

**COMPARING SOCIAL MODELS
IN SEARCH OF INCOME AND
JOB/EMPLOYMENT SECURITY:
UNEMPLOYMENT BENEFITS
VS
SHORT TIME WORK COMPENSATIONS**

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1. Framing the Issue

Two main social models can be identified in Europe: the welfare model and the flexicurity model. They both have the same purpose, namely to provide for income security, yet they pursue this goal differently. The models approach the issue from two distinct perspectives, the result of a special combination of legal regulations.

In order to understand how they work and how they try to ensure income security, this paper takes into consideration the interrelations between the different components of each social model: employment protection legislation, unemployment insurance, short time work arrangements, active labour market and activation policies and public employment services.

In comparing the two social models, it is not possible to state which is the best model in absolute terms. On the contrary one might note their distinct performances in different economic conditions. The economic crisis gave the opportunity to assess their functioning in such a context.

Bearing in mind that policy measures and tools are put into place both in times of economic growth and recession, it seems necessary to devise some corrective actions to both social models in order to deal with their major shortcomings. Some of them are the lack of sufficient activation and training measures in traditional welfare systems and the absence of some schemes, such as short time work arrangements, in the flexicurity model to withstand periods of crisis and to keep increase in unemployment under control. This process seems to have begun during the economic downturn.

2. The Characteristics of the two Social Models

The welfare and flexicurity models aim at safeguarding workers' continuity of income (income security) through wage, but also by means of social security payments. Nevertheless, the stance towards the same target is opposite. In fact, the levels of income security provided through wage may be reached by maintaining the same job in the same company (job security) or by workers being in continuous employment, not necessarily within the same company (employment security). If wage fails, different kinds of social security benefits apply.

Table No. 1

Models	Employment protection legislation - Job/Employment security	Unemployment benefit system	STW and temporary lay-off compensations	ALMPs/Activation policies - PES activities
Welfare model	Stringent dismissal protection legislation Job security	Non generous: <ul style="list-style-type: none"> • Short duration • Low replacement rate 	Yes	Low to medium level
Flexicurity model	Non-restrictive dismissal protection legislation Employment security	Generous: <ul style="list-style-type: none"> • Long duration • High replacement rate 	No or very limited as part-time unemployment benefit	High level

2.1. The Flexicurity Model

The approach based on the continuity of income due to continuity of employment inspires the flexicurity model. It is intended to provide employment security thanks to flexible labour regulation and effective support for quick job-to-job transition and re-insertion. Indeed, the legal system is based on a non-restrictive dismissal protection legislation and contractual flexibility – no to few limitations to the use of non-permanent and non-standard employment contracts. Thus, within this framework, high levels of job mobility are reported: workers may lose their job, but they can find quite easily a new one. In this respect, public employment services have to assist unemployed and beneficiaries in finding a new occupation and supporting them in the job transition. The more active and efficient in supporting the job-to-job transition they are, the easier they achieve employment security. Besides, in order to make re-entering the labour market successful, occupational retraining and vocational upgrading (as part of ALMPs) are fundamental, because they develop jobseekers' employability, giving them the opportunity to adjust their skills in accordance with the labour market needs. On the other hand, the implementation of active labour market policies is associated with activation policies, which stimulate beneficiaries to accept new jobs. During unemployment periods, jobseekers can rely on generous unemployment benefits, based on a long duration of payment and a high replacement rates.

Table No. 2

Country	Duration	Replacement rate
Denmark	24 months	90% (max DKK 3,830 (€513) per week)
Finland	500 days	basic allowance (€25.74 per day) + 45% of the difference between the daily wage and the basic allowance
Sweden	300 days	80% during 200 days 70% afterwards (max SEK 680 (€74) per day)

The Netherlands	max 38 months	75% during the first two months, 70% afterwards
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Source: MISSOC

In these countries, since employers may “easily” dismiss employees for economic reasons due to the low restrictive employment protection legislation, there is in principle no need for short time work arrangements. In case of reduction of working hours as a result of economic reasons, employees in short time work are considered workers on a part-time basis seeking full-time employment, and compensation is made by means of part-time unemployment benefits.¹

2.2. The Welfare Model

With reference to the welfare model, the main purpose is to attain job stability. This system is based on a rigid employment protection legislation, which determines a high level of job protection and security and – consequently – a high degree of certainty of the relevant revenue.

Since job protection is the first target, the other components of this social model appear to be of minor significance. The unemployment benefit system is less generous if compared to that adopted in the flexicurity model: the duration of unemployment benefit is rather short and the replacement rate is low. Public expenditure for unemployment benefits is lower than that reported in countries adopting flexicurity model.²

Table No. 3

Country	Duration	Replacement rate
Austria	4.5 – 24 months	55% (net)
France	4 – 24 months	57% – 75%
Germany	6 – 12 (24) months	67%
Italy	6 – 8 months	60% – 40%
Spain	3 – 22 months	70%

Source: MISSOC

As a consequence, beneficiaries are not so much pressured into re-entering the labour market, for that reason the implementation of active labour market policies and activation policies is traditionally modest.

If the employment protection legislation against economic dismissal is strict, the system needs an alternative to dismissal in case of a general recession or temporary crisis affecting the company. Under these circumstances, employers may reduce the number of hours worked, preventing the dismissals. This reduction can be made through several strategies: holidays and working time accounts, working time reductions, temporary suspension of production, temporary lay-offs.³

This choice for employers is easier in countries where short time work or temporary

¹ See European Commission, *Short time working arrangements as response to cyclical fluctuation*, European Economy, Occasional Papers 64, Luxembourg, 2010, 18-19.

² See above, par. 4.

³ European Commission, *Short time working arrangements as response to cyclical fluctuation*, European Economy, Occasional papers 64, Brussels, 2010, p. 10.

lay-off arrangements exist.

3. Short time work arrangements

Short time work arrangements are adjustment procedures to cyclical economic fluctuations. They allow for a reduction of working time or temporary lay-off, yet at the same time, while the employment relationship persists, a social security payment is granted to compensate for the lost income due to fewer hours worked.

It is self-evident that these schemes prevent dismissals and keep workers in their positions. In this way, they at least preserve part of their remuneration, which together with wage compensations ensure income security.

In Europe, existing short time work compensation systems assume different characteristics, in particular with reference to their funding. They are financed by social security contributions or taxes, depending on whether short time work schemes are part of the unemployment insurance system or not. In the former, social security contributions paid by employers and employees finance short time work compensations too (Italy, Austria, Germany, France, Belgium, Luxemburg, Spain). Otherwise, these schemes are in general funded by taxes whereas they are introduced to face negative economic fluctuations on temporary base (e.g. the Netherlands, Poland, Hungary, Slovakia, and so on) during the recent economic downturn.

Short time work schemes present advantages for all those involved: employees, employers and governments.

These arrangements allow companies to preserve human capital and skills that will be necessary in the recovery phase. Further, short time work arrangements reduce potential costs related to personnel turnover, dismissal, recruitment process for new employees, and training.

From the point of view of employees, short time work schemes help maintain their job and avoid dismissal, providing for income security.

In times of economic crisis, short time work compensation systems also have advantages for governments. Since these measures work like a technical device of adjustment of the labour market, they preserve social peace and enhance cohesion between employers and employees, sharing the burden of downturn.

3.1. Short time work arrangements in Italy: the Wage Guarantee Fund

Italy seems to have the most comprehensive system of short time work arrangements in Europe. It is based on two wage guarantee funds: ordinary guarantee fund (*cassa integrazione guadagni ordinaria*) and extraordinary guarantee fund (*cassa integrazione guadagni straordinaria*).⁴ The National Institute of Social Insurance (INPS) manages them and they work like insurance. Employers and employees pay a specific social security contribution rate to these funds and in case of short-time work and temporary lay-off due to recession or crisis affecting the company, the employer applies for the wage guarantee fund in order to get wage compensation for the suspended employees or whose hours have been reduced.

⁴ See M. Tiraboschi, S. Spattini, J. Tschöll, *Guida pratica ammortizzatori sociali - 2010*, Il Sole24ore, Milano, 2010.

This system does not apply to all industries, as the funds are intended to employees operating in enterprises within specific sectors. The field of application of the ordinary wage guarantee fund is the industrial and construction sector, while the extraordinary one mainly concerns enterprises in the above-mentioned sector with more than 15 employees. More recently, the latter was extended, among others, to enterprises in the trade sector with more than 50 employees.

Companies can apply for the ordinary wage guarantee fund in case of reduction of working hours or suspension of economic activity due to unexpected and unavoidable events, which can not be ascribed neither to the employer nor to the employees, or due to temporary market situations (e.g. labour shortage). Otherwise, in case of suspension of production activity resulting from the restructuring, re-organization or conversion of the production, as well as in case of severe financial difficulties for the undertaking, companies apply for the extraordinary wage guarantee fund.

Employees experiencing a reduction or suspension of working hours receive compensation, the amount of which is 80% of the lost wage (with a ceiling).

The duration of the payment to employees depends on the reason of the reduction of working hours or the suspension of economic activity and – therefore – on the type of fund concerned. Wage compensations with regard to the ordinary wage guarantee fund are paid up to 13 weeks, and up to 24 months if the extraordinary wage guarantee fund is concerned (depending on the reason of the suspension).

Since the wage guarantee funds only concern the employees of some economic sectors, the Italian legal system also envisages the possibility of derogations in order to extend the coverage, for example in case of economic downturn, to workers who are usually not eligible and are therefore excluded from the possibility to obtain wage compensations related to wage guarantee funds.⁵

The compensation measures paid on the basis of the derogation of the law are funded by taxes, as are not part of the regular system of wage guarantee funds.

Even if this system dates back to the 1940s, during the economic crisis it proved to be successful in preventing workers dismissals, containing job losses and the unemployment rate increase.⁶

4. The Role of Employment Services and Activation Policies

The function of public employment services is to match labour demand and supply, by providing counselling service and supporting jobseekers in the search for a new job – e.g. through job search information and advising, vocational guidance – by offering them employment opportunities, by directing them towards specific active labour market policies and by evaluating their levels of activation.

Their role is of particular relevance in the flexicurity model, because of two main reasons.

The first one lies in the matching between external flexibility and employment security. In contexts where it is more likely to experience job loss due to low restrictive employment protection legislation, these services have to help jobseekers to find a new occupation. By way of interviews, they should identify obstacles to their re-insertion, as

⁵ The Italian Government has recently drafted a bill before Parliament, proposing the establishment of special funds in sector not covered by wage guarantee funds in order to ensure wage compensations.

⁶ See above, par. 5.

well their needs. Accordingly, public employment services are required to define active labour market measures (ranging from counselling and case management to vocational training and upgrading programmes) to be devised in order to enhance jobseekers' employability, and their chances of finding a new job. In this way, they should succeed in ensuring high job mobility in the labour market for the purposes of achieving high levels of employment security and – therefore – income security, in order to offset external flexibility.

The second reason concerns public expenditure for unemployment benefits. In the context of flexicurity systems unemployment benefits are generous and thus they result in high levels of public spending. Moreover, this generosity discourages beneficiaries from seeking work. Generally, they try to draw unemployment benefits so as to be covered over the entire period, thus making full use of such entitlement. Only when they are no longer eligible for such benefits do they intensify the job search. This extends the unemployment and obviously the longer the unemployment period, the higher the expenditure per unemployed.

In this connection, it is in the public interest to re-insert the beneficiaries into the labour market, making them economically independent in order to limit the relevant public expenditure.

The foregoing observations make it clear why public employment services play a key role in the re-insertion of unemployment benefit recipients into the labour market. Nevertheless, jobseekers and beneficiaries not only have the right to unemployment benefits and support in job searching from the public employment service, but they also have to seek for work actively, attend interviews at the public employment service, participate in the active labour market measures and programmes selected by the public employment service and accept suitable job offers.⁷

Furthermore, sanctions are envisaged in case of failing to comply with these obligations, particularly if not taking part in agreed upon programmes or in case if suitable job are rejected. This also helps employment services to fully satisfy the requirement of making unemployment benefits conditional on participating in active labour market measures and accepting suitable job offers, enhancing the integration of active and passive labour market policies.

5. The Perception of Job and Employment Security

Aside from the investigation of income, job and employment security based on labour market institutions and regulations, it is interesting to understand the subjective perception of workers towards these topics.

Surprisingly, several researches reveal a positive relation between the strictness of dismissal protection legislation and the perception of job insecurity.⁸ This means that workers feel a higher risk of losing their job⁹ and are not confident about the

⁷ See G. Di Domenico, S. Spattini (Eds), *New European Approaches to Long-Term Unemployment. What Role for Public Employment Services and What Market for Private Stakeholders?*, Kluwer Law International, The Hague, p. xxi.

⁸ See European Foundation for the Improvement of Living and Working Conditions, *Employment security and employability: A contribution to the flexicurity debate*, Luxembourg, 2008, p. 27-28 and Eurobarometer, *Employment and Social Policy*, Special Eurobarometer 377, Brussels, 2011, p. 69 ff.

⁹ See OECD, *Employment Outlook 2005*, OECD, Paris, 2005, p. 49; P. Auer, *From job security to labor market security: flexi-curity to reduce labour market segmentation?*, ILO, Geneva, 2007, p. 8.

opportunity of finding new occupation if made redundant,¹⁰ even if they live in countries where there is a high level of job protection, based on strict employment protection legislation.

On the contrary, in countries with low levels of job protection because of non-restrictive dismissal protection legislation, the perception of insecurity is lower.

Indeed, the latest Eurobarometer survey shows that the highest confidence levels of workers being able to keep their jobs are reported in Sweden (95%), Denmark (92%), Germany (91%) and Finland (91%). In a similar vein, in these countries the confidence in the ability of finding a new job within six months if laid off is high.¹¹

At the very end of both scales lie Spain and Greece, countries with a very serious economic situation. However, even in Italy, where there is a widespread use of short time work schemes, the confidence in keeping the job is quite as low as the trust in finding another job within six months, if dismissed.¹²

The study of the European Foundation for the Improvement of Living and Working Conditions also proves the negative relation between subjective job insecurity¹³ and unemployment benefits generosity.¹⁴ If workers may rely on generous benefits, they feel less insecure in the labour market. The lower level of insecurity perceived relates not only to their income, but to their job as well.

By comparing these findings with data provided by the latest Eurobarometer survey, some interesting remarks can be made. The survey confirms that countries with highest unemployment benefits replacement rate report high workers' confidence in re-employment within six months, if laid off (Sweden, 72%; the Netherlands, 64%; Finland, 62%; Denmark, 59%).¹⁵ In all likelihood, this reliance on finding a new job depends on the fact that these countries have not only generous unemployment benefits, but also efficient public employment services that ensure a smooth job-to-job transition. In the same spirit, the inefficiency of public employment services seems to influence the workers trust in finding a new job. Indeed, Greece (17%), Spain (18%) and Italy (21%) report the lower rate with reference to the perceived likelihood to re-enter the labour market within six months, in case of dismissal. Outcomes in Greece and Spain are certainly affected by the crisis, since they experienced a decrease in confidence. This is not the case of Italy. If compared to the survey of 2009, the figures are quite the same.¹⁶ This could be interpreted in the sense that the low trust in re-entering the labour market is not related to the low labour demand, but to the low confidence in the support of public employment services.

One might also think that this result could be associated with the strictness of employment protection legislation. But if in Italy the lack of confidence in finding a

¹⁰ See European Commission, *Towards Common Principles of Flexicurity: more and better jobs through flexibility and security*, COM(2007) 359, 27 June 2007.

¹¹ See Eurobarometer, *Employment and Social Policy*, Special Eurobarometer 377, Brussels, 2011, p. 70, 80.

¹² See Eurobarometer, *Employment and Social Policy*, Special Eurobarometer 377, Brussels, 2011, p. 71, 80.

¹³ See European Foundation for the Improvement of Living and Working Conditions, *Employment security and employability: A contribution to the flexicurity debate*, Luxembourg, 2008, p. 1, where subjective job insecurity is defined as perception of the stability of workers in the current employment relationship.

¹⁴ See European Foundation for the Improvement of Living and Working Conditions, *Employment security and employability: A contribution to the flexicurity debate*, Luxembourg, 2008, p. 27-28.

¹⁵ See Eurobarometer, *Employment and Social Policy*, Special Eurobarometer 377, Brussels, 2011, p. 80.

¹⁶ See Eurobarometer, *Employment and Social Policy*, Special Eurobarometer 377, Brussels, 2011, p. 81.

new job prevails, it does not correspond to the levels reported, for instance, in France or Germany, which have a similar OECD Employment Protection Legislation Index (Table No. 4). On the contrary, Germany records high levels of confidence (54%) in re-employment within six months.

The levels of security or insecurity perceived depend on the combination of several elements, either objective and subjective. But the level of unemployment, the economic situation or the strictness of employment protecting legislation seem to slightly influence the perception of security in the labour market. It is more likely determined by the generosity of unemployment benefits and, to some extent, the efficiency of public employment services.

6. The Performances of the two Social Models in Different Economic Conditions

In times of economic growth, the flexicurity model seems to have provided good performances in terms of employment and unemployment levels. Before the crisis (2008), unemployment rates were very low especially in Denmark (3.3%), the Netherlands (3.1%), Norway (2.5%), and rather low in Sweden (6.2%) and Finland (6.6%).

On the contrary, “welfare countries” generally reported higher unemployment rates, as in the case of France (7.8%), Germany (7.5%), Belgium (7.0%) and Italy (6.7%, yet associated with lower employment rates if compared to the other “welfare countries” – under 60%).

Indeed, the flexicurity model is intended to implement the continuity of employment by supporting a smooth job-to-job transition and a quick re-entering into the labour market, which can be achieved through counselling, career guidance, job search support, activation measures, and by increasing employability through training. However, this might be workable only in the event of high labour demand.¹⁷ Otherwise, the re-insertion of jobseekers appears to be very difficult.

In reality, during the recession, the foregoing countries making use of a flexicurity model reported a greater increase in unemployment rate, if compared to “welfare countries”. In particular, the unemployment rate between 2008 and 2010 more than doubled in Denmark – from 3.3% to 7.4% – while Sweden (8.4%) and Finland (8.4%) recorded a rise of the unemployment rate of more than 2 percentage points. The Netherlands was the only exception, with an increase of 1.6 percentage points. The reason for this difference lies in the strictness of the employment protection legislation (EPL). While Denmark has low restrictive employment protection legislation, the other flexicurity countries have more stringent one (Table No. 4). Moreover, further explanation may be found in the fact that the Netherlands introduced short time work compensations on a temporary basis. On the contrary, Finland, as well as Denmark, envisage part time unemployment benefits for workers involved in stoppage or reduction of working hours. However, only few of them might be eligible, since they have to fulfil the conditions for benefits for benefits allocated in the event of total unemployment.

Table No. 4 - OECD Employment Protection Legislation Index

¹⁷ See S. K. Andersen, *Tackling Job-Losses – Varieties of European Responses*, 2009, http://faos.ku.dk/english/news/tackling_job-losses/

Countries	OECD EPL index
Netherlands	2.23
Finland	2.29
Sweden	2.06
Denmark	1.91
Germany	2.63
Belgium	2.61
Italy	2.58
France	3.00
Spain	3.11

Source: OECD

In times of economic downturn, countries that adopt the welfare model generally experienced lower increases in unemployment rates, usually less than 2 percentage points (between 2008 and 2010, France, +2.0; Italy, +1.7; Belgium, +1.3; Germany, -0.4)

Thus, the welfare system model appears to be more effective in keeping the rise of unemployment under control. This circumstance seems to be determined rather by short time work arrangements, than by stringent employment protection legislation. Indeed, the Spanish employment protection legislation index is quite high. Nevertheless, the increase in unemployment rates was highly significant (+8.8 percentage points between 2008 and 2010; and +10.3 between 2008 and 2011). The lack of short time work schemes – comparable to those adopted in Italy, Germany and Belgium – might explain, alongside the high incidence of temporary contracts – over 30% of total employees – the significant rise in unemployment levels in this country.

7. The Assessment of Social Models

Since flexicurity countries performed well in terms of unemployment levels during periods of economic growth, international institutions (such as OECD and European Commission) and commentators expressed preference for this model that provides income security through continuous employment and generous unemployment benefits during the job transition. The European Commission itself promoted this system, by launching the EU flexicurity strategy, based on internal and external flexicurity “accompanied by secure transition from job to job.”¹⁸

Furthermore, the mainstreaming process was intended to favour the implementation of active labour market policies, over passive one. Indeed, the flexicurity model builds on active policies, which should help jobseekers re-entering the labour market, also by means of active job search and the support of public employment services.

On the contrary, the welfare model was criticised because traditionally aimed at ensuring income security through high levels of job protection and passive policies (passive measures in terms of social assistance, such as short time work arrangements).

¹⁸ See European Commission, *Towards Common Principles of Flexicurity: more and better jobs through flexibility and security*, COM(2007)359, 27 June 2007. According to official documents, the four main components of flexicurity in the European Union vision are: flexible and reliable contractual arrangements, comprehensive lifelong learning strategies, effective active labour market policies and modern, adequate and sustainable social protection systems.

Further, a critical approach towards short time work arrangements prevailed, yet this view changed during the economic downturn. Short time work arrangements proved to be effective in preventing dismissals and significant increase in unemployment.¹⁹ Criticism towards the welfare model adopting short time work schemes decreased, since it proved to stand the recession. And the flexicurity model, unable to cope with the impact of the crisis, was not longer considered the most adequate social system. Experts have pointed out that a system “combining at various stages of the economic cycle STWA with unemployment benefits is more equitable and efficient (i.e. with higher employment levels) than a system with only unemployment benefits”.²⁰ In fact, such a system limits dismissals, since employers may opt for temporary lay-offs or reduction in hours worked. Short time work schemes even started to be considered as an instrument for the implementation of flexicurity principles, as combining internal flexibility with job and income security.²¹ The reduction of working hours or stoppage allow for internal flexibility on the part of employers (based on flexible working time arrangements as envisaged by the EU flexibility principles). In a similar vein, this provision prevents dismissals and helps employees to stay in their current position, enhancing job security. Moreover, wage compensations associated with short time work arrangements ensure income security for the employees.

8. A Process of Convergence

Both welfare and flexicurity models had, and still have, some shortcomings. In the past, northern European countries were very generous in term of duration and replacement rate of unemployment benefits they provided. This aspect presented some critical points with reference not only to public expenditure, but also to labour market distortions (for instance the unemployment and inactivity trap). Therefore, in the 1990s, these systems underwent reforms. The duration of unemployment benefits was reduced and requirements for entitlement and eligibility criteria were tightened up.²² The qualifying period was raised, while new eligibility criteria were set, such as: involuntary unemployment, ability of work, immediate availability for work, and active search for a job.²³ These new provisions introduced the conditionality of unemployment benefits on participation in active labour market measures and on accepting suitable job offers. In case of failing to comply with these requirements, sanctions are imposed, ranging from

¹⁹ See European Commission, *Short time working arrangements as response to cyclical fluctuation*, European Economy, Occasional Papers 64, Luxembourg, 2010, p.15 ff. and European Commission, *Adapting unemployment benefit systems to the economic cycle, 2011*, Luxembourg, 2011, p. 25.

²⁰ European Commission, *Short time working arrangements as response to cyclical fluctuation*, European Economy, Occasional Papers 64, Luxembourg, 2010, p.11.

²¹ See European Foundation for the Improvement of Living and Working Conditions, *Extending flexicurity – The potential of short-time working schemes*, Publications Office of the European Union, Luxembourg, 2010.

²² See OECD, *Benefits and Wages. OECD Indicators*, Paris, 2002, p. 51. For example, Denmark reduced the duration of unemployment benefit from five to four years.

²³ OECD, *Eligibility Criteria for Unemployment Benefit*, in *Employment Outlook 2000* and European Commission, *Adapting unemployment benefit systems to the economic cycle, 2011*, Luxembourg, 2011, p. 11 ff.

a suspension or reduction of the benefits, to a loss of entitlement.

More recently, the northern countries that adopt the flexicurity model further reduced the generosity of their systems by once again decreasing the duration of the benefit. For instance, in 2010, Denmark reduced the period from four to two years.

On the other hand, as already mentioned, welfare models traditionally lacked of sufficient activation and active labour market measures (mainly training programmes) and efficient public employment services to implement policies effectively.

Therefore, over the past decade, European countries chose to reform their welfare systems. Indeed, they adopted some methodologies typical of flexicurity models. First of all, they introduced the foregoing eligibility criteria and the conditionality of unemployment benefits. Furthermore, they increased the levels of vocational training programmes to enhance jobseekers employability. In the same spirit, they tried to develop active labour market measures and public employment services to support the re-insertion of unemployment benefit beneficiaries into the labour market.

During the economic downturn, this tendency towards an adjustment of social models has persisted. Furthermore, the crisis made the need of these changes more apparent, in order to overcome shortcomings. Welfare models tried to improve the conditionality of unemployment benefits and the efficiency of public employment services.

Some flexicurity countries adopted measures operating as “shock absorber”, aiming at preventing dismissals in case of periods of crisis or giving further special support. For instance, the Netherlands adopted temporary short time working schemes,²⁴ whereas Finland introduced temporary unemployment benefits for workers who have been partly laid off.²⁵

Each model underwent changes integrating some elements from the other one. This process of adjustment and convergence started before the crisis and became more pronounced in recession. Considering that social systems should perform in both periods of growth and recession, it seems reasonable to combine and balance the elements of both social models.

²⁴ See European Commission, *Short time working arrangements as response to cyclical fluctuation*, European Economy, Occasional Papers 64, Luxembourg, 2010, 78-79.

²⁵ See European Commission, *Short time working arrangements as response to cyclical fluctuation*, European Economy, Occasional Papers 64, Luxembourg, 2010, 58-59.