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Flexicurity

– a new perspective on labour markets and
welfare states in Europe

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The basics of flexicurity

- Starting point: Flexibility and security are **not** contradictions, but can be mutually supportive
- History of the concept: Coined in the **Netherlands** in the mid-1990s.
- Gained **popularity** in the following decade among both researchers and policy-makers.

Perspectives on flexicurity

- A **deliberate political strategy** to enhance both labour market flexibility and security at the same time (and thus promising win-win-solutions)
- A **state of affairs** at a given national employment system
- An **analytical framework** for policy deliberations and research

The flexicurity matrix

	Jobsecurity	Income security	Employment security	Combination security
Numerical flexibility (hire and fire)				
Functional flexibility (between tasks)				
Working time flexibility				
Wage flexibility				

The flexicurity matrix

	Jobsecurity	Income security	Employment security	Combination security
Numerical flexibility (hire and fire)		Denmark		
Functional flexibility (between tasks)	Germany			
Working time flexibility				
Wage flexibility				

Other dimensions of flexicurity

- **Level:** national, regional, local or individual
- **Coverage:** the whole labour market, specific sectors, job-types (e.g. temporary workers) or groups (e.g. older workers)
- **Form of regulation:** law, collective agreement or individual employment contract

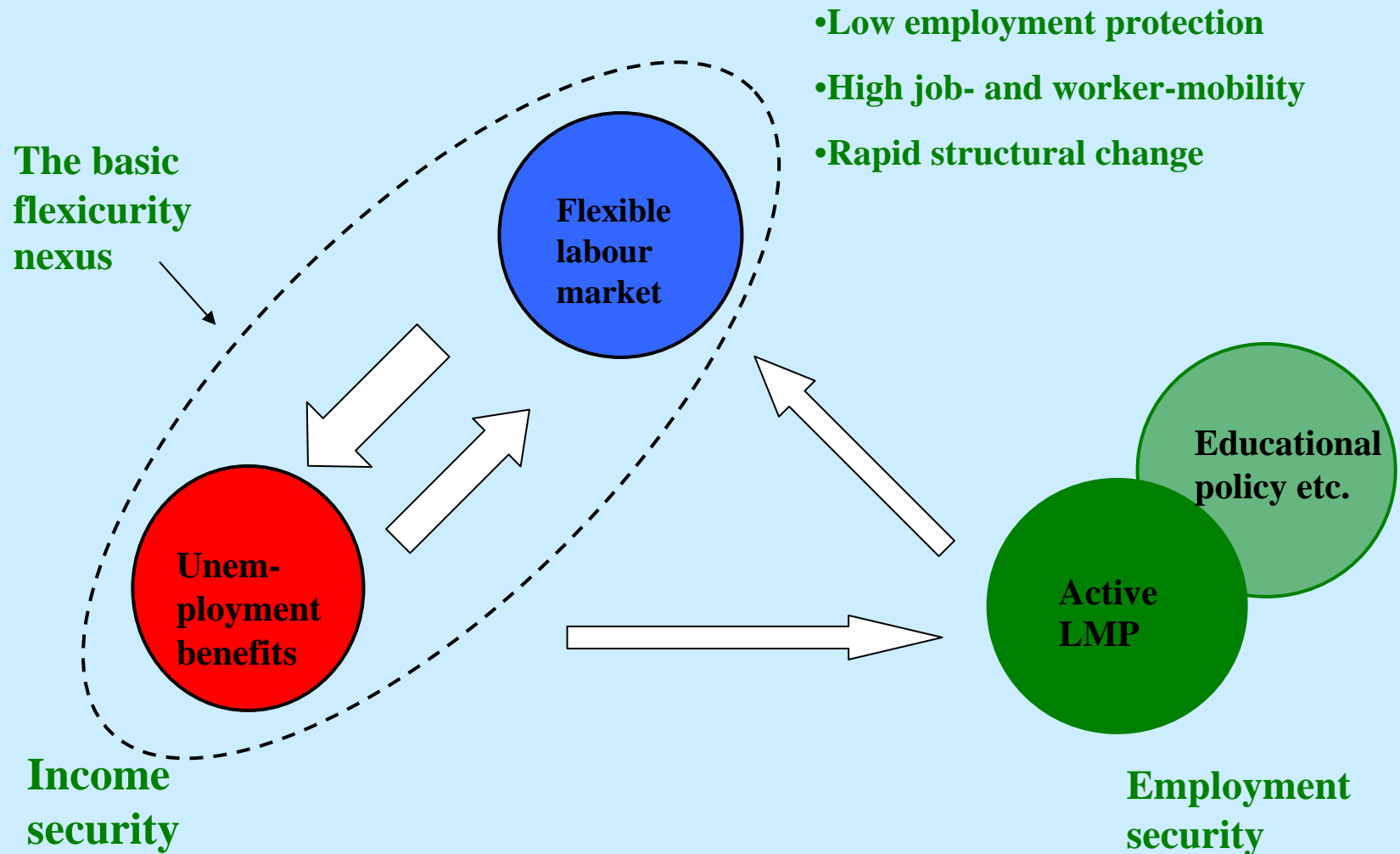
In brief...

- Flexicurity is a **complex** and **multidimensional** concept involving integration of different policy areas
- Flexicurity arrangements are embedded in **wider national contexts** (model of welfare state, specific institutional arrangements, industrial relations systems, path dependencies)
- There are **many different forms** of flexicurity within Europe and within individual countries

A few examples

- **Germany/France:** Rather high level of jobsecurity combined with functional flexibility
- **Spain:** a labour market divided into a secure labour market with high job-protection and and insecure labour market for "atypical workers"
- **UK:** Numerical flexibility and employment security
- **Netherlands:** A shift from job security to employment security.
- **Denmark:** Numerical flexibility combined with income security plus employment security

The Danish flexicurity triangle



OECD – June 2004

The Danish *flexicurity* approach

Denmark provides an interesting combination of high labour market dynamism and relatively high social protection – the so-called *flexicurity* approach. Underlying the success of the Danish model is the combination of *flexibility* (a high degree of job mobility thanks to low EPL), *social security* (a generous system of unemployment benefits) and *active labour market programmes*. The Danish model of *flexicurity* thus points to a third way between the flexibility often attributed to deregulated Anglo-Saxon countries and strict job protection characterising southern European countries.

Source: OECD Employment Outlook 2004

Learning flexicurity?

- Many **options** for flexicurity arrangements
- **Transplantation** is rarely possible
- Policy **learning** is easier when access to:
 - Social **trust** and traditions for tripartite bargaining
 - Supporting **institutions** (e.g. for adult education and training)
 - Resources for **investments** in flexicurity arrangements

Good flexicurity-practices

- **Income security** can support labour mobility and structural change by increasing willingness to take risks and thus increase **numerical flexibility**
- **Employment security**: Institutions for adult vocational training can provide skills that are transferable and improves both **functional and numerical mobility**
- **Combination security** in the form of public child-care institutions and maternity leave can supporting **mobility of women** into work

Summing up

- Flexibility and security for the employees do **not** have to be contradictions
- Flexicurity arrangements can strengthen overall **institutional competitiveness** by promoting structural change
- Turning this simple message into **reality** is a major task for policy-makers in Europe
- "One size will **not** fit all"