

## Flexicurity as a tool for sustainable development of the labour market

Monika Grabowska

*Department of Economics and Development Studies*

*Wroclaw University of Economics*

*ul. Komandorska 118/120*

*53-345 Wroclaw, Poland*

*monika.grabowska@ue.wroc.pl*

**Abstract.** Globalisation processes, technical progress and negative trends in population changes make key developmental challenges which all businesses, with no exception, must face, no matter if they operate in local, regional, national or international areas. Thinking in categories of sustainable and stable growth requires an approach which often approves various needs of particular members of the labour market in different fields of activities. In the European Union, the *flexicurity* approach is treated as one of the basic instruments for realisation of the objectives of the Europe 2020 Strategy and adapting the European social model to the common globalisation challenges. A concept of flexicurity should be understood as "A strategy which in a synchronic and purposeful manner increases flexibility of labour markets and simultaneously increases safety of employment, especially for less privileged groups." Because the labour market is one of the basic elements of economy which decides about its efficient work, implementing flexicurity is recommended to all the EU member states.

**Received:**  
January, 2012  
**1st Revision:**  
March, 2012  
**Accepted:**  
May, 2012

**Keywords:** labour market, flexicurity, flexible forms of work, model of employment, sustainable development.

**JEL Classification:** J 22, Q 01

### INTRODUCTION

In the beginning of 21<sup>st</sup> century, the global economy witnesses dynamic transformations in the economic, social and demographic sphere. They essentially influence the national economy both seen as an entirety and as particular elements of its structure which co-create and condition effectiveness of its work. Technical progress, globalisation processes and negative trends in population changes make key developmental challenges which all businesses, with no exception, must face, no matter if they operate in local, regional, national or international areas.

Changes occurring in still more unpredictable environment, which on one hand constitute a basic source of risk for stability of labour markets and economies, on the other hand enforce taking measures to

reduce any negative impact of those processes upon economic entities by working out mechanisms and tools which can increase their adaptive skills to changes.

Models for solving labour market problems known in theory do not fully match the situation and challenges of the modern economy.

Thinking in categories of sustainable and stable growth requires an approach which often approves various needs of particular members of the labour market in different fields of activities.

Subordination of employers' interests to those of employees', or a reverse situation, though may bring short-term particular benefits for one party of an employment relation is not, as it may seem, an optimal solution in a broader perspective and long-term run. That is the spirit of flexicurity which is gaining still higher popularity in European states<sup>1</sup>.

In the European Union, the *flexicurity* approach is treated as one of the basic instruments for realisation of the objectives of the Europe 2020 Strategy and adapting the European social model to the common globalisation challenges.

The flexicurity theory has been mainly developed by Ton Wilthagen based on Dutch experiences, though the EU member states have worked out two new flexicurity models: Danish and Dutch. According to the Wilthagen's definition, flexicurity should be understood as "A strategy which in a synchronic and purposeful manner increases flexibility of labour markets and simultaneously increases safety of employment, especially for less privileged groups." Because the labour market is one of the basic elements of economy which decides about its efficient work, implementing flexicurity is recommended to all the EU member states.

## RULES OF ASPIRATION TO FLEXICURITY

Flexicurity is of high importance as a tool to counteract effects of the economic crisis. Although implementing flexicurity requires ambitious structural reforms whose introduction is a challenge by itself, then it should be implemented on European markets right now when special protection against economic slowdown is necessary.

Considering the fact that the social and economic situation in the EU member states is highly diversified, reaching flexicurity in each country should follow other path adapted to the country's situation. However, eight common rules regarding flexicurity have been adopted which act as guidelines to develop individual solutions when creating paths to reach optimum combination of flexibility and security<sup>2</sup>.

1. Flexicurity is one of the tools to implement the Europe 2020 Strategy. To meet its assumptions, more good jobs should be created, the labour market modernised and new employment forms promoted which would be more flexible and secure and thus facilitate adaptation of employment and allow social cohesion.
2. Flexicurity requires special obligations which shall ensure flexibility and provide proper lifetime training conditions, an effective employment policy and a modern social security system.
3. Flexicurity means no single system for all. Each country must develop its own rules.

<sup>1</sup> *Flexicurity jako recepta na wyzwania współczesnego rynku pracy*, red. Adam Tomanek, Izba Rzemieślnicza i Przedsiębiorczości w Białymstoku, 2010, s.6-7.

<sup>2</sup> E. Kryńska (red.), *Flexicurity w Polsce. Diagnoza i rekomendacje. Raport końcowy z badań*, Ministerstwo Pracy i Polityki Społecznej, Departament Rynku Pracy, Oficyna Wydawnicza ASPRA-JR, Warszawa 2009, p.33-26.

4. Flexicurity must promote labour markets which are flexible and open to everyone and eliminate segmentation of labour markets. Employees and the unemployed must be included.
5. Firms should introduce internal flexicurity which practically means possibilities of promotion. The system of hiring people after a period of unemployment and professional inactivity in companies should be improved.
6. Flexicurity should consider equality of sexes by promoting equal access to work for men and women, e.g. by offering solutions which allow to combine work with family and private life.
7. Flexicurity requires atmosphere of trust and dialogue among all interested parties so that they are ready for a change to ensure socially sustainable policies.
8. Flexicurity requires a proper division of resources which must be included in properly prepared national budgets.

The above mentioned rules show that the EU member states should develop their own approaches to flexicurity and present it to the Commission.

## **METHODS TO REACH FLEXICURITY**

On the basis of the eight rules of aspiration to flexicurity, experts have developed four typical paths to reach flexicurity.

1. **Counteracting segmentation on labour markets which results from the type of contracts** – this path is recommended to countries where labour market segmentation is visible. The purpose is to level chances for staff employed in a standard form and non-standard employees (especially women, young people, seniors and persistently unemployed persons).
2. **Development of flexicurity in companies and ensuring security for employees who change work** – recommended for countries with reduced dynamics of the labour market, where relatively low staff fluctuation is observed together with a concurrent high level of work protection. In those countries there are also well-developed social protection systems. In such circumstances, it is a challenge to combine a high level of services with strong incentives to commence work. In this case, trainings and special benefits for those who start work are specially important.
3. **Elimination of shortages in skills and opportunities of labour resources which make a barrier for growth of labour efficiency** – recommended for countries where labour markets are dynamic enough and the biggest problem is a relatively high number of low-qualified staff. Pressure should be exercised on school and out-of-school education for people without any or with low qualifications together with establishing for them so called educational accounts and on creating a public aid system for this part of the public in the form of tax incentives.
4. **Improvement of professional possibilities of people receiving benefit and un-registered staff** – recommended for countries which in the recent years have undergone serious restructuring processes, i.e. mainly states from East-Central Europe. As a result of the transformation process in those countries there is a significant number of unemployed and professionally passive people who use various forms of social aid and/or working on the black market. For this group, development of an active labour market policy (ALMP) and life-long learning (LLL) .

Such outlined paths to reach flexicurity show a high level of generality. They include no recommendations or suggestions for using particular means and methods for their implementation, as this remains the domain of individual states<sup>3</sup>.

## **FLEXICURITY – AN OPPORTUNITY FOR SUSTAINABLE DEVELOPMENT OF THE LABOUR MARKET**

It should be noted that in order to identify a best strategy approved within the flexicurity model and to negotiate an appropriate pack of means, a nation-wide dialogue among representatives of employers, employees, the government and other entities is necessary. Such a dialogue is also necessary during the phase of implementation of a given model and in order to introduce any potential corrections. Involvement of social partners should ensure gaining benefits from using the flexicurity model by all participants on the labour market. In a social dialogue, the key issue is to prepare social partners to take responsibility for changes to the labour market implemented due to a need to balance flexibility and security. It should be remembered that the EU states are on various levels of progress in implementing the flexicurity model. Also our country is facing introduction of its own complex model of flexicurity<sup>4</sup>.

Poland, as an EU member state, within the European Employment Strategy and the Europe 2020 Strategy for smart, sustainable and inclusive growth is obliged to implement the flexicurity concept i.e. to strive for increasing flexibility and security on the labour market. Flexibility should mean smooth “transitions” in one’s professional life. ending the period of education, commencing professional life, changing jobs, starting a job after a period of unemployment or lack of employment, retirement. Security is understood not as a permanent place of work but as certainty of employment. Such perceived security is achieved through equipping people with appropriate skills which should help them to find new jobs.

To build a sustainable future, Europe must now go beyond the horizon of short-term objectives. We should enter the path of development and then stay on that road. That is the objective for the Europe 2020 Strategy. Its assumptions are more jobs and a higher standard of life. The strategy shows that Europe may develop in an intelligent and sustainable manner, support social inclusion, find various methods to create new jobs and define a direction for its growth.

Implementation of the Europe 2020 Strategy is facilitated by detailed goals. For the labour market, two Programmes are of importance. One of them is “Programme for new skills and employment”. It is devoted to modernisation of labour markets and strengthening citizens’ position by life-long development of qualifications in order to increase the professional activity ratio and better adaptation of supply to demand on the labour market, also by mobility of the labour force. Another programme is “European programme for fighting poverty” which aims at providing social and territorial coherence so that benefits from economic growth and employment are widely accessible and people who are poor and socially excluded could lead a decent life and actively take part in social life.

According to a proposal by the European Commission, one of the highest priorities in the Europe 2020 Strategy should be shaping human resources toward development of new qualifications on the labour market and their better adaptation to the knowledge-based economy. Supporting the flexicurity model, which joins

---

<sup>3</sup> Ibidem, p. 56-59

<sup>4</sup> J. Klimek, *Bezpieczeństwo i elastyczność na rynku pracy* (w) Flexicurity jako recepta na wyzwania współczesnego rynku pracy. Red. A. Tomanek, wyd. Izba Rzemieślnicza i Przedsiębiorczości w Białymstoku, 2010, p.53-54.

flexibility of the labour markets with securing minimum social standards, has been supplemented in the Strategy with a demand to promote employment mobility, also among particular labour markets in Europe.

The Europe 2020 Strategy should primarily support employment. It recommends broader use of self-employment together with reduction of the number of regulatory acts and their unification on the European scale. Another important demand is integration of those social groups on the labour markets which are most heavily impacted by the unemployment issue. They include youth, women and immigrants.

Summing up, both in Europe and in Poland, the process of making labour markets more flexible is progressing, which is evidenced by spreading untypical forms of employment which partially supplement and partially replace typical employment (such as full-time employment on the basis of a permanent employment contract). This phenomenon includes both low-qualified staff and managerial level personnel. It may be stated that the flexicurity policy is a concept of looking for a balance between flexibility of the labour market, increasing competitiveness of companies and the entire economy and social security of the staff (including the unemployed). The policy is reflected in EU documents (e.g. the Europe 2020 Strategy) which stress the need to popularise untypical forms of employment across Europe with simultaneous maximally possible social protection for “untypical employees” and using flexible forms of employment to increase the economic activity level of groups which are marginalised on the labour market. The flexicurity concept assumes a need to agree positions of trade unions and employers’ organisations so that flexicurity solutions beneficial for and approved by the both parties could be popularised<sup>5</sup>.

Extending social protection over people employed in non-typical forms as well as using social programmes to activate the unemployed require adaptation of the labour law and rules for operating of the social security system. Government’s policy should not create contradictory stimuli for both parties to the employment relations, which happens, when costs of untypical employment are remarkably lower for the employer and at the same time such untypical employees have a reduced access to benefits under the social security system. Then then ‘typical’ employment becomes a desired yet hardly available good.

Such was the situation in Spain in 1990s which fossilised a phenomenon of a dual labour market where weaker groups have access to “flexible jobs of worse quality” only. Currently, many European states, Spain included, are looking for coherent flexicurity solutions to overcome divisions on the labour markets.

## LITERATURE

Arczewska M. (2008), *Uwarunkowania i możliwości wprowadzenia w Polsce polityki flexicurity jako koncepcji poszukiwania równowagi między elastycznością rynku pracy a bezpieczeństwem socjalnym osób zatrudnionych i bezrobotnych* in: *Elastyczne formy pracy. Szanse i zagrożenia*, red. C. Sadowska-Smarska, wyd. Wyższa Szkoła Ekonomiczna w Białymstoku, Białystok.

Kacprzak T. (2010), *Znaczenie dialogu społecznego i postaw partnerów społecznych dla budowania polskiego modelu „flexicurity”* in: *Flexicurity jako recepta na wyzwania współczesnego rynku pracy*, red. A. Tomanek, wyd. Izba Rzemieślnicza i Przedsiębiorczości w Białymstoku.

Klimek J. (2010), *Bezpieczeństwo i elastyczność na rynku pracy* in: *Flexicurity jako recepta na wyzwania współczesnego rynku pracy*, red. A. Tomanek, wyd. Izba Rzemieślnicza i Przedsiębiorczości w Białymstoku.

---

<sup>5</sup> T. Kacprzak, *Znaczenie dialogu społecznego i postaw partnerów społecznych dla budowania polskiego modelu „flexicurity”* (w) *Flexicurity jako recepta na wyzwania współczesnego rynku pracy*. Red. A. Tomanek, wyd. Izba Rzemieślnicza i Przedsiębiorczości w Białymstoku, 2010, p. 85-87.

Kukulak-Dolata I. (2010), *Publiczne służby zatrudnienia wobec koncepcji flexicurity* in: *Pięćciolecie członkostwa Polski w Unii Europejskiej. Zagadnienia gospodarcze i społeczne ze szczególnym uwzględnieniem polskiego rynku pracy*, ed. D. Kottlarz, AE, Katowice.

Kryńska E. ed. (2009), *Flexicurity w Polsce. Diagnoza i rekomendacje. Raport końcowy z badań*, Ministerstwo Pracy i Polityki Społecznej, Departament Rynku Pracy, Oficyna Wydawnicza ASPRA-JR, Warszawa.

Kryńska E. (2008), *Równowaga między elastycznością i bezpieczeństwem na polskim rynku pracy. Jak osiągnąć flexicurity?* in: C.H. Beck, *Flexicurity – między elastycznością a bezpieczeństwem na rynku pracy*, Biblioteka Monitora Prawa Pracy, Warszawa.

Tomanek A. (2010), „Flexicurity” w świetle uwarunkowań współczesnego rynku pracy in: *Flexicurity jako recepta na wyzwania współczesnego rynku pracy*, ed. A. Tomanek, wyd. Izba Rzemieślnicza i Przedsiębiorczości w Białymstoku.