Flexicurity in Europe: can it survive a double crisis?

Frank Tros

Dr. Frank Tros
University of Amsterdam
Amsterdam Institute for Advanced labour Studies
University of Amsterdam
The Netherlands
F.H.Tros@uva.nl

Flexicurity in Europe: can it survive a double crisis?

Frank Tros

Working paper to be presented in ILERA World Congress 2012, Phyladelphia, USA, july 2012 (track 5).

1. Introduction

In the last 5 years, 'flexicurity' has become a European flagship policy. During the financial and economic recession, this is re-conformed within the 'EU 2020 strategy' and the Pact for the Euro of 2011. Nevertheless, the economic and political context in the recent years, has put pressure on the implementation of flexicurity in the EU member states and, maybe more serious, on the basic conditions underlying the concept. Furthermore, the concept of flexicurity is subject of fundamental critics by academics and is (still) not supported by a common view among EU member states and the social partners.

The central question in this paper is if the flexicurity concept – as a guideline for modernizing labour law, employment policies and welfare provisions in the European countries - can survive this 'double crisis'. The 'external crisis' of the international economy and the 'internal' crisis of the concept. Flexicurity as a policy concept at the EU level was developed during a relative prosperous economic period in which there was a rather supportive political climate to work on a more social Europe (Bekker, 2011). The recent financial and economic crisis has changed this context because of a sharp economic recession and a political climate that seems pessimistic about European politics. As one of the origins of the concept is rooted in the re-assessment of the idea that investments in social policy constitute an economic production factor, the global financial-economic crisis has put clear pressure on this condition. The public budgets on active labour market policies, education for young and old, and standards in income security have become in danger by unbalances of public budgets in the EU member states. This risk is re-inforced by the budgetary and debt criteria of the Eonomic and Monetary Union (Keune, 2012). Furthermore, the private investments in sustainable HRM and education funds are easily victims of cost cutting strategies of companies. The second 'crisis' refers to the fact that the concept of flexicurity in itself seems in crisis. More and more academics, politicians and trade unions are formulating fundamental critics on the lack of theory underlying the concept and the imprecise nature of the concept (Viebrock & Clasen, 2009); on it's limits regards to a joint view among social partners (Voss & Dornelas, 2011, Burroni & Keune, 2011) and on the evident risks that the concept is implemented in an unbalanced way towards flexibility with less guarantees on security for workers. Flexicurity is criticized by reflecting a trap – or even a hidden agenda - for further deregulation and liberalization (Meda, 2011, Keune & Serrano, forthcoming). The combination of the economic and conceptual crises re-inforce the risks of further erosion of the security element in flexicurity policies and practices. In the same time, in current times not less flexibility and not less security are needed and the crucial question is whether a real alternative to flexicurity exists. Alternative concepts, merely focussing on one dimension, can probably not achieve an integrated and sustainable approach that put both interests of employers and workers towards the negotiation tables.

Because the concept has met from the beginning a lot of misunderstandings and is driven away from her origins, this paper will give a short evaluation of the origins of the flexicurity concept and the analytical frameworks that has appeared in the academic literature and political debate. More elaborate, this paper evaluates critically some policy measures in the EU-member states fits to the flexicurity definition in the EU-member states, as response to the financial/economic crisis. These policies will be (critical) assessed in their contents and in their evident outcomes in labor market transitions and quality of working lifes.

The conclusion of the paper is that the flexicurity concept is not dead, but risks further erosion and fragmantism because of a lack of an integrative approach between the policy domains that are involved in the concept. The ongoing segmentation between workers groups and the appeared temporary nature of some interesting new policy measures in the first period of the financial crisis, are not signs of vitality of the concept. In more academical terms, this paper makes critical remarks by evaluating flexicurity by only institutional or by only dynamic indicators for labour market mobility. Following the quality of labour market transitions in individual life-courses and quality of employment are important indicators for the outcomes of flexicurity policies as well.

2. The flexicurity-concept: origins and analytical frameworks [1]

2.1 European policy

The concept of flexicurity can be seen as an answer to the dominant deregulation view in the 1980 and an alternative to integrate social policies with the dominant (neo-liberal) economic policies of the EU (Wilthagen, 1998). In many Western welfare states, the job and social security systems were developed after the Second World War, reaching a stage of 'completion' in the late 1960s and 1970s. The 1980s however, can be typified as an era where deregulation and privatization appeared as the dominant political responses to economic and state budget crises. In the early 1990s, policy scientists started to notice that the 'deregulation versus regulation' or 'flexibility versus security' debates might be positioned and conceptualized too

[1] Some parts of this paper are joinlty written with Ton Wilthagen and will be published in the 'Routledge International Handbook on the Welfare State', edited by Bent Greve. Only the author of this paper is responsible for the approach and views that are followed in this paper.

narrowly. Certain settings and forms of (re)regulation were considered conducive to economic performance (Streeck, 1992). Social policy was increasingly seen as a 'production factor' and social institutions were either perceived as 'harmless' with regard to economic growth, or thought to matter in a positive sense (Auer, 2001). Besides this regulation-deregulation nexus, the scientific debate observed a flexibility-security nexus (Wilthagen & Rogowski, 2002).

The quest for a new (dynamic) equilibrium, facilitating and enhancing the adaptability and capacity to deal with change of both individuals and companies has come to be labeled 'flexicurity'. Flexicurity is defined as *a policy strategy to enhance, at the same time and in a deliberate way, the flexibility of labor markets, the work organization and employment relations on the one hand, and security –employment security and social security – notably for weaker groups in and outside the labor market, on the other hand* (Wilthagen & Tros, 2004). From a theoretical point of view this concept can be considered as a post-deregulation strategy (Keller & Seifert, 2000: 293) and can be characterized as a form of integration and synchronization of economic and social policy (Wynn, 2000:501). The concept further has some common characteristics with the approach of 'transitional labor markets', as it is strongly connected to promoting and analyzing transitions in the labor market and between the labor market and non-paid life domains (Schmid & Gazier, 2002).

European politics quickly picked up 'flexicurity' as a normative concept within the European Employment Strategy (EES) to strive for both economic adaptability and social cohesion (Bekker, 2011). Policy makers were inspired by the good economic performances - esp. the high employment participation - in the 1990s of countries that were presented as 'flexicurity-countries', notably Denmark and the Netherlands. Although the concept was highly debated in some EU-member states and missed a shared view by the social partners, the European Union has adopted 'flexicurity' as a key policy concept within the European Employment Strategy, as documented by the adaptation of 'Common Principles on Flexicurity' by the European Council on 6 December 2007, the report and resolutions on flexicurity from the European Parliament on 29 November, the joint labour market and flexicurity analysis presented by the European social partners on 18 October 2007, the Communication on flexicurity by the European Commission dated 27 June 2007 and the much debated Green Paper on the Modernization of Labor Law issued 22 November 2006. The concept has become a European flagship policy that has been re-confirmed within the EU's 2020 strategy and, most recently, the Euro Plus Pact.

The European Commission has mapped out 'flexicurity pathways' that can be designed and implemented across the following four policy components:

1. flexible and reliable contractual arrangements;
2. efficient active labour market policies to strengthen transition security;
3. systematic and responsive lifelong learning;
4. modern social security provisions that also contribute to good mobility in the labor market.

The first pathway addresses the issue of flexibility at the margin of the labor market. It suggests reducing asymmetries between standard and non-standard work by promoting upward transitions in the labor market and by integrating non-standard contracts fully into labor law, collective agreements, social security and lifelong learning systems.

The second pathway emphasizes safe and productive job-to-job transitions either within the company (especially to enhance the employability and skills of workers) or outside the company once the necessity arises. The third pathway recommends the access to learning and good transitions for all, notably groups in the labor market that risks exclusion. It recommends strengthening investments in skills and R&D to enhance productivity and employment. The fourth pathway starts from the urgent need to increase the employment opportunities of persons who are on social security benefits or working in the informal sector. Active labor market policies and social security should offer sufficient opportunities and incentives to return to work and to facilitate this transition. Long-term welfare dependence could thus be prevented. By formalizing informal economic activities, increased financial resources can be raised for building up a more comprehensive social security system. For a clear understanding, it has to be stressed here that these policy concepts are principles and not necessarily practices in Europe.

Since the launch of the term, there has been a boost of literature about it that reflects controversy on how to define, to measure and to translate the concept into policymaking.

2.2 Definition and analytical frameworks

Since the launch of the term, there has been a boost of literature about it that reflects controversy on how to define, to measure and to translate the concept into policymaking (Chung, 2011, Viebrock & Clasen, 2009).

In the literature and debates the following definitions and frameworks of 'flexicurity' can be observed:
a. the definition of policy efforts
b. the definition of institutional configuration
c. the definition of 'outcomes' in the labor market

In the text above, we have already given the definition in which flexicurity is seen as a policy concept. This definition of enhancing both flexibility and security in a coordinated way is broadly cited in the literature. The element of 'synchronization' in the definition is an important condition in the concept. It distinguishes it from policies that are reactive, usually with significant delay, to repair too much flexibility or too much security. Traditionally, policies to enhance flexibility are reactions to adjust arrangements or institutions that are considered 'too tight' and policies to promote security are reactive on the observation that the insecurity for groups of workers is too high. The assumption underlying the concept is that flexibility and security can be complementary and mutually supportive, so an integrative and broad approach of several forms of flexibility and forms of security is needed at negotiation tables.

Additionally, flexicurity can be seen as 'state of affairs'. Here a distinction can be made by an institutional state and a labor market state. Referring to the first, flexicurity can be defined as a configuration of institutions that enhance flexibility as well as security for workers (active or inactive) and companies and in labor markets. The (re)presentation of the Danish flexicurity model or 'golden triangle' is particularly framed by an institutional approach (although it is, to support or illustrate the functioning of the institutions, combined with labour market data) (see Madsen, 2004). The first pillar of this Danish system concern the low set of regulations on hiring and firing, generating a flexible labor market. The second pillar consists of generous income protection in case of unemployment, providing a safety net in case of unemployment. The third pillar of the Danish system is an activating, tri-partite organized labor market approach, aimed at re-integrating redundant workers into other companies. So, the combination of these three institutional pillars of the Danish system guarantees and facilitates high degrees of flexibility (external-numerical) *and* security (of income and re-employment) in the welfare state and labor market. This institutional constellation is the result of a long historical development with 'struggles' in industrial relations (see further: Madsen, 2004). Inspired by this institutional approach, researchers have tried to measure the EU countries by institutional indicators that guarantee and facilitate forms of flexibility and security.

A third analytical framework for flexicurity concerns the *outcomes* in the labor markets and welfare states. Are flexicurity policies or balanced configurations of institutions also leading to flexibility and security results in practice? One of the problems of merely assessing policies or regulations by desk-research is the complexity in which formal rules are working in the legal and employment relations practices, as is showed by Bertola et al. (2000) in their critique of the Employment Protection Legislation indicator (EPL) used by the OECD. Another trap pertains to practices that develop outside the scope of traditional institutions (to stay with the same EPL-example: flexible contracts can emerge besides the formal regulations). Because flexicurity refers to transitions during life courses of citizens, it is relevent to make longitudinal analysis in which individual workers are followed in their income and working careers. Existing data sets only partly allow for this kind of analysis.

The complexity regarding to the evaluation of the concept of flexicurity is increased further by the facts that policies can be developed at different levels and that policy-outcomes can vary at the different levels. Therefore a multi-level approach is needed in the analyses of strategies, regulations and outcomes. European, national, sectoral, regional, local, firm and individual workers' level can be distinguished. The firm level should not be neglected because here the flexicurity opportunities (or barriers) often come together. Practises on the company level can develop rather autonomously, by transforming firm-external institutions for their own profits (Teubner, 1994).

Moreover, both flexibility and security are multi-dimensional concepts, which take various forms. Four forms of flexibility can be distinguished: external-numerical, internal-numerical, functional and wage flexibility. Wilthagen (in Wilthagen and Rogowski, 2002, and Wilthagen and Tros, 2004)) has linked these with four forms of security: job, employment, income and combination security. Where job security is defined as the security to stay in the same job with the same employer, employment security refers to the possibility for workers to remain employed, not necessarily in the same job or with the same employer, and the possibility for the unemployed to make the transition to paid work. Income security regards the security of income replacement in the case the job is lost. Combination security is the security of a worker being able to combine his or her work and the private domain of life. As already indicated an important assumption in the flexicurity concept is that forms of flexibility and forms of security can be complementary and mutually supportive. Another fundamental idea is that flexibility is not just profit for capital and security not only profit for labor. Also an employer wants to be sure about a committed and qualified workforce and an employee needs flexibility in order to combine work and

private life.
Both external-numerical flexibility and employment security can be enhanced by productive and sustainable job-to-job transitions. The same goes with the combination of internal-numerical flexibility with job security by varying working hours and at the same time maintaining stability in the number of employed staff. Functional flexibility through investments in the workers' employability of work (by means of training and education or task/job rotation) can enhance job as well as employment security. Likewise more complementary configurations of flexibility and security are possible and can be observed in employment practices.

3. Recent flexicurity-practices during the economic crisis

This section of the paper evaluates some major strategies in Sweden, Belgium, Germany, The Netherlands and the UK that aimed to combine flexibility with security in employment and in the labour market. Introduced or intensified as policy responses to the economic recession.

Before doing this, first some words on the recent developments in two EU countries that are seen as 'flexicurity-countries': the Netherlands and Denmark.
In the recent years the Dutch trade unions increased their criticism on the unbalanced effects of the law on 'flexibility and security' of 1999. Their arguments are supported by recent longitudinal labour market research in the Netherlands that shows relatively low levels of transitions into open-ended employment contracts and lower investments in education and training and higher feelings of insecurity among the workers with temporary employment contracts (Muffels & Wilthagen, 2011). The Dutch government (however) introduced further flexibility in the law 'flexibility and security' as one of the policy-responses on the financial crisis. Employers and young workers have now the opportunity to make a chain of four (in stead of three) repetitions of temporary employment contracts before a regular contract has to be started. This measure was combined with other policy reponses to the crisis (see further in this section). No further progress is made in the discussion in the Netherlands to redistribute the job protection or social security entitlements among people with regular and flexible employment contracts.
In Denmark, the flexicurity medaille lost some of it's glittering because of rather fast increasing unemployment figures and some adapatations in the income security for the unemployed in the recent economic crisis, without abolishing the fundamental 'golden triangle' in their industrial relations system, labour market policies and social security (Jorgensen, 2011, Andersen, 2011). The job losses can be seen as an inevitable side effect of the model of low job protection (Jorgensen, 2011). The relevant question is, however, if the Danish will show a relatively high employment recovery when the economic conjuncture will increase.

3.1 Synchronizing business cycles with working hours in Germany

The unemployment figures of Germany in the last years have amazed academics and politicians, and some speak about the 'German labor market miracle'. Where the other EU-countries and the United States showed far rising unemployment in 2008-2011, Germany showed stability in employment participation, notwithstanding the sharp drop of German GDP. Although many reasons are given in the literature (such as the strict employment protection and the relative low numbers of workers that were employed by Germany firms before the crisis), there is less controversy on the statement that the German working times accounts and complementary short-time work allowances (Kurzarbeit) have played an important role to support labor hoarding in the economic downturn (f.e. Eichhorst et al., 2010; Boeri & Brueckner, 2011).
Working time accounts in Germany facilitate flexibility in the number of hours (internal-numerical flexibility) by day, by week or over the year and is widely regulated in collective agreements and company arrangements in German workplaces. In 2009 it was estimated that in total 30% of German companies made use of working time accounts, either in the form of a reduction of hours that are saved in individual

accounts or in the form of working time credits which will have to be worked in the future when business recovers (Dribbusch, 2009). In some months in 2009 there were in total 1.4 million persons in Germany in short-time work.

In reaction to the financial crisis several countries introduced new arrangements or expanded the scope of existing short-time work arrangements. These schemes are publicly sponsored facilities to prevent too losses in human capital or too fast bankrupts caused by temporarily downturns in the economy. They function as a buffer to external numerical flexibility by facilitating internal, working hours flexibility. Sometimes these schemes are an integral part of the unemployment insurance system. In practice firms make regular contributions to a pool or a fund and then draw money from these funds to compensate workers for the reduction in the hours worked during downturns. In some countries like Italy, Japan and Germany between 2.5 and 5 percent of the workforce participated in such schemes in the high recession periods. In other countries, such as the UK, no formal schemes exist, but a reduction of working hours is accepted by workers on a voluntary basis, e.g. by taking up leave or holidays.

3.2 Using collective funds for job-to job transitions in Sweden

Sweden is one of the countries that has been hit hard by the recent crisis, but many redundant workers have found new jobs. At the same time, however, youth unemployment has increased substantially, leading to increased discussion about the inequality between 'insiders' and 'outsiders' in the Swedish labor market (see further Bergstrom, 2009).

In Sweden, the employers' organizations and trade unions play an important role in designing 'employment security agreements' and 'transition agreements'. The first agreement dates from 1974 when there was massive job loss of white collar workers in Sweden. Over the last decades the social partners have created more frameworks for how restructuring should took place in their labor market segments. Some agreements aim at avoiding dismissal and facilitate voluntary job mobility, others aim at compensation and 'transition support' in terms of outplacement and education facilities or, in less cases, severance payment to redundant workers (Borghouts, forthcoming, Bergstrom, 2009, Sebardt, 2006). In relation to these collective agreements, the social partners established bi-partite 'employment security councils' or transition agencies at the sector level, financed by employers' fees based on 0,3% of the labor costs. The system operates as a form of insurance system, distributing the risk and costs of economic dismissals among the companies in the branches. The councils provide consultation in early stages of restructuring, outplacement services for redundant workers and finance temporarily salary-gaps in case of outplacement to lower paid jobs. Sometimes these councils employ job coaches/trainers, sometimes these services are outsourced to private providers.

There are extra incentives for employers to bargain with trade unions if they want to deviate from legal standards in the seniority rules that are set by law. It is a common practice in larger companies that legal standards are put aside by offering prolonged dismissal period (to have more time to look for other jobs) and extra 'transition packages' to the benefit of redundant employees. Similar developments – 'change security funds', tripartite 'Flexicurity Committees' at the sector level – can be witnessed in Finland.

3.3 Securing outplacement support for dismissed workers in Belgium

In 2009 the Federal government in Belgium introduced the Economic Recovery Law in which outplacement rights and obligations for redundant workers were strengthened and all private employers in restructuring are obliged to install 're-employment cells' to promote fast replacement of their dismissed workers to other paid work. This legislation is a follow-up of the Belgian approach to promote longer working careers of older workers by giving 45+ workers rights to60 hours of outplacement support in case they are collectively or individually dismissed (Generation Pact, 2005; national CLA 82bis, 2007). Since 2009 also redundant 45- workers have entitlements to outplacement support - 30 hours during 3 months – and not only companies that concluded pre-pension arrangements, but all restructuring companies have to organize and finance outplacement support.
The implementation of these legislative measures is tested in the juridical procedure with the regional governments for getting permission for the effectuation of the restructuring. If bipartite social plans or companies' restructuring programs are not 'activating' enough, the company is not allowed to do the restructuring. Before effectuating the first dismissal, the employer has to install a re-employment cell, boarded by the public employment service (chair), trade union(s), the sector/local education fund and the employer. Already in their notice periods the redundant workers have to enroll in this 'cell' and to participate in the outplacement program that is organized and that is respecting the quantitative and qualitative standards in legislation and the applicable national collective labour agreements. In case of insufficient efforts by the employee in this reintegration phase in looking for another job or to following a re-training or re-education program, the public employment service can sanction the employee by lower unemployment benefits.
This Belgian case is an example of a structural and encompassing policy of enforcing 'activating restructuring'. All 45+ workers, also the ones who lose their jobs by individual dismissal, have outplacement rights and obligations, including standards of length and timing. Although the access to outplacement support is increased significantly by this policy, the effective re-placement rates for employees aged 50 years are rather low, far lower than for younger workers. Overall, in the period 2007-2010 35 till 54 percent of the redundant employees found other paid employment within 6 months after registration due to this system. For the 50+ workers, these percentages sticked to 11 till 24 (Tros, forthcoming). Further it is evident that the replacement rates are significant lower among the low educated employees. Not only the age and education level play a significant role in the chance to find a new job, but also the entitlements for pre-pension arrangements. 50+ workers in restructuring firms with pre-pension schemes, make less than halve of the job-to-job transitions compared to those in firms that do not arrange such schedules in their redundancy practises. Therefore it can be concluded that the policy on supporting re-placement of dismissed workers is not integrated with an activating approach in social security arrangements The majority in pre-pension arrangements are dispensed from the obligation to apply for new jobs and the threshold for pre-pension in Belgium can be still set on the age of 50 (although this might change quickly due to the austerity measures the recently appointed government is considering). There are also shortcomings in low education and training investments. Further criticism can be formulated with respect to the missed opportunities to negotiate these unilateral legislative measures synchronically with measures to enhance job security and investments in the employability of the older workers and more flexibility in the procedures on collective dismissals and

restructuring.

3.4 Local Mobility Centres in the Netherlands

In 2009 33 local ‘mobiliteitscentra’, Mobility Centres, were installed over the Netherlands. This institution was inspired by the rather well working mobility centre in the southern region to combat unemployment for redundant workers in the automotive industry some years before (NedCar). These centres were public-private networks of several actors like employers, training institutes, public employment services and private temp agencies and outplacement providers on the (rather small) regional level. The role of these centres can be best seen as providing ‘services’ for restructuring employers with problems of redundancy in which large or small numbers of workers were threatened by dismissal. The operating approach was focussed ‘quick response services’, fast outplacement and more preventive, anticipating measures in case of threat of job loss. Pragmatism was a key characteristic: making tailor-made progams for companies whith redundancy problems. Further, the local mobility centres had a key role in implementing the temporary working time reduction schedule and part-time unemployment insurance act, what helped to open the doors of companies. These national programs were fastly introduced by the Dutch government in response to the financial crisis. In contrast to the neighbouring countries – Belgium and Germany – these programs did not exist in the Netherlands. An innovating characteristic of these measures was the condition for employers to organize training-programs for their working staffs to be entitled for these programs.
The measures were never scientifically evaluated, but the Ministry of Social Affairs and Employment monitored the programs. It became evident that 90% of the participants in the temporary and part-time unemployment schedules stayed employed after participating in these arrangements. From april 2009 till august 2010, in total 70.000 employees in the Netherlands particpated in the part-time unemployment insurance act. The training and education condition for companies appeared to be difficult to implement and also a lots of SME’s could not enter the programme because of this condition. Seperate form these programs, the Local Mobility Centres had the function to organize specific programs for training and education for companies, in anticipating and curative phases of companies’ restructuring activities. The so called ‘retraining bonusses’ and other subsidies for education and training were little requested to and acknowledged by these regional mobility centres. More intensity was registered on organizing and distributing ‘Recognition-of-obtained-competences’. The programs for job-to-job mobility were more large. The Local Mobility Centres monitored in total 18.000 preventive replacements and 141.000 placements within 3 months after dismissal. The Centres signed in total 1350 service-agreements with companies, but the reports stayed unclear about the content of these (besides some information on best-cases on f.e. intersectoral mobility and re-education programs for some groups of professional workers).
With the start of national programs of cutting public expenditures, the new middle-right government in the Netherlands decided tot stop the temporarily Local Mobility Centres to be independent organizations and have to be integrated in the normal organizational structure of the public employment service in 2011. The consequence of this reform is that one of the strong points of the functioning of these centres – namely expanding and intensifying their regional networks with employers to

facilitate job-to-job transitions – cannot be guaranteed anymore.

3.5 Transition security for young people in UK and the Netherlands

In the beginning of the financial crisis, rather fast national governments came aware of the vulnerable position of young people. Recent longitudinal labour market analyses in EU countries showed dissappointing effects of the 'partial deregulation' and introduction of 'two-tier' EPL-systems of the 1980s and 1990s in terms of stability in the further careers and stepping-stone function of temporary employment contracts (f.e. Blossfeld et al, 2008; OECD, 2008) Because young people are disproportionally employed in temporary employment contracts, they face high risks on unemployment. School leavers face higher difficulties to enter in the labour market because of the economic recession. Long inactivity in the youth can have 'scarring effects' in later life phases. Some governments – like in the UK and in the Netherlands- initiated a rather integrated and encompassing policy approach in gauranteeing 'transition security' for young people.

In 2009 the labour government in the UK initiated a program called *The Young Person's Guarantee*. The purpose of this program was that all 18 to 24 year olds will be guaranteed before they reach 12 months on Job Seekers Allowance, a (a) offer of a job, (b) a work focussed training or (c) a place on a community task force. Employer engagement and activating job search activities were integrated in the policy-strategy. Between October 2009 and July 2010 there have been around 55.000 starts of young people to the 'Future Jobs Fund vacancies', as part of the *Young Person's Guarantee*. This fund supported networks of employers (at local region or sectoral level) and funded both costs associated with the initial job creation and 6 months ongoing costs. Simms (2011) concludes that there is evidence that the interventionist approach of the government until May 2010 have had a beneficial impact on youth employment. New bids to the fund were stopped in may 2010 because of cost cutting policies of the new government in the UK. In the period under the old government also more than 10.000 young people started in the 'routes into work trajectories'. These routes gave a 1000 Pounds employers' subsidy to hire unemployed young people and funded 2-6 weeks of job-relevant pre-employment training. Also here, the change of the government's colour have let the abolishment of the employers' subsidies. Doing this, an assumed condition for success (Gregg, 2009) – the financial incentive for the employer – has been cut.

The policy of the Dutch government went in the same direction of an encompassing approach in guaranteeing 'transition security'. In 2009 the Dutch government introduced the Act *Investment in Young People* ('Wet Investeren in Jongeren') to offer all young unemployed people under 27 years a right for a learn-work trajectory. This means that the local authorities became obliged to offer such trajectories and that young unemployed people were only entitled to a welfare benefit if they have applied on an offer in this. There were some starting problems to implement such a large program in short time. The local authorities faced problems with co-operation with the regional and local employers and training institutes (Schaapman, 2011). The largest trade union in the Netherlands signalled that only 5% of the unemployed young people actually have received a learn-work trajectory after a half year that the Act have been implemented. But it impoved after some time. After more then one and a

half year, the evaluation study for the Ministry of Social Affairs and Employment concluded that almost 70% of the youth who apply for a learn-work trajectory have received an offer (Leenheer et al, 2011). However, just 40% of the youth themselves replied that they have received a trajectory. During the time, the local governments have strengthened their co-ordination with sectors of education and health/social care. The impact of the Act *Investments in Young People* is also positive influenced by the National Action-plan Youth unemployment in the Netherlands (2009) and regional convenants in the Netherlands to stimulate longer school participation and training jobs among the young people. Although the specific effects of these programmes are difficult to measure, the unemployment among young people and the general unemployment figures stayed on relatively low levels.
Remarkably, in January 2012 the above mentioned Act – and therefore the rights of young people to be involved in a learn-work trajectory – disappeared. Young people have not any more rights on a 'learn-work' trajectory. Local governments still offer learn-working trajectories to young people. If young people do not accept this offer, he/she will not receive a social benefit.

So in the case of labour market policies for young people, two new rather integrated policy-programs appeared to be temporarily while the problem of youth unemployment is not solved at all.

4. Conclusions and outlook

The first conclusion is that the recent emergence of new flexicurity policies and elaborations on flexicurity strategies that were established earlier on, support the statement that the concept not only holds in favorable business cycle conditions.

The second conclusion is that an integrated approach in flexicurity in the European countries has not come more closed at hand. The (first) victims of the crisis have clearly been the workers with flexible employment contracts, while many policy measures were restricted to the workers with open-ended employment contracts. European countries are more active on the second flexicurity pathway (securing job-to-job transitions) and less to the pathways of preventing segmentation and long term social exclusion and investing in further education during the working life. Flexible workforces still have limited access to training facilities and other forms of social protection. This situation risks further segmentation in labor markets in which flexibility and security is very unequally distributed in societies. Persistent youth unemployment and instable early careers of young people risks 'scarring effects in their further living and working phases. It is legitime to discuss the disappointing effects of the 'two-tier' employment protection systems in many European countries regards to the growth of employment and career developments of flexible workers and discuss a model of employment contract in which workers' rights are gradually built up without sharp, systematic inequality (Bentolila et al, 2008; Boeri, 2011).

A third conclusion is that the policy responses of the crisis have led to a kind of revaluation of the strategy to combine job security with working hours flexibility, such as in Germany, but also in other EU countries, and at the EU level itself (European Council, 2009: 4). Meardi (2012: 115) even states that the European

Council (2009) has partly redefined the flexicurity idea as working-time flexibility, given its evident inappropriateness to deal with a recession. It is true that this combination of job security with internal numerical flexility - although part of the flexicurity matrix in the academic literature - was rather neglected in the political debate on flexicurity in the period before the economic recession. The rather broad definition of flexicurity and the holistic character of the concept, make the concept vulnerable for political-strategic use, as was already shown since European politics picked up the term as a normative concept within the European Employment Strategy (Keune & Jepsen, 2007). But flexicurity is currently not marginalized as just working time flexibility. The components of labour market reforms, life long learning and activation are still mentioned in recent European documents, such as the Euro Plus Pact of 2011. And some European countries follow the pathway of securing job-to-job transitions under the flag of 'flexicurity'.

A fourth conclusion is that some starts of integrated policies in EU-countries have appeared to be temporarily. The Dutch Flexibility and Security Act (already 13 years ago) was an example of integrated bargaining (Houwing, 2010), but the discussion on more equal distribution of protection legislation between regular and flexible workers has not come further in the Netherlands. This paper has also showed that rather integrated policy initiatives – such as regards to 'transition security' for young people in the UK and the NL –introduced in the beginning of the crisis, have been stopped rather fast by new national governments, without being seriously evaluated.

The overall conclusion: although at the EU-level flexicurity is reconfirmed as a leading strategy concept, the EU-member states have just continued or started (and again stopped) some isolated 'flexicurity-minded' practices. Although these practices can have their own value and good labour market outcomes for some labour market groups, as the paper has showed, there is not found a 'best-case' in which the configuration of labour markets policies, social security systems and sustainable HRM-strategies is changed into an integrated flexicurity policy.

Outlook

Crises in general can stimulate people and organizations to reconsider former ideas, positions and strategies. It can also enhance more sense of urgency to make political or policy reforms and innovations. What can be concluded (so far) is that the financial and economic crisis have not 'helped' to overcome the traditional views and positions between the social partners in Europe regarding to the regulation of employment and labour markets. One can also be critical on the conflict between European policies. The dominant focus of limiting public deficits as policy response on the financial/economic crisis, is at odds with one of the main origins of the flexicurity concept: the assumption to see investments in social policies as a productive factor in the economy. If the further political debates in Europe will be still dominated by neo-cleassical ideas of deregulating the labour market and cost cutting in social security, in stead of *re*regulating the labour market and welfare state to provide productive and secure labour market transitions, then the concept of flexicurity will be further eroded by changing the power balance between (weaker) workers and employers and lower investments to facilitate flexible and secure working careers. It cant be neglected that criteria of the Economic and Monetary Union can lead to decreasing social expenditure in a way that weaker groups in the labour have not acces to flexible and secure working careers. The effects of the EMU in reforming the welfare states of European countries differ substantially between the countries (Keune, 2011). Neglecting the social dimension of European integration undermines also another important condition for developing flexicurity strategies: mutual trust between the social partners. Governments have to play a role in bridging the positions of labor and capital and have to play a leading role in providing protection for vulnerable groups in society and co-financing sustainable employment and education policies. Social partners can not be the only carriers of flexicurity.

Paradoxically, in Europe there is still a hunger to learn from flexicurity practices in other countries – especially in building institutions for social security for people with instable and precarious working careers - but there is a lack of good practices in Europe. New forms of solidarity and risk sharing are needed to achieve a joint risk management by encouraging people to accept (more) risks; for this is not less but *more* security needed (Schmid, 2005). A collective version of social investments is needed to give people perspectives during the whole life cycle, especially for the weaker groups in the labor market, in a preventive way and in crucial phases of re-integration and 'stepping stones' in the labour market.

In answer to those who have fundamental critics on the concept, the question is whether a real alternative to flexicurity exists. The hybrid, multi-sided approach of the concept at least put the interest of both employers and workers and their representatives to the negotiation tables. Alternative concepts, which merely focus on one dimension, can probably not achieve this. Flexicurity, with respect to it's original idea of social investments, is well in line with Europe's overall ambition to maintain and further develop a competitive social market economy with full employment and high levels of protection, as formulated in the Lisbon Treaty.

At the end of the day it is an empirical matter: can welfare and wellbeing be ensured during the life courses of the citizens under changing economic conditions? Therefore longitudinal studies in people's labour market transitions and in policy outcomes are needed. Not only by counting the mobility in/to the labour market, but also by evaluating the quality of these transitions and basic standards in employment and social security provisions.

References

Auer, P. (2001) Changing labour markets in Europe. The role of institutions and policies, Geneva: ILO.

Bekker, S. (2011) Flexicurity. Explaining the development of a European concept, Nijmegen: Iskamp Drukkers.

Bentolila, S., J.J. Dolado & J.F. Jimeno (2008) Two-tier employment protection reforms. The Spanish experience, in CESifo DICE Report 4/2008: 49-56.

Bergstrom, Ola (2009), National Background Paper Sweden in '27 National Seminars Anticipating & Managing Restructuring, A.R.E.N.A.S., VC/2008/0667, November 2009, International Training Centre, ILO.

Bertola, G. T. Boeri & S. Cazes (2000) 'Employment protection in industrialized countries: the case for new indicators', in *International Labour review*, 139 (1).

Bertozzi, F. & G. Bonoli (2009) Measuring flexicurity at the macro level. Conceptual and data availability challenges, REC-WP 10/2009.

Blossfeld, H.P. et al. (2008) Young Workers, globalization and the labour market, Edward Elgar: Cheltenham.

Boeri (2011) Reducing youth unemployment and dualism, Mutual learning programme autumn 2011 Seminar.

Boeri, T. & H. Bruecker (2011) Short-time work benefits revisited. Some lessons from the great recession, Discussion paper no. 5635, IZA.

Borghouts, I. (forthcoming 2012) Securing job-to-job transitions in the labour market: a comparative study of employment security systems in European countries, diss. Tilburg University.

Burroni, L. & M. Keune (2011) Flexicurity. A conceptual critique, *European Journal of Industrial Relations*, 17(1): 75-91.

Chung, H. (2011) 'Measuring flexicurity: precautionaly notes, a new framework, and an empirical example', Springerlink.com.

Dribbusch, H. (2009), Working time account and short-time work used to maintain employment, WSI: EIRO online.

Eichhorst, W., M. Feil & P. Marx (2010) Crisis, What Crisis? Patters of Adaptation in European Labor Markets, Discussion Paper no. 5045, IZA.

European Commission/JRC-IPSC (2010), Towards a set of Composite Indicators on Flexicurity: a Comprehensive Approach. Luxembourg: Publication Office of the European Union (JRC Scientific and Technical Reports).

European Council (2009) Council conclusions on flexicurity in times of crisis, 8 june 2009, Luxembourg.

European Expert Group on Flexicurity (Wilthagen, T. et al.) (2007), Flexicurity Pathways: Turning Hurdles into Stepping-Stones. Brussels: Expert Report for European Commission.

Houwing, H.(2010) A Dutch approach to flexicurity? Negotiated change in the organization of temporary work, dissertation University of Amsterdam.

Leenheer, Jorna, Hendri Adriaensens & Joris Mulder (2011) Evaluatie Wet investeren in jongeren. Tilburg: Centerdata.

Jorgensen, H. (2011) Danish 'flexicurity' in crisis – or just stress-tested by the crisis? Friedrich Ebert Stiftung, Berlin.

Keller, B. & H. Seifert (2000) Flexicurity. Das Konzept für mehr soziale sicherheit flexibler beschaftigung, *WSI Mitteilungen*, 53 (5), 291-300.

Keune, M. (2012) The social dimension of European integration, In Luigi Burroni, Maarten Keune and Guglielmo Meardi, 'Economy and society in Europe', pp. 19-39, Edward Elgar.

Keune, M. & M. Jepsen (2007) Not balanced and hardly new. The European Commission's quest for flexicurity, in H. Jorgensen & P.K. Madsen (eds) Flexicurity and Beyond, pp. 189-214, Copenhagen: DJOF Publishing.

Keune, M. and Serrano Pascual, A. (forthcoming) The power to name and struggles over meaning: the concept of flexicurity. M. Keune & A. Serrano Pascual (eds.) Deconstructing flexicurity and constructing alternative perspectives, Routledge.

Madsen, P.K. (2004) The Danish model of 'flexicurity'. Transfer, 10 (2), 187-216.

Meardi, G. (2012) Industrial relations *after* European state traditions? In Luigi Burroni, Maarten Keune and Guglielmo Meardi, 'Economy and society in Europe', pp. 100-123, Edward Elgar.

Méda, D. (2011) 'Post-face: La flexibilité peut-elle encore constituer une ambition pour l'Europe' in *Formation emploi*, no. 113 : 97-109.

Muffels, R., T. Wilthagen and H. Chung (2010) The State of Affairs of Flexicurity: a dynamic perspective, paper delivered to DG Employment of the European Commission.

Muffels, R. & T. Wilthagen (2011) Flexwerk en werkzekerheid in tijden van crisis. ESB 96 (4602): 54-57.

OECD (2008) Off to a good start? Youth labour market transitions in OECD Countries, OECD Employment Outlook 2008: 25-77, OECD, Paris.

Sebardt, G. (2006) Redundancy and the Swedish model in International Context, Kluwer Law International.

Schmid, G. (2005) Social risk management through transitional labour markets, in *Socio-Economic Review*, 4: 1-33.

Schmid, G. and B. Gazier (eds) (2001) 'The dynamics of full employment: social integration through transitional labour markets', Cheltenham, UK: Edward Elgar.

Streeck, W. (1992) Social institutions and economic performance, London: Sage.

Teubner, G. (1994) 'Company interest: the public interest of the enterprise in itself', in R. Rogowski & T. Wilthagen (eds) *Reflexive labour Law*, Deventer: Kluwer.

Tros (2011) Wat kan Nederland leren van het outplacementrecht in Belgie? Evaluatie van 'flexicurity in practice', Nederlandse Arbeidsmarkt Dag.

Viebrock, E. & J. Clasen (2009) 'Flexicurity and welfare reform: a review', *Socio-Economic Review* 7 (2): 305-331.

Voss, E. & A. Dornelas (2011) Social partners and flexicurity in contemporary labour markets. Synthesis report, Brussels.

Wilthagen, T. & R. Rogowski (2002) Legal regulation of transitional labour markets in

G.Schmid & B. Gazier (eds) The dynamics of full employment: social integration through transitional labour markets, Cheltenham, UK: Edward Elgar.

Wilthagen, T. & F. Tros (2004) The concept of 'flexicurity'. A new approach to regulating employment and labour markets, in *Transfer* 10 (2): 166-186.

Wynn, M. (2000) European social dialogue. Harmonisation or new diversity? In H. Collins et al. (eds) *Legal regulation of the employment relation*, London: Kluwer Law International, 491-511.