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The "Flexicurity" Model and Flexible Forms of Employment in the EU Member Countries

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Tekst jest udostępniony do wykorzystania w ramach dozwolonego użytku.

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The *Flexicurity* Model and Flexible Forms of Employment in the EU Member Countries

Summary: Vanishing stability in employment is dictated by globalisation, competition, economic crisis. The *flexicurity* model and flexible forms of employment are the reactions in the fight with unemployment in the member countries of the European Union. Abandoning the traditional model of employment by implementation of atypical forms of employment contributes to maintaining employment in the groups of people threatened with exclusion due to long-term unemployment.

Applying an appropriate form of an atypical employment contributes to lowering costs of labour and better effectiveness in management of human resources in an organisation. Due to the flexible forms of employment, the work can be carried out in a more comfortable, non-standard way and cut the scale of layoffs at the time of crisis. The *flexicurity* model allows to maintain the maximum level of employment, which is one of the most important forms of contemporary joint social policy of the EU members countries.

Keywords: employment, atypical forms of employment, European Union, *flexicurity* model, flexible forms of employment.

Introduction

In many European countries, the situation on the labour market contributes to the growing unemployment. The member countries of the European Union afflicted with unemployment, especially with the long-term unemployment apply active policy in the form of new *flexicurity* model increase the dynamics and flexibility of the labour market. The traditional model of employment is being replaced by implementation of flexible forms of employment and results in structural changes. The concept of *flexicurity* has become an atypical method of changing the labour market, which is reflected by the employment indexes.

The objective of this paper is showing that the *flexicurity* model contributes to lowering the level of unemployment in the European Union member countries

and, thereby on the one hand it cuts the costs of the employer connected with employment, and on the other hand this flexible form of employment allows to maintain employment in the groups of people threatened with exclusion resulting from long-term unemployment. The indirect objective is showing that the policy for maximally high employment rate is one of the most important forms of joint social policy of the EU member countries.

1. Challenges facing the European labour market

Economic, social and demographic changes resulted in and will go on resulting in reforms connected with the social policy, particularly reforms connected with functioning of the labour markets in many European countries. The key issue of the joint social policy is the labour market and, consequently, preventing unemployment through an active labour market policy, social welfare or security of employment, etc.

Since the moment of starting the cooperation, the European Union established on the basis of the Rome Treaty (1957), has been making attempts to jointly solve economic as well as social problems.

The social history of Europe in the field of interdependence of economic and social problems can be divided into three stages [5]. In the early years of functioning of the EU, emphasis was put on joint economic policy concentrating on market integration, labour force mobility and fair competition. Economic objectives were top priority. Whereas social objectives were regarded to be of marginal importance. The second stage is connected with the Maastricht Treaty (1992), in which the point of view on social matters [1] was totally different, which resulted in expanding Community competence with the so called social protocol. The objective of the document was:

- promotion of employment,
- improvement of living and working conditions,
- appropriate social protection,
- social dialogue,
- development of human resources in order to high and long-lasting level of employment,
- integration of people excluded from the labour market [20].

This stage, in spite of the initial enthusiasm, did not result in any progress in the social dimension. The priority of the economic objectives still kept their priority of implementation. The third stage was introduced by the Amsterdam Treaty (1997), which contained a chapter directly dedicated to employment. Employment was included as a community objective and since that moment the issues connected with employment is taken into account when designing common policy of the European Community [4]. Extending of the Treaty with

a common social policy and implementation of economic programmes requires better coordination in implementation of the policy in these fields on European labour markets. Intensified activities were included in the Lisbon Strategy (2000). They were supposed to create such solutions of social and economic policy of the European Community as to provide conditions for economic development, as well as for attaining objectives specified by the European Social Model [9] (ESM). The main objectives of the ESM included:

- full employment and protection against the risk of the labour market,
- guarantee income to people unable to work,
- limitation of poverty and reduction of income inequalities,
- access to social services [15].

European Social Model includes (Table 1):

- the Scandinavian model,
- the Anglo-Saxon model,
- the Continental model,
- the Mediterranean model.

Table 1. Classification of European social models

Model	Scandinavian	Anglo-Saxon	Continental	Mediterranean
Main assumptions	Providing equality through well-developed and universal system of well-being	Securing against falling into poverty by establishing a social minimum	Providing standard of living in connection with employment and supplemented by different kinds of benefits	High degree of corporatism, low degree of state interventionism in the social sphere.
Target group	all	A few, most needy people	Occupationally active	Occupationally active, and the elderly

Source: [16].

The *Scandinavian* model is identified with Denmark, Finland, Sweden and Holland. These countries strongly emphasize on returning the unemployed back to work, and there are widely available social services and benefits. The *Anglo-Saxon* model refers to Great Britain and Ireland. In those countries the level of social services is low and their availability covers only the most needy. The *Continental* model refers to such countries as: Austria, France, Luxembourg, Germany. In those countries, there are high expenses paid on retirement pensions and social benefits are high. The objective of restrictive and effective law regulations is to protect an employee. The *Mediterranean* model is associated with such countries as Greece, Italy, Spain and Portugal, where the social expenses are focused on retirement pensions. Poorly developed unemployment benefit system and relatively small attention connected with the attempts made

by the state to increase the number of unemployed people returning to the labour market [18].

Implementation of the *flexicurity* model is an argument in favour of modernizing European social models, particularly increasing the number and quality of workplaces. It is possible due to developing a common strategy, which at the same time controls flexibility of the labour markets, organisation of labour and labour relations as well as provides the sense of security in reliability of employment, and in the case of loss of work universal access to social security benefits [7].

2. The *flexicurity* model

The *flexicurity* model has become at the same time a pattern and the response of the European Commission to challenges facing the European labour markets, i.e. high rates of unemployment, lower consumption, globalisation, social unrest connected with implementation of the social policy [14], ageing of the society and new technologies.

The concept of *flexicurity* is based on the assumption that flexibility and security are not only contradictory, but they complement and support each other [11]. On the one hand, synchronously and in a well-thought-out way, this strategy tries, to increase flexibility of the labour markets, organisation of labour and labour relations, and on the other hand it requires increased security of employment and welfare protection, particularly for the weak social groups (unskilled workers, the elderly) present on the labour markets [19]. The definition of *flexicurity* quoted above refers to Holland, whereas the other one is identified with Denmark.

The idea of *flexicurity* was born in Denmark [3]. The term was first used by the Danish Prime Minister – Poul Nyrup Rasmussen. The Danish model of *flexicurity* (Fig. 1), called “the golden triangle”, combines high mobility between tasks with complex social security for the unemployed and active policy of the labour market.

According to the directives of the European Commission and the member states, there are four components to be observed when implementing the *flexicurity* model policy. They are:

- *flexible and predictable conditions of contracts*, the introduction of which is possible due to the amendment of the labour law, collective agreements and labour organisation, which pertain to both an employee and an employer, particularly people who have permanent employment or do not have permanent employment,
- *complex strategies for life-long education*, which makes retraining possible to people from social groups threatened with exclusion and assistance in adaptation and striving to finding new employment,

- *effective and active labour market policy*, which allows quick reaction and changes, which enable employees to change their employment and thus make periods of unemployment shorter,
- *modern systems of social security*, which on the one hand enable the employees to combine their careers with the duties connected with their private and family lives (e.g. bringing up children), and on the other hand provide them with a possibility to take advantage of a wide range of social security services (health protection, disability allowances, old-age-pensions, unemployment benefits) [7].

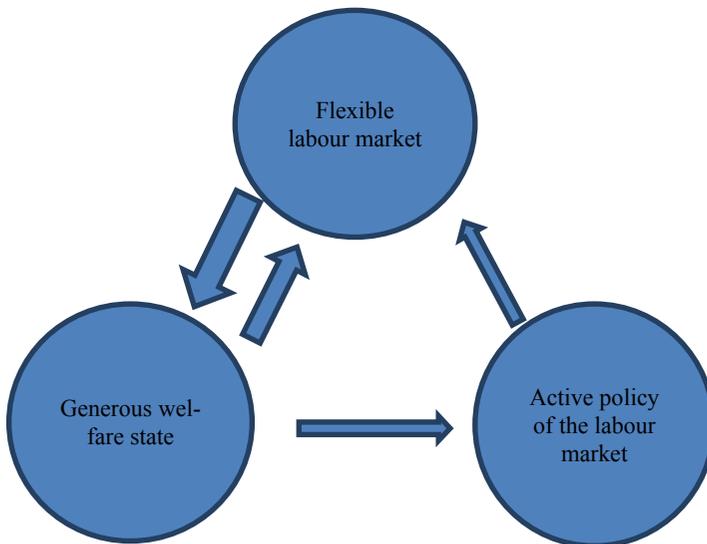


Fig. 1. Danish model of *flexicurity*

Source: [1].

Flexicurity is a concept which is supposed to result in increased absorptiveness of the labour markets and, consequently, to higher rate of employment. This method of making employment security and control more flexible is different from the so called old model of employment, which focused on protection of the existing workplaces. Previously, the traditional model of employment was connected with incurring costs by the employers, whereas the *flexicurity* model and its related flexible forms of employment affect maintenance of the costs of labour and make it possible for the employers to make effective use of human resources, including employment of specialists in different fields. The new forms of employment focus on development of employees, and thereby on maintaining organisationally talented employees, who, due to their knowledge, skills and qualifications will provide strategic human resources for the organisation at the time of competition.

3. Flexible forms of employment as a new form of preventing unemployment

Flexibility in employment involves departure from the traditional model of employment. The changes concern employees, who themselves determine the place and time of performance of the tasks required by their employers and are responsible for their independent work by performing it in a suitable, i.e. adapted to their own rhythm of life time, as a part time job.

Although they are not free from different kinds of faults and limitations, flexible forms of employment constitute a rational method of preventing a situation of excessive employment in a company. These forms allow to adjust the numbers and structures of staff to the changing conditions and needs without applying drastic measures, i.e. laying off regular employees [16]. Introducing these new forms of atypical employment is a new form of preventing unemployment.

Development of flexible forms of employment should be treated as an irreversible process, because it is promoted by the European Commission and should be treated as an integrated strategy for simultaneous increasing of flexibility and security of employment in the EU member countries, where it is necessary to point out differences in situations currently prevailing on their labour markets.

Atypical forms of employment include a variety of ways to perform work. There are characteristic, popular expressions referring to flexible forms of work, e.g. “atypical forms of employment”, “flexible forms of employment”, “untypical nature of employment”, “the flexicurity concept”, or “atypical work”. The terms are used by both employers and employees.

There are selected forms of employment shown below (Fig. 2), which are the most frequently used by employers when they apply flexible forms of employment.

A fee-for-task agreement and a specific-task agreement are the most flexible forms of employment. The *fee-for-task agreement* is a civil-law agreement (art. 734 of the Civil Law Code) [6] and is connected with the obligation to pay health insurance contribution. Only a physical person or a legal person can be parties to the agreement, on the stipulation that they have capacity to legal transactions. The contractor is obliged to inform the employer about the course of performance of the agreement, and at the end – to deliver a report on its completion. The *specific-task agreement* is a typical chargeable, binding, mutual and consensual agreement of result. This form of agreement is burdened with Social Insurance tax and health insurance contribution. The condition for validity of the specific-task agreement is specifying what task is the contractor obliged to carry out and what remuneration he or she is going to receive for the completion of the task.

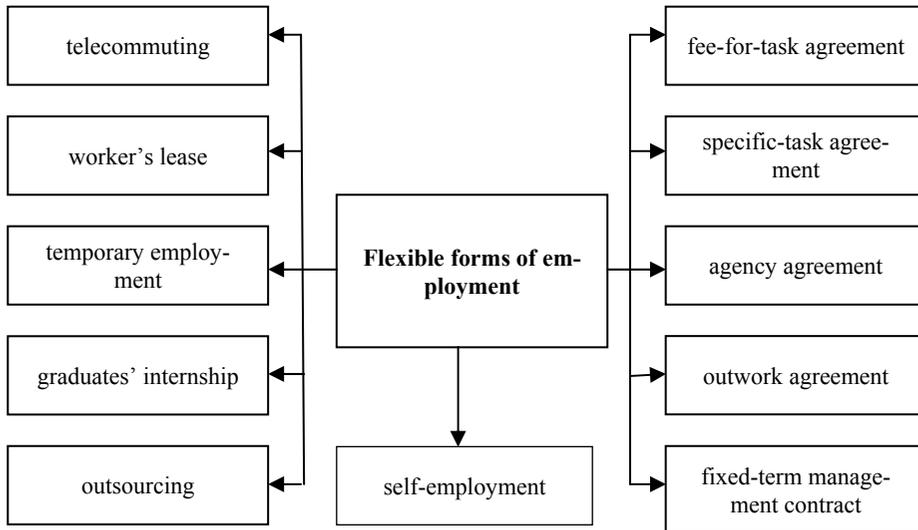


Fig. 3. Selected flexible forms of employment

Source: my own study based on: [17].

Pursuant to art. 758 of the Civil Law Code [6], when signing an *agency agreement* the contractor (agent) undertakes, within the scope of activity of his or her business, to act permanently as an agent in concluding agreements between the employer and his/her clients or to conclude such agreements on his/her employer's behalf. The employer undertakes to pay his/her agent for his/her services the remuneration (commission) stated in the agreement.

An *outwork agreement* is an indirect form of employment, between an employment contract and a specific-task agreement. It is a kind of a non-permanent employment of civil-law nature, but with elements characteristic for a full-time employment. The contractor has social security and health insurance, he has the right to sickness benefit, annual leave and maternity leave, but he/she receives his/her remuneration only for the work that he/she has performed.

A *fixed-term management contract* is an agreement for people performing managerial functions, according to which a manager, for the duration of performing his/her managerial functions in a company, makes his professional knowledge available in return for a remuneration [2].

Self-employment is a form used by enterprises due to cutting costs of the employer, changes in work organisation, but also in this form of employment the fact of making use of external work force should be pointed out. Self-employment involves providing work within the frames of one's own business, which means acting in one's own behalf and on one's own risk, whereas *outsourcing* involves employing external entrepreneurs to perform the tasks of the

enterprise [12], which allows the employers to cut the cost of labour. This form of employment contributes to the so called streamlining of an organisation, i.e. getting rid of various sections and departments, reduction of employment in the organisation or cutting financial costs of administration and office workers [8].

Telecommuting is a form of employment in which all the contemporary IT technologies are used. Telecommuting is performed away from home, in the so called telecentres. Another flexible form of employment is the *worker's lease*, where an organisation transfers all the procedures connected with employment and selection of employees onto an organisation. The contractor is an agency, the activity of which involves temporary employment of employees [10]. Companies also use *short-term work*, which is a temporary employment. *The work involves temporary* transferring an employee to another firm to do a definite job. Still another form of employment not incurring costs by an employer is *graduate's internship*. Graduates gain experience and new skills. Remuneration is paid through an Employment Agency.

Conclusions

Carrying out the recommended reforms in the field of amendment of the labour law along with implementation of the *flexicurity* model will allow preventing unemployment, and thereby create a possibility of increasing effectiveness on labour markets through using the flexible forms of employment. It is also a protection against the risk connected with loss of employment.

Applying an appropriate form of employment can contribute to reducing the costs of labour and more effective management of human resources within an organisation. Owing to the flexible forms of employment, work can be carried out in a more comfortable, non-standard way, or limit the scale of lay-offs at the time of economic crisis.

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Model *flexicurity* a elastyczne formy zatrudnienia w krajach UE

Synopsis: Zanikanie stabilności w zatrudnieniu jest podyktowane globalizacją, konkurencją, kryzysem gospodarczym. Model *flexicurity* oraz elastyczne formy zatrudnienia są odpowiedzią w walce z bezrobociem w krajach Unii Europejskiej. Odejście od tradycyjnego modelu zatrudnienia poprzez wdrażanie atypowych form zatrudnienia pozwala na utrzymanie zatrudnienia w grupach osób narażonych na wykluczenie spowodowane bezrobociem długotrwałym.

Zastosowanie odpowiedniej formy atypowego zatrudnienia przyczynia się do obniżania kosztów pracy oraz poprawy efektywności wykorzystania zasobów ludzkich w organizacji. Dzięki elastycznym formom zatrudnienia praca może być realizowana w wygodniejszy niestandardowy sposób oraz ograniczyć skalę zwolnień w dobie kryzysu. Model *flexicurity* umożliwia utrzymanie maksymalnie wysokiego poziomu zatrudnienia, który jest jedną z najważniejszych form wspólnej polityki społecznej krajów UE.

Słowa kluczowe: zatrudnienie, atypowe formy zatrudnienia, Unia Europejska, model *flexicurity*, elastyczne formy zatrudnienia.