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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

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<th></th>
<th>Jobsecurity</th>
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<th>Combination security</th>
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<td>Numerical flexibility (hire and fire)</td>
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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 jobssecurity combined with functional flexibility
- **Spain**: a labour market divided into a secure labour market with high job-protection and an 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

The basic flexicurity nexus

- Low employment protection
- High job- and worker-mobility
- Rapid structural change

Flexible labour market

Unemployment benefits

Income security

Educational policy etc.

Active LMP

Employment security
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”