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## **Flexicurity in the Current Economic and Social Context**

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**Abstract:** The flexicurity concept - an abbreviation between flexibility and security - appeared in the early 90s, being used for the first time by the Danish Prime Minister Poul Nyrum Rasmussen. The concept refers to a social state model that promotes a pro-active policy in the labour domain and the access to employment. Flexicurity can be defined as a strategy integrated by the simultaneous consolidation of flexibility and security on the labour market. According to the definition given by the European Commission, which establishes the guidelines and “paths” typical for the Member States in order to develop their own strategies in the field, flexicurity is an integrated strategy of simultaneous strengthening of flexibility and security on labour market. This concept arose as a result of socio-economic changes registered in the last decades in Europe: globalization and European integration, development of new technologies, the demographic aging of European society, the segmented development of labour markets.

**Keywords:** flexicurity; social security; labour market

The concept of flexicurity comprises a series of considerations regarding different social systems and their ability to meet the current challenges that our society and economy are facing, at European and Member State level. Globalization is one of the main factors of context supporting this desire to increase labour market flexibility, without jeopardizing at the same time the security of workers. Other factors include the demographic challenge represented by a rapidly aging society and the increase of feminising the workforce.

The pressures of these factors require adapting the economic and social system. Demographic change means that Europe will have to counteract the economic pressures intensified with a stable or declining population with legal age to work. This implies the need to increase employment rates and also to encourage a climate in which people can combine work and family life. (Avram & Avram, 2010, pp. 375-381)

Although the European social model is characterized by a diversity of national social systems, there can be identified at the same time more common values that define the model: universal access, solidarity and equality / social justice. These common elements have contributed to the development

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of a modern welfare state whose original objective was mitigating the negative consequences of industrialization.

The extent and form of flexicurity that is applied in labour markets are determined mostly by governments and employers, through national policies and internal policies of companies. There are different ways that a company can become more flexible: quantitative/qualitative flexibility and internal/external flexibility. In practice, companies use a combination of different forms. Labour legislation in all Member States has evolved in this issue. The flexicurity term has appeared even in the context of discussing the associated risks and changes within the society.

In Denmark, for example, the social partners have supported flexicurity, considering that it has a positive impact on overall employment. In the Danish example it is considered that flexicurity combines the need for flexibility and security in a manner acceptable for all parties involved in the negotiation of collective contracts and labour market policy<sup>1</sup>, as they become involved in its development.

The Dutch system tries to incorporate this idea by providing more social protection rights for the non-standard workers (especially part-time workers, and workers on temporary contracts) and by improving their rights (social security, pension, etc.) in order to reach levels comparable to those of workers with permanent contracts in the labour market. Other countries have similar patterns and they take into consideration the increase of rights of the “atypical workers” (the fixed-term contracts, temporary contracts, part-time contracts) in those states.

Flexicurity is also a policy approach that attempts to combine flexibility of labour markets to the benefit of employers and job security to the employees’ benefit. Thus, for example, the Danish flexicurity model, which is often cited, combines a protection legislation of casual employment, with income protection for unemployed people and high levels of expenses for the active policies of the labour market. (Avram, 2008)

At the moment, there are taken into account different formulas at national level. A first approach is the flexibility of the entire workforce. This includes the 80% of workers who are employed in traditional forms of employment, permanent work or with “typical contracts”. There are two main ways of implementing this flexibility: through new ways of organizing work or through new ways of working time programming. At the same time, they must be complemented by some form of employment security. (Boeri, Conde-Ruiz & Galasso, 2007)

The option on some form of flexicurity is mainly related to the historical development of labour markets, collective contracts and the role of governments in these contracts and the basic considerations of public policy in the field of employment and social protection<sup>2</sup>. Policy development depends very much on the national traditions and the country’s ability to generate resources for paying for the chosen solutions.

Specifically, the application of flexicurity measures means that in a labour market increasingly dynamic, the needs of employers for flexibility and the employees’ needs for their job security will be satisfied at the same time. Therefore, the latter will accept to change their working hours, in exchange for ensuring that they will not spend too much time in unemployment.

With the implementation of the Lisbon Strategy and the 2020 Strategy, flexicurity has become a key element of European policy for the right to work.

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<sup>1</sup> [http://ec.europa.eu/employment\\_social/labour\\_law/publications\\_en.htm](http://ec.europa.eu/employment_social/labour_law/publications_en.htm).

<sup>2</sup> <http://eurofound.europa.eu/eiro/2006/05/articles/es0605019i.html>

The implementation of this concept is based on four pillars of European policy:

1. flexible and reliable contractual arrangements;
2. lifelong learning strategies as completely as possible;
3. active and effective policies in labour domain;
4. modern social security systems.

These principles are applied by the Member States on the principle of progressive implementation starting from the initial situation of each state in area.

The flexibility has certain features:

- it allows all citizens to adapt to transition periods of life (from school to work, from one job to another, between unemployment or professional inactivity and work and from work to retirement);
- it comprises the organisation of work so as to suit the needs in terms of production and skills;
- it creates a balance between work and personal life.

The security has certain features as well:

- equipping with the skills necessary to advance in their career or obtain new jobs;
- providing adequate unemployment benefits in order to facilitate the transition periods;
- increasing opportunities for all workers, especially for those who risk being excluded from the labour market, such as those with few skills or those of age.

Flexibility and security should not be seen as opposites, but complementary. Flexibility refers on the one hand to the successful transition from school to work, from one job to another, from unemployment and inactivity to employment, from the active life to retirement<sup>1</sup>.

Flexibility requires the flexible organization of work within the organization so that employees can easily combine the responsibilities of professional and family life and to be able to constantly improve the skills within a flexible working schedule.

Security refers not only to job security, but also to “employment security” - developing the capacity to remain committed, but not necessarily in the same job, by providing training to the continuous updating of skills and valuing the employers’ talents, providing at the same time adequate benefits during unemployment.

### **The Flexibility of Forms and Working Hours**

The flexibility of forms and working hours may include however various forms of part-time; job sharing; bank hours; subsequent generous management practices during periods of illness; flexible scheduling during summer holidays; teleworking; the possibility of working from home several days a week; Friday afternoon off in summer or during the holidays.

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<sup>1</sup> Riedmann A., Bielenski H., T. and Wagner A. Szczurowska, Working time and work-life balance in European companies (working time and the balance between work and private life in European companies), European Foundation for the Improvement of Living and Working Conditions, Office for official Publications, Luxembourg, 2006, available at <http://www.eurofound.europa.eu/publications/htmlfiles/ef0627.htm>.

### **Labour Market Flexibility**

This concept refers to the speed at which the labour market succeeds in adapting to the changes that could reach the society, economy or production. For a long time, the only available definition for this concept was a neo-liberal provenance, which assumed that the institutions correlated to it could allow the labour market to attain a certain equilibrium determined by the intersection between supply and demand. In addition to the the flexibility of the company towards the demand or to own production cycles, this concept refers also to employee's flexibility in relation to the taken job.

Moreover, this new dimension of flexibility is seen in terms of balancing professional and personal life. Moreover, the companies adapt their needs on the labour market based on their business cycles, so the workers adapt their labour needs according to their personal life.

### **Flexicurity and Gender Policies**

Despite the increased publications on flexicurity, quite a few of them address the relation between flexicurity and gender issues. However, the gender equality is one of the points included in the document "Common Principles on Flexicurity" (EC 2007). It is missing or it is not included systematically when it comes to discussing some initiatives or their implementation<sup>1</sup>. However, gender should be considered, if it is really desired for the policies of flexicuritary type to be consistent with gender mainstreaming.<sup>2</sup>

Principle number 6 of the quoted document states that "flexicurity should support gender equality by promoting equal access to quality jobs for both women and men. In addition, there should be taken into consideration the measures allowing the reconciliation of private life, family and job."

Of course, apart from issues of reconciliation, other aspects are equally important in terms of gender mainstreaming and flexicurity. Among them we can mention the access to independent sources of income, associated with reduced working schedules and avoiding issues of segregation type at work (both horizontal and vertical). Therefore, an egalitarian approach in terms of gender policies in the flexicuritary domain should assess the gender impact of all analyzes and legislative proposals in the flexicurity field.

According to some researchers (Rubery, *The National Reform Programme and the gender aspects of the European Employment Strategy*, 2006), "Gender mainstreaming of policies of promoting flexicurity and safety at work should recognize the tension between these objectives and the crucial role of genre in terms of employment market. A gender perspective on issues related to flexicurity could help avoid the risk of segregation of the labour market. In addition, a gender approach of policies in this area could lead to the recognition of the role of these issues in the inequalities that could be created when it comes to working hours.

Numerical or contractual flexibility consists in the use of temporary contracts concluded by enterprises in order to benefit from a more flexible workforce. The most common forms of temporary contracts are fixed-term contracts (including seasonal work), temporary work (including temporary work through agencies) and casual labour.

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<sup>1</sup> Wilthagen T., "Dutch flexicurity Policies: normalization of atypical work" (Dutch flexicurity policies: the standardization of atypical work), paper presented at the seminar series *Eurofound flexicurity and the employability of a job*, European Foundation for the Improvement of Living and Working Conditions, Dublin, May 2006, available [http://eurofound.europa.eu/docs/events/fss/060522/Wilthagen\\_](http://eurofound.europa.eu/docs/events/fss/060522/Wilthagen_).

<sup>2</sup> <http://eurofound.europa.eu/eiro/2006/05/articles/es0605019i.html>.

Following the temporal or financial flexibility, companies can benefit from greater levels of flexibility through more flexible arrangements of working time or remuneration. These may include, for example, overtime, part-time work, weekend work, irregular or variable hours. The different forms of working time arrangements can be grouped according to whom has the initiative, the employers or employees. Some schemes are included in both categories and the effect of economic cycles may reverse this categorization. One aspect that may be favourable to one party during a period of economic growth may be less advantageous during times of recession. Similarly, what appears to be a right may become a risk.<sup>1</sup> Part-time work, flexible working hours, gradual retirement and early retirement can be beneficial to both enterprises and employees. (Avram & Avram, 2011, pp. 178-186)

Unusual working hours (night shifts, work on Saturdays or Sundays or working in shifts in general), overtime and temporary employment (including fixed-term contracts, employment through temporary working agencies and activity as independent) are generally adopted at the request of the employer, while parental leave and other types of leave (medical, for studies, sabbatical years) and records of working time are generally required by the employee. Records of annual working time can be achieved either at the employer or the employee's request, but it is often associated with fluctuations in workload and business cycle variations.

Functional flexibility consists of forms of organizing the work such as staff working by turns, the polyvalence of tasks, and involvement of workers in planning or in establishing the budget (team autonomy).

These forms of work organization aimed primarily at work flexibility within the company, allowing workers to change their workstations according to their needs (job rotation). However, this can also lead to more skills development, in the sense that workers can update their skills in a way that it is beneficial for them and for the enterprise<sup>2</sup>. This would lead to the increase of job security and employment security. Workers should be allowed to perform several tasks in their workplace and in the company (which increases their job security) and it would thus increase their ability to be employed, in terms of finding another place work (within the company or outside it).

On 10 June 2008, the International Labour Organization unanimously adopted the ILO Declaration on Social Justice for a Fair Globalization. It is the third major statement of principles and policies adopted by the International Labour Conference of the ILO Constitution by 1919. It is based on the 1944 Declaration of Philadelphia and the ILO Declaration on Fundamental Principles and Rights labour in 1998. The 2008 Declaration is the expression of the contemporary vision of OIM mission in the age of globalization.

The statement comes at a crucial political moment, reflecting the broad consensus on the need to grant a strong social dimension of globalization so that the results are better and it should be distributed more fairly among all.

It represents a beginning for promoting a fair globalization based on decent work, as well as a practical tool for accelerating the implementation of the Decent Work Agenda at the level of states. It is also a

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<sup>1</sup> Riedmann A., Bielenski H., Szczurowska T. and Wagner A., Working time and work-life balance in European companies, European Foundation for the Improvement of Living and Working Conditions, Office for Official Publications, Luxembourg, 2006, available at <http://www.eurofound.europa.eu/publications/htmlfiles/ef0627.htm>.

<sup>2</sup> Parent-Thirion A., Fernandez E., Hurley J. and Vermeylen G., Fourth European Working Conditions Survey (Fourth European survey on working conditions), European Foundation for the Improvement of Living and Working Conditions, Office for Official Publications, Luxembourg, 2007, available at <http://eurofound.europa.eu/publications/htmlfiles/ef0698.htm>

reflection of a productive vision as it highlights the importance of sustainable enterprises in creating more opportunities for employment and earning income for all.

The Declaration expresses the universality of the Decent Work Agenda: all the member states of the Organization must implement policies based on strategic objectives - employment, social protection, social dialogue and labour rights. In parallel, it emphasizes a holistic and integrated approach, recognizing that these objectives are “inextricably linked, interdependent and mutually strengthened”, and it ensures that these international labour standards fulfil their role in achieving its objectives.

The Declaration calls on the ILO to assist the members in their efforts to ensure its implementation according to national needs and circumstances. To this end, it presents a challenge for the International Labour Conference, the Board Administration and the International Labour Office, noting that “The organization should review and adapt the institutional practices in order to improve its governance and to strengthen its capabilities, in order to use in the best way the qualities of its human and financial resources and the unique advantage that it has its tripartite structure and its system of standards. Consequently, the organization and its members must mobilize all available action means, at national and international level, in order to promote the objectives of the Declaration and the implementation of commitments in the most effective and efficient possible way.”<sup>1</sup>

The Declaration provides to the Heads of State and their descendants a balanced approach that connects people and productive solutions nationally, offering equally a common platform for governance on international scale (Bogdan, 2007). It contributes to the coherence of policies in favour of sustainable development in national strategies, including the international organizations and development cooperation, bringing together the social, economic and environmental objectives. In this regard, it stresses that international and regional organizations, whose mandates are related in complex areas, can make an important contribution to the implementation of an integrated approach, inviting to the promotion of decent work.

It shows that due to commercial exchanges policy and financial markets it has repercussions on the labour, it requires for the ILO to assess these effects in order to achieve the objectives which consist of placing the work at the centre of economic policies. The declaration also calls for the development of new partnerships with non-state entities and economic actors and multinational companies or unions that operate globally in order to improve the effectiveness of programs and operational activities of the ILO.

## **Conclusion**

*The Declaration on Social Justice for a Fair Globalization* is a declaration of confidence in the ILO. It is based on the values and principles contained in the ILO Constitution and it reinforces them, allowing them to face the challenges of the 21<sup>st</sup> century.

The Declaration reflects the Organization’s confidence in the relevance of its mandate and vision, through a full decision to assume its current responsibilities. The Declaration appears in a context of widespread uncertainty in the world of labour, of the workers’ rights abuses, increased concerns during globalization and the need for international organizations to work together better in addressing these issues.

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<sup>1</sup> Parent-Thirion A., Fernandez E., Hurley J. and Vermeulen G., Fourth European Working Conditions Survey (Fourth European survey on working conditions), European Foundation for the Improvement of Living and Working Conditions, Office for Official Publications, Luxembourg, 2007, available at <http://eurofound.europa.eu/publications/htmlfiles/ef0698.htm>.

It particularly emphasizes the unique comparative advantage and legitimacy of ILO based on tripartism and on practical rich and complementary experience, acquired through its constituents - governments, employers and workers - in addressing economic and social policies that affect lives and people. It calls for the long-term strength of the working method based on social dialogue as a key element of building consensus, which is a sign of hope in a world where dialogue is nowadays so difficult to establish.

The Declaration on Social Justice for a Fair Globalization marks the most important renewal of the Organization of the Declaration of Philadelphia. The Declaration's aspirations can be achieved through an effective convergence of national and international policies that could lead to a fair globalization and an easier access to decent work for women and men all over the world, contributing to the achievement of these goals, in order to respond to the needs and hopes of individuals, families and communities worldwide.

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