both companies and workers?
- Actually, labour law will not create employment - we cannot rely on law regulations for that and we must design more win-win solutions;
- One critical aspect is the the level of employment protection regulation - difference in this will result in high/low LM segmentation;
- It is stressed that when there is an agreement between SPs, the influence on the government can be exercised;
- Moreover, many of the policies assessed as not sufficient, and this important to have preconditions in order to go further;
- Importance of wages for both sides – there are systems based on inflation not that many, but employers perceive them as adding rigidity and away from companies performances;
- The crisis is questioning both short- and long-term initiatives, and highlights structural problems; in this context, labour market policies need to respond for the needs of both insiders and outsiders.
- During the crisis investment in the skills of employees was very high. This highlighted the importance of skills for both employers and employees;
- Learning from each other is very important and we need to create a climate of trust in order to find solutions.

A. Persson, CEEP:

- The seminar had provided both interesting and fruitful discussions;
- Stressed that countries have different labour market systems both in terms of flexibility and security arrangements – no singular approach on how to implement flexicurity;
- SPs and SD crucial for a successful implementation of the flexicurity concept. However, external dimension of flexicurity depends on the position of the governments to issues such as labour law and the design and administration of social protection systems;
- Appreciated much discussion about the public sector during the seminar. Public employers have a key role to play in making a reality of flexicurity.

ANNEX:

- 1) Attendance list for the country cluster
- 2) Presentation by Anna Kwiatkiewicz on the summary of survey results
- 3) Presentation by Eckhard Voss on comparative results of the national analysis (Part A, B and C)
- 4) Presentation by Vanessa Roelse (Ministry of Interior and Kingdom Relations) and Gertjan Tommel (Trade union ACOP FNV), The Netherlands
- 5) Presentation by Héctor Torres Laguna (CEP), Spain
- 6) Paper prepared and presented by Ana Hermoso Coanuro (CC.OO), Spain
- 7) Presentation by Goran Lukic (ZSSS), Slovenia