

Flexicurity Practices

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INTRODUCTION

In this document, which was compiled under the responsibility of professor Ton Wilthagen¹, rapporteur of the European Expert Group on Flexicurity, established in September 2006 by DG Employment, Social Affairs and Equal Opportunities, interesting examples of flexicurity practices and strategies are compiled. These examples may illustrate and inspire steps or elements within flexicurity pathways in the European Union.

The practices are presented across four components of flexicurity - flexible and secure contractual arrangements, upgrading active labour market policies to strengthen transition security, systematic life-long learning systems and modern social security systems² – and the need for a supportive and productive social dialogue. Only a selection of examples could be included, given the space available here. Many more examples of flexicurity are to be found within the Member States at the different levels (national, sector, company).³

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² The four component interpretation of flexicurity stems from the European Commission's 2006 Annual Progress Report (January 25th, 2006, COM (2006)30; pp. 19-20) subsequently endorsed at the Spring European Council and reflected in the Joint Employment Report 2007.

³ Among the sources that have been used for this document are the European Employment Observatory/SYSEEM (<http://www.eu-employment-observatory.net/>), the European Industrial Relations Observatory (EIRO) (<http://www.eurofound.europa.eu/eiro/>) and the various experts at DG Employment, Social Affairs and Equal Opportunities.

I FLEXIBLE AND SECURE CONTRACTUAL ARRANGEMENTS

Spain – promoting indefinite contracts while preserving flexibility

In Spain a segmented labour market had evolved with indefinite contracts offering a high degree of job protection coexisting with temporary contracts with almost no restriction on hiring and firing. The high use of fixed-term contracts, coupled with a high turnover rate of temporary jobs, gave little incentive either for employers or workers to invest in human capital. Spain took a first major step towards addressing this problem through the Agreement for Improved Growth and Employment, signed in 2006 by the Government and the social partners.

This agreement introduces measures to promote indefinite contracts through a new subsidy scheme, and the possibility, up until the end of 2007, to transform fixed-term contracts into permanent ones, with a lower severance cost than for regular permanent contracts. Its main target is to cut back the high rates of temporary working by setting incentives for open-ended contracts, especially for disadvantaged groups of workers, such as women, youth, people with disabilities and long-term unemployed.

Any worker having signed two or more fixed-term contracts with the same company, and having served in the same post for more than 24 months within a period of 30 months, acquires automatically the indefinite worker status. For this transformation it is possible for all employers to use until the end 2007, a specific type of indefinite contract which reduces firing costs to 33 days per year worked (instead of 45 days for the general indefinite contract).

Netherlands – “normalising” non-standard work

In the Netherlands, social partners struck a deal containing three main ingredients: (1) limiting the consecutive use of fixed-term contracts; (2) eliminating administrative obstacles for temporary agencies while integrating agency contracts in employment law and replacing public regulation to a large extent with collective bargaining; (3), providing for a regulatory framework for non-standard contract forms in the labour code, by introducing a presumption of law to prevent manipulation and introducing minimum protection and payment. The deal became law as the "Flexibility and security act" and came into force on 1 January 1999.

The aim of this Act was to create an effective balance between the ability of employers to manage their companies flexibly while providing workers with job and income security. This applies especially to workers on flexible contracts, such as stand-by-workers, on call workers, zero hour workers, min-max workers, teleworkers, home workers and temporary agency workers. An important element of the Act concerns the possibility for an employer to hire a worker on a maximum of three consecutive fixed term contracts, or for a maximum of in total 36 months. To prevent manipulation, an additional rule was introduced, according to which a contract is considered to be 'consecutive' if it is renewed between the same parties within 3 months after the previous one had expired, and this is deemed to be also applicable if the contract was not concluded directly with the user enterprise but with an agency. Employers and employees may derogate from these maxima of three contracts, 3 months interval, and 36 months by collective agreement, and they often do. Workers on fixed term contracts have the same rights in terms of labour law and social security as workers on indefinite contracts, except for the fact that their contract may without any procedural requirements at the end of the fixed term. Roughly 15% of employment in The Netherlands concerns fixed term contracts.

In the case of temporary agency workers, the agency legally is the employer and the temporary agency contract is a 'normal' contract in that sense, i.e. a fixed term or indefinite employment contract between agency and worker, except for some specific rules in the law such as on the principle of equal pay with workers in the user enterprise (which can be derogated from by collective agreement). A few additional rules have been introduced to prevent abuses, such as the prohibition to use agency workers to replace workers on strike in the user enterprise, and a form of chain responsibility for the user enterprise with regard to the payment of social security contributions and taxes. These workers are also covered by a collective agreement providing wage guarantees, training and supplementary pension. On the other hand, the collective agreement also provides for a very specific form of tenure track, adapted to the needs of the agency sector. The employment protection increases with the tenure of the agency worker: in the first stage of the contract, it is possible to allow for more than 3 fixed term contracts, but after 3 years of consecutive fixed term contracts, the contract will become an indefinite contract. Temporary work agencies provide employers with the flexibility to deal with fluctuating market demands at short notice. By extending rights to these workers with respect to social security, pensions and the prospect of a more secure contract, the flexibility offered to employers is matched by a reasonable degree of security for employees. These flexible jobs may prove to be a stepping-stone to a regular contract. Interestingly, this can be either an indefinite contract with the user enterprise, but also an indefinite contract with the agency.

The maximum Unemployment benefit (UB) duration was brought back from 7 years to 38 months and workers are no longer expected to show that they have become involuntarily unemployed in the case of economic dismissals in order to be eligible for an employment benefit. With respect to employment protection legislation, the last-in-first-out principle has been abolished and replaced by the principle that (economic/collective) dismissals should take account of the composition of the workforce, which allows the employer to dismiss workers in proportion to the composition in terms of age etc. of the workforce.

Slovenia – regulating temporary agency work and increasing labour market flexibility

Legislation introducing and regulating temporary agency work came into force in Slovenia on 1 January 2003. The aim is on the one hand to increase the flexibility of the Slovene labour market, and on the other to provide adequate protection for temporary agency workers.

According to the new law, a temporary work agency holding a licence may conclude a contract of employment for an indefinite or fixed term with a worker whom it assigns to other organisations. The agency must not assign any workers: to replace workers on strike; when the user company has dismissed a large number of workers in the preceding 12-month period; when jobs are dangerous (as defined by EU Directives); and in other cases which may be defined in the sectoral (branch) collective agreements. A contract of employment cannot be terminated before the assignment period has expired, even if the user company no longer needs the worker. The agency may not assign the same worker to a user company continuously - or with a break of up to one month - for a period longer than one year for the same type of work.

The temporary work agency and the worker must state in the contract of employment that the latter's pay and allowances depend on the actual hours worked, taking into account the collective agreements and general acts applying to the user company. They must also agree on pay compensation during any early cessation of work for the user company, or during any period when the employer does not assign the worker to a user company. The pay compensation must not be below 70% of minimum pay. The worker may take holidays in accordance with the provisions of the agreement between the employer and the user company. The user company and the worker must take into account the provisions of the new law, of collective agreements binding the user company, and of the general acts covering the user company regarding those rights and duties directly linked to the execution of work.

Denmark – flexibility and security as general principles

Denmark has a strong culture of autonomous bargaining and conflict resolution between the social partners, resulting in a combination of high flexibility in the labour market and a high level of income protection. In the late 1980s and early 1990s, active labour market policies were added, aiming to motivate the unemployed to seek and accept jobs as well as upgrade their qualifications. In the mid-1990s, in a time of increases in long-term unemployment, skills development was stimulated by a system of job rotation, allowing workers to train while unemployed persons temporarily replace them. To further reinforce active labour market policies, Denmark has pursued efforts to tighten the eligibility criteria for unemployment benefits by strengthening active job search requirements.

The balance and interplay between unemployment insurance, employment protection and active labour market policies (ALMP) are often summed up as being the main characteristics of the Danish flexicurity model. First, a flexible labour market with a high level of external numerical flexibility indicated by high levels of worker flows in and out of employment and unemployment. Second, a low level of employment protection, allowing employers to adapt the workforce to changing economic conditions, making the high degree of numerical flexibility possible. Third, a generous system of economic support for the unemployed. Fourth, active labour market policies aimed at upgrading the skills of those unemployed who are unable to return directly from unemployment to a new job.

This system could not have developed as it has without the very highly developed industrial relations and social dialogue in relation to the high degree of unionisation, which is a ‘trademark’ of the Danish model.

Hungary – contractual diversity and combination security in tandem with equal treatment

In Hungary, the new Labour Code (2003) allows employees to request a modification of their working time, which allows full-time workers to ask to work part-time and vice versa. There have been recent changes in the regulations on working time flexibility. Since July 2003, provisions prohibit discrimination against part-time or fixed-term workers. This allows part-time workers to have the same wage as well as other remunerations according to the time spent at work.

As concerns family leave, Hungary provides rather generous legal regulations (paid maternity (26 weeks) and paternity leave (two days), two years of 70%-paid parental leave). This can be attributed to the fact that Hungary's legislation on parental leave/allowances goes back to the 1960/70s when it was implemented as a means to increase birth rates. In addition to this, after the 2002 election, the new Hungarian government has started to promote family-friendly workplaces.

Although there is no statutory right to working time accounts in Hungary, from 2002 working time can be counted in a two to six months' period, based on collective agreements. In 2002, 32% of employers have introduced annualised hours in their collective agreements. Although annualised hours are mostly used by employers to avoid paying overtime premiums, it also enhances job security of workers, allowing to organise working hours in seasonal employment in such a way that the worker becomes year long employed.

As concerns flexible retirement, various schemes can be found in Hungary. In 2004, the Premium Years Programme was introduced in the public sector and in 2005 extended to the private sector. It gives employees who face redundancy the option to continue working part time in a job that matches his/her professional qualification. The target group is senior employees with at least 25 years of seniority reaching retirement age within three years. The participants of this programme will be compensated for lower earnings and social security costs will be paid so that a full pension is ensured. Also, a maximum of three additional years in employment will be guaranteed. On the other hand, the company is required to hire new employees in proportion to the gradual lay-off of their senior employees.

Germany – enhancing working-time options for employers and employees

In Germany, 40% of the employees are covered with life course related working time account options. Since January 2001, workers with a minimum of six months seniority have the right to switch from full-time to part-time work, or to reduce their working hours, given that there are no opposing operational reasons. Acceptable reasons for refusals can be laid down in collective agreements. Also, those who have changed to a part-time job have priority in getting a full-time job again when they so wish. However, this is restricted to companies with 16 employees or more.

There are no legal regulations on the use of the working time accounts, although the Working Time Act (1994) provides legal regulations on annualised hours, or 'short working-time accounts'. Since October 2000, long-term working time accounts (Langzeitarbeitskonten)

have been agreed at the sector level (in the steel and banking industry), which provide for the accumulation of working hours (or even the equivalent of money) over a longer period. This allows workers to save overtime to finance a period of time off, early retirement or additional pensions.

The introduction of the right to reduce working hours has had a significant impact on leave provisions, e.g. when returning from parental leave. Alongside this general provision the conditions for parents on parental leave have been made successively more favourable over the last couple of years, e.g. the extension of the right to work part-time while on parental leave (“Federal Childcare Payment and Parental Leave Act” 2001). The most recent development is the introduction of the one year income-related payment from January 2007 onwards for those on parental leave, including an additional two months of paid leave for co-parents (Law on the Introduction of Parental Leave Payment 2006).

United Kingdom- introducing flexible working time arrangements and prohibiting age discrimination

For employees, the UK has introduced measures to allow for flexibility of individual working arrangements as well as new measures to remove discrimination in the workplace.

Since April 2003, parents with children under 6 years, or 18 if their child is disabled, have had the right to request to work flexible. This has allowed parents to change their working hours, either on a temporary or permanent basis, to enable them to care for their children at times when they are needed. From April 2007, the right to request flexible working is being extended to apply to carers of adults.

2006 saw the introduction of the Work and Families Act, which improves the rights of parents and carers to have time off work when they need it most. This extends maternity and adoption pay; gives employed fathers a new right to additional paternity leave, some of which could be paid; introduces measures to help employers manage the administration of leave and pay and plan ahead with greater certainty; and seeks to help employers and employees benefit from improved communication during maternity leave.

In October 2006, the government introduced legislation making it illegal to discriminate on the basis of age. The previous upper age limit for unfair dismissal and redundancy rights has been removed so that older workers have the same rights to claim unfair dismissal - or to receive a redundancy payment - as younger workers.

Belgium – career break (time credit) scheme

The policy measure for career breaks was initially introduced by the Belgian federal government in 1985 with the aim of improving work-life balance. The basic principle was that every employee could stop working, or reduce his or her working time, for a certain period. The employer's consent was needed and the employee received a compensatory allowance from the government when he or she was replaced by an unemployed person. With the aim of encouraging the use of the federal measure, the Flemish regional government introduced an additional incentive premium. The career break systems belong in the competencies of both the federal and the Flemish governments since working time regulations and the social security system are federal issues, whereas vocational training, lifelong learning, job placement, job creation for specific target groups etc. are Flemish matters. The social partners were involved in setting up the career break systems.

Both the federal and regional career break systems were reformed in 2002, partly motivated by the aim of better accommodating the European Employment Strategy guidelines. The main labour market objectives were to promote the reconciliation of work and private life and to improve the adaptability of the workforce (skills upgrading and retraining). An additional objective was to enhance the general well-being of the working population. The former obligation to replace the worker taking a career break was removed. In the private sector a new collective agreement with the social partners ('time credit') was reached. During their professional career, employees in companies with 10+ staff have the right to one year of career interruption (monthly flat rate allowance provided by the federal government), whereas employers with less than 10 staff can reject career break applications if the interest of the company so requires. The monthly allowance varies according to the sector and specific situation of the employees. There is an extra incentive for the part-time career break of older workers. Specific provisions cover the care of small children or other dependents such as elderly or sick family members.

Cyprus – exploring flexible employment forms to enhance women’s access to the labour market

A new programme, supervised by the Cyprus Productivity Centre, for the ‘Promotion of Modern and Flexible Forms of Employment for the Promotion of Access of Women to the Labour Market’ explores whether the participation rate of women can be increased through flexible forms of employment. This programme, which is co-financed by the ESF, will help to establish

- (a) whether flexible forms of employment are needed,
- (b) whether these forms encourage the labour force participation of women and other groups with latent labour supply, and
- (c) whether or not they leave unaffected the quality of other jobs.

The programme does not adopt a specific vision with respect to the types of flexible forms of employment that should be implemented. The first step envisaged is a study of the available forms of flexible employment in other countries. A related question is the extent to which certain forms of flexible employment may require changes in the Cypriot legal framework. An attempt will also be made to assess both the demand for such forms of employment and the likely supply of flexible effort. A parallel study will examine the macroeconomic implications of more flexible forms of employment. These studies will help design the form of the pilot scheme that will be implemented and the criteria that will be used to select both the enterprises and the women that will participate.

In a second stage of the programme, the pilot scheme will be carried out. The women that will be selected will come forward through the District Employment Offices and will have been counselled through personalised action plans. The employment costs of the participating enterprises will be subsidised to the extent of 50%.

In the third stage of the programme, its effectiveness will be evaluated and its final findings will be made public. The programme, which started in 2005, is expected to be completed by 2008.

2. ACTIVE LABOUR MARKET POLICIES

Austria – securing mobility in the labour market

In Austria, severance pay entitlements were previously based on the length of the employment relationship between one worker and one firm. The payment started with one month's wage per year of tenure exceeding three years, and reached a maximum of one year of pay after 25 years.

With the new regulations on severance pay, in principle every employee (with an employment contract extending to over one month) is entitled to severance pay upon termination of an employment relationship. Commencing with the start of the employment relationship, the employer is obliged to pay a contribution amounting to 1.53% of monthly pay, such that the claim increases progressively. Severance pay claims are shifted to and enforceable vis-à-vis so-called employee provision funds ("Mitarbeitervorsorgekassen").

Employees may draw severance pay only under the same entitlement conditions as under the previous scheme, and provided money has been paid into the fund for three years. The contribution periods of different employers will be aggregated. Upon becoming eligible for payment, the employee shall be free to choose between cash, further investment at the same employee provision fund or at the fund ("Mitarbeitervorsorgekasse") of the new employer, or transferral of the respective amount as a one-time payment to a pension insurance fund.

With the new severance pay system, remittances become more transparent and predictable for businesses. Further, the new system eliminates the potential mobility-discouraging effect of severance pay and therefore is supposed to increase mobility of employees. Instead of losing claim to severance payment in the case of self-termination, employees now can carry over the balance to the new employment relationship.

France – securing re-employment

The French "contrat de transition professionnelle" (CTP) is offered to workers who face redundancy due to economic reasons and for whom the employer does not have a legal duty to contribute to their re-employment.

The contract, which has duration of maximum 12 months, is signed between the jobseeker and the National Association for Professional Education of Adults (ANFP). The contract aims to offer a sequence of supporting measures tailored to the jobseeker's needs, such as training and traineeships with public and private enterprises. In the months during which the worker does not perform paid work, he or she is paid a salary of 80% of the previous gross wage. In many cases, temporary work agencies are involved in the implementation of the CTP.

Sweden – supporting labour market transitions

In Sweden, so-called Career Transition Agreements are established as part of collective agreements to support workers in the case of redundancies. This is especially the case when older workers and people with a low level of education are concerned. Career Transition Agreements help workers who become redundant due to lack of work to find new jobs and can thus be seen as a complement to the public employment service.

The worker takes part in an active transition period which may start when they are given notice or in some cases even earlier. In certain circumstances, the agreements also provide financial compensation for the part of the salary that exceeds the unemployment benefit ceiling. Compensation may also be paid for a limited period to employees who find a job with a lower salary. The scheme is financed by payment of a percentage of the pay bill of the affiliated enterprises.

The transition process is conducted by the employment security council, set up by the parties to the agreement, together with the redundant worker. The support measures may be counselling, guidance and career reorientation, support for job seeking, education and training or support to workers to set up their own business. Today, there are Career Transition Agreements in many collective bargaining sectors and surveys show that these have had beneficial effects at the individual level.:

- 89 % of the workers involved found a permanent job
- 72 % received the same or a higher salary compared to the previous job
- 85 % managed to find an equal or improved position
- 43 % of the workers were 50 years or older

Belgium – supporting labour market transitions

In Belgium considerable investments are being made in outplacement and guidance towards new jobs via the development of employment cells. After the decision has been taken to reduce staff and to dismiss people, ‘a social plan’ needs to be negotiated. This procedure should identify and acknowledge the company as ‘a company under restructuring’. The social plan shall take into account: the alternative scenario for the restructuring and downsizing, i.e. is it possible to re-organise the division of labour or working time; whether there are people who want to leave on a free basis with a fair ‘golden handshake’; which people can be placed on a bridge pension; identify active measures for people aged 45+ such as concrete outplacement possibilities; career consulting facilities.

This social plan must be sent to the Federal Minister of Work and the Regional Minister of Work. Before the Federal Minister of Work can give agreement, the Regional Minister of Work should evaluate the social plan. In this evaluation the impact and volume of active measures are crucial.

The Flemish Minister of Work has elaborated an evaluation framework. If the social plan is positively evaluated, the company will be allowed to send people on a bridge pension but before doing so the firm has to create a ‘re-employment cell’. This re-employment cell should set up ‘tailor made plans for work counselling’. If unsuccessful after six months, people may be sent on a bridge pension but they are obliged to stay and make themselves available for the labour market. If, at a later stage, an appropriate work or vocational training opportunity is offered they are obliged to take it.

During the first six months in an employment cell, an older worker will continue to receive his or her net pay. Those who refuse to take part in the ‘re-employment cell’, or who do not make sufficient efforts, will lose their entitlement to unemployment benefits and to early retirement.

Finland – developing change security

Recently, the concept of "change security" was introduced, providing dismissed workers with greater financial security during the stage of transition between jobs and fostering more efficient cooperation between employers, employees and labour authorities.

Change security applies to workers who are in the process of dismissal due to economic reasons and have worked for the same employer or different employers for 3 years. Workers are free to choose for the change security package, which includes a raised benefit. In order to get the raised allowance the employee will have to draw up an employment plan and carry it out actively. Change security consists of paid time off during the notice period for the purpose of job seeking, an employment programme, employer's increased obligation to inform and negotiate and more effective employment office services.

The aim of the new operational model of change security is to make cooperation efficient both at workplaces and with the labour authorities, and as provide as swift reemployment as possible of dismissed employees.

Luxembourg – supporting job and employment security

Legislation of 22 December 2006, which came into force on 1 January 2007, introduces a legal obligation on employers to notify the Committee for the Economy (Comité de Conjoncture) of any lay-offs for reasons that do not relate specifically to the individual in question. The committee can then invite the social partners to negotiate a job retention plan. Instead of carrying out redundancies, the job retention plan introduces the idea of temporarily reorganising working hours by means of partial unemployment, part-time work and reduced working hours, provided that the workers concerned attend training sessions. Other elements of the job retention plan concern the temporary lending of human resources to other companies and individual support with career changes. Once the retention plan has been approved by the Minister of Labour and Employment, the measures concerned are entitled to receive the support of state funding, in particular for the training of workers who are liable to lose their jobs as part of a restructuring plan.

The Minister of Labour and Employment recently explained that the philosophy behind this policy involves organising the smoother labour market transfer of employees in companies that are experiencing difficulties. This approach implies taking action and introducing alternative measures before resorting to a redundancy scheme. Companies are required to engage in anticipatory discussions regarding the management of their personnel long before they resort to measures responding to economic difficulties.

Lithuania – extending coverage of ALMP

Despite low levels of overall expenditure on ALMPs, there is a trend towards ‘activation’ of labour market policies in Lithuania. Participation in active labour market policies as well as the level of expenditure on those policies has been rising. Moreover expenditure on active LPM exceeds expenditure on passive LMP.

In 2006 Lithuania reviewed its active labour market policy and extended its coverage to more vulnerable groups and the inactive population. New measures were also introduced, such as job rotation schemes, where the unemployed act as temporary substitutes for up to 12 months for an individual taking leave.

Poland – supporting unemployed school-leavers by reducing hiring costs for employers

A new active labour market programme dedicated to school-leavers, titled “First Job”, was started in Poland in 2002. The programme is financed by the state via the subsidy to the Labour Fund (which was established in 1990 as a state fund aimed at financing various expenditures related to the labour market). Employers who employ school-leavers receive refunding of disability contribution (of the part paid by the employer) and work injury contributions. The same is refunded if a school-leaver starts his or her own job. The programme aims at providing the school-leavers with basic work experience and integrate them in the labour market. Participation in the programme requires registration as unemployed.

Slovakia –supporting disadvantaged job seekers

In Slovakia, a financial contribution for employing a disadvantaged jobseeker has been introduced to target disadvantaged jobseekers, who include school leavers/graduates aged under 25, people over 50, long-term unemployed people, disabled people, single parents and people who have been granted asylum. The employer is granted a financial contribution to cover the costs of employing the jobseeker for a minimum period of 24 months, particularly in regions with high rates of unemployment.

Estonia – personalised support for disabled people

Estonia has introduced new employment initiatives for people with disabilities. Under the 2006 Labour Market Services and Benefits Act, disabled people can register as unemployed and participate in active labour market programmes, regardless of the extent of their loss of capacity to work. All disabled people will be entitled to a personalised job search plan. Measures include support to employers for adaptations to premises and equipment necessary for hiring a disabled person, support from public employment service employees to help disabled people at job interviews, special aids and equipment provided to disabled people or employers, for use in the workplace, free of charge for up to three years, support for disabled people who need additional help or guidance; support for workers can be used for up to one year: full time support for the first month, reducing to two hours' daily support after the second month.

III LIFE LONG LEARNING

Portugal – enhancing educational attainment and competencies

Portugal has been hampered by its very low human capital stock, almost 40% of the young leave school early without any vocational or secondary level qualification, and more than 70% of the active population have never completed secondary education. A very ambitious programme labelled "Novas Oportunidades" was launched in September 2005 to address these qualification weaknesses. This priority has been strengthened with a significant increase in the financial support given through the Structural Funds and in particular the ESF (6 Billion EUR for the period 2007-2013).

"Novas Oportunidades" is a joint initiative of the Ministry of Labour and Social Solidarity and the Ministry of Education. It includes ambitious measures aimed both at the younger generation to increase their educational/vocational achievement rates, as well as at the active population by certifying their competencies and providing them with the means and incentives to increase their participation in life-long learning. Three broad objectives to be achieved by 2010 have been set: making upper secondary education (12 years) the minimum school/training reference for all; assuring that 50% of the young attending secondary education finish their studies with both a secondary school as well as a vocational certificate; qualifying 1 million adults through the recognition, certification and validation of their competencies while providing them with education and training to obtain dual certification of school and vocational competencies.

The success of the initiative will strongly depend on adequate monitoring, control and evaluation, as well as on the commitment of all the stakeholders to assure the quality and labour market relevance of the reform.

Norway – meeting the need for new competences⁴

The Norwegian reform for life long learning, the Competence Reform, was launched in 1999. The Competence Reform aimed to meet the need for new or changed competence in society, in the workplace and at individual level. The Competence Reform was a result of collective bargaining and was based on close co-operation between many actors. It was both a

⁴ Norway, not an EU member, participates actively in the EES Mutual Learning Programme.

workplace and an educational reform and it is targeted at all adults, both employed and unemployed. It has been designed and executed based on interaction between the social partners, the Ministry of Education and Research, organizations and educational institutions. The reform covered a variety of initiatives.

- A legal right to leave of absence. Employees with a certain amount of employment may be allowed to take study leave of absence on a full-time or part-time basis in order to take part in organised education and training.
- A legal right of adults to primary, lower secondary and upper secondary education.
- A legal right to documentation and assessment of non-formal and informal learning in working life and in relation to the education system.
- An improvement of the study financing system - adjustment to adults combining work and education.
- Employers financing education is exempted from tax.
- A competence-building programme to help produce innovation and development in the field of continuing education and training and to improve the co-operation between the education system and working life.
- Structural changes in the public education system in order to make it better fit to the needs for skills and knowledge at the workplace, as well as more co-operation between educational institutions at all levels and private and public enterprises, in order to secure a high standard of competence.
- Motivation, information, good guidance services, a reach out to adults at risk, flexible learning, and “popular enlightenment” and democratic participation are among other important goals.

Malta – investments in training and education

In view of the need to improve the education level among the Maltese population government priorities include establishing a new regulatory framework for education, creating a Higher Education Directorate, establishing technology learning centres, improving guidance services, and reinforcing educational certification systems. The government has also set out a strategy to develop entrepreneurial skills. Other specific measures target early school leaving, preventing social exclusion and lifelong learning.

The Department for Further Studies and Adult Education within the Division of Education in Malta provides a wide range of courses at various levels. The Employment and Training Corporation, another major provider, provides access to job-related initial and re-training programmes and employment services by targeting, among other, unskilled and under-skilled

workers and registered unemployed, youths under sixteen interested in a vocational route, those who register themselves for the first time on the employment register, and women returning to the labour market.

The Division of Education has been increasingly investing in personal and social development (PSD) and technology education at primary, secondary and post-secondary levels to further nurture appropriate values, attitudes, knowledge and competencies that make it possible for citizens to actively participate in social and economic development activities. The two main post-16 education sources are MCAST, which provides further education focusing mainly on vocational subjects, and the University of Malta, which provides higher education. There are also many institutes and private providers that offer training and education, with some linking to foreign universities and the like.

Greece – Setting up of a new national system for reconciling vocational education and training with employment

In 2005 Greece has set up a new national system for reconciling vocational education and training with employment, leading to the rationalisation of services, accreditation of professional qualifications and employment-related assistance. The main legal provisions are: 1) progressive reactivation of the National System Linking Vocational Education and Training to Employment (ESSEEKA), 2) clear definition of the competence of institutions involved, 3) establishment of the National Committee for Life-Long Learning, with the task to coordinate national-level implementation of policy steps matching life-long learning and ESSEEKA. The Social Partners participate in the National Committee for Life-Long Learning

Netherlands – sector training funds

Employee training in the Netherlands is typically regulated through industry and company collective agreements. Generally, a firm and individual employee purchase required (or desired) training from vendors, after which the costs are reimbursed through the industry (or company) training fund. Such funds are usually financed through employer contributions as a share of total wages and are jointly administered by unions and management representatives.

Industry-level training policy, and with it training funds, arose in the early-1980s when high youth unemployment rates threatened apprenticeship programmes in many industries. Intensified relationships between sectoral employers' associations and unions led to an increase of training stipulations in collective agreements and the establishment of jointly managed training funds in the course of the 1980s and 1990s. Training stipulations in collective agreements produce training entitlements for both members and non-union members. At the request of one or more signatory parties, the Ministry of Social Affairs and Employment may decide to extend a collective agreement's applicability to an entire industry, thereby binding all employers and employees in the industry. Typically, training is seen as one of the 'good causes' that should benefit all workers in an industry. More than 1000 collective agreements are effective in the Netherlands, covering 6 million workers. Another 800,000 employees are covered after extension of industry-level agreements.

In the Netherlands 40 percent of all workers are covered by a training fund. The majority of the funds finance both industry-specific training and training that can be used outside the own industry. Training funds are primarily spent on further training (euro 250 million, or 43 percent of total funds expenditures) and youth apprenticeships (euro 80 million or 13 percent). Training provision by small firms (with fewer than 50 employees) is lower than in large firms.

Denmark – new job rotation scheme

One of many new initiatives in Denmark is a job rotation scheme that enhances the opportunities of employers of offering their employees continued and supplementary training and education. For each employee who gains new qualifications by participating in programmes of continued and supplementary training and education the employer is eligible for a grant that will cover the cost of hiring an unemployed person as a substitute for the employee enrolled in the programme. So there are benefits on two counts: the employee gains new competencies and a jobless person gets a job.

IV MODERN SOCIAL SECURITY

Italy – preserving contractual diversity while increasing social security budget

Italy has reduced the tax wedge on permanent employment and at the same time increased social security contributions for fixed-term workers which aim at reducing labour market segmentation and precarious employment.

The cost of employing a person on permanent contract, in terms of taxes and contributions as measured against their gross pay has been lowered by a total of 5 percentage points; three percentage points for the businesses and 2 percentage points for the employees. With regard to the relief thus granted to the companies, the tax wedge measures allow for part of the labour cost to be deducted from the tax base for purposes of IRAP (Italian regional production tax), via a deduction of all social security charges for workers employed on a permanent basis, and an additional €5,000 deduction for each employee, which is increased up to €10,000 in the regions of Southern Italy.

This measure applies solely to the cost of permanent employment in order to reduce the percentage of the work force accounted for by temporary employment. Costs in relation to apprenticeships, employment of persons with disabilities, staff with employment training contracts and staff engaged in research and development are also deductible for tax purposes. Overall this action, based on an average pre-tax annual wage of €24,000 (including contributions payable by the employee), should save companies 3% per year, (around €700 saved on IRAP) for every full-time worker employed.

At the same time, social security contributions for temporary contracts have been increased (up to 23%), leading to improved pension rights. Social rights for fixed-term workers have also been improved, in terms of increased paternal leave rights and allowances.

The Czech Republic – making work pay for the inactive

The Czech Republic has reformed its social benefit system with a view to increase the motivation of inactive low-income groups to enter the labour market.

The social benefit system was relatively generous, keeping the poverty rate low, but had negative effects on the employment and activity rate. The challenge was to make work pay for the social benefit recipients, while preserving the high degree of social cohesion.

The new legal adjustment is giving financial advantage to those welfare recipients, who are actively solving their situation (e.g. by looking for a job). In case a person asking for welfare benefit does not actively cooperate in looking for a job, rejects a job or does not show own effort to raise his/her income, the amount of the social allowance will be lowered, possibly down to a new category of survival minimum.

At the same time, the welfare system has been simplified. A number of previous social allowances has been replaced by three new allowances: living allowance, exceptional immediate allowance and supplementary allowance.

The making work pay principle has been supported also by other reforms, in particular by lowering the income taxes in the two lowest income brackets.

V SUPPORTIVE AND PRODUCTIVE SOCIAL DIALOGUE

Ireland – designing a national workplace strategy

The National Workplace Strategy, launched in 2005, identifies how key challenges for employers, managers, trade unions and employees can be addressed by well-planned approaches to managing change and innovation within the workplace, set against the background of continuing transition to a knowledge-based society. By involving all stakeholders, both at a national level and at the workplace level, in focussing increased attention and resources on managing change and innovation at the workplace level, the expectation is that Ireland will get a vital advantage in terms of international competitiveness.

The Strategy was developed by the National Centre for Partnership Development (NCCP) and outlines a series of recommendations to improve the capacity of workplaces to change and innovate by focussing on areas such as developing future skills, access to opportunities and quality of working life. A High-Level Implementation Group representative of Government Departments, semi-State agencies and the social partners are overseeing the implementation of the National Workplace Strategy. A key factor in its implementation is good co-ordination across government departments and agencies, with effective interaction between policies on employment, labour market, training, education, social protection and enterprise development. The involvement of the social partners is also vital to this process.

The NCCP is led by a Council appointed by the Taoiseach (Prime Minister) and includes representatives of the social partners and other key stakeholders. In January 2007, the NCCP launched a new Strategy for 2007-2010. Entitled 'Irish Workplaces: A Strategy for Change, Innovation and Partnership', the document comprises a series of practical responses to the long-term policy objectives outlined in the National Workplace Strategy and the latest Social Partnership Agreement 'Towards 2016'. A key element of the Strategy is a new €-million Workplace Innovation Fund to be managed by the NCCP and Enterprise Ireland. The fund will support small and medium-sized enterprises that are seeking to improve their competitiveness and productivity by implementing new organisational processes, practices and arrangements. The Fund will also be used to support the Social Partners in developing their capacity to act as drivers of workplace change and innovation, and to finance a public awareness campaign that will inform Ireland's 2 million employers and employees of key workplace development issues.

Latvia - cooperation agreement to strengthen social dialogue

On 31 May 2006 Latvia's national level trade union confederation and employer confederation signed a cooperation agreement with the Latvian Association of Local and Regional Governments, which represents Latvian municipalities at national level. The agreement aims to facilitate trilateral cooperation in the development of social dialogue and to influence policy decisions concerning other key areas of the economy.

The principal objective of the agreement is to facilitate trilateral cooperation in the development of social dialogue and contribute to the promotion of a more competitive economy and employment policy, greater local autonomy and the improvement of citizens' welfare in Latvia.

The agreement outlines the core tasks of the parties. These tasks include:

- cooperation and dialogue in relation to the development and implementation of state and regional policy;
- cooperation in developing policy documents and draft legislative acts;
- development of trilateral social dialogue in regions through the establishment of cooperation councils;
- informing society and promoting good practice in the development of social dialogue in regions and local undertakings;
- facilitating social dialogue at local authority level.

The agreement invites the parties to discuss their progress regarding its implementation and further cooperation at least twice annually. Along with the benefits of having common interests and greater influence over decisions, the expanded partnership could also lead to faster decision-making processes.