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Restructuring organisations while striving for flexicurity: a European perspective

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Outline of the presentation

- 1 EU level: policies regarding balancing flexibility and security (flexicurity) and restructuring
- 2 Theoretical remarks
- 3 Member State level: past efforts and current challenges
- 4 Making flexicurity work at company level

EU level: flexicurity and restructuring

*Flexicurity high on the political agenda

* More dynamic view on security:

- Protecting the worker instead of protecting the job
- Employment security and income security
- Timely transitions at the labour market

* Similar ideas concerning restructuring:

finding other sources of income and jobs

EU level: components of flexicurity

1. Flexible and reliable contractual arrangements
2. Effective active labour market policies
3. Comprehensive Lifelong learning
4. Modern social security system

Theoretical remarks: definitions

Flexicurity as a strategy versus Flexicurity as a state:

Synchronously and deliberately enhance
flexibility AND security

or

Address flexibility and security as separate issues?

See Wilthagen and Tros 2004

Theoretical remarks: the flexicurity matrix

| | Job security | Employment security | Income security | Combination security |
|--------------------------|--------------|---------------------|-----------------|----------------------|
| External-numerical | | | | |
| Internal-numerical | | | | |
| Functional flexibility | | | | |
| Flexible or variable pay | | | | |

Balancing flexibility and security in case of restructuring

| | Job security | Employment security | Income security | Combination security |
|--------------------------|--------------|---------------------|-----------------|----------------------|
| External-numerical | | X | X | |
| Internal-numerical | | | | |
| Functional flexibility | | | | |
| Flexible or variable pay | | | | |

Member State level: past efforts and current challenges

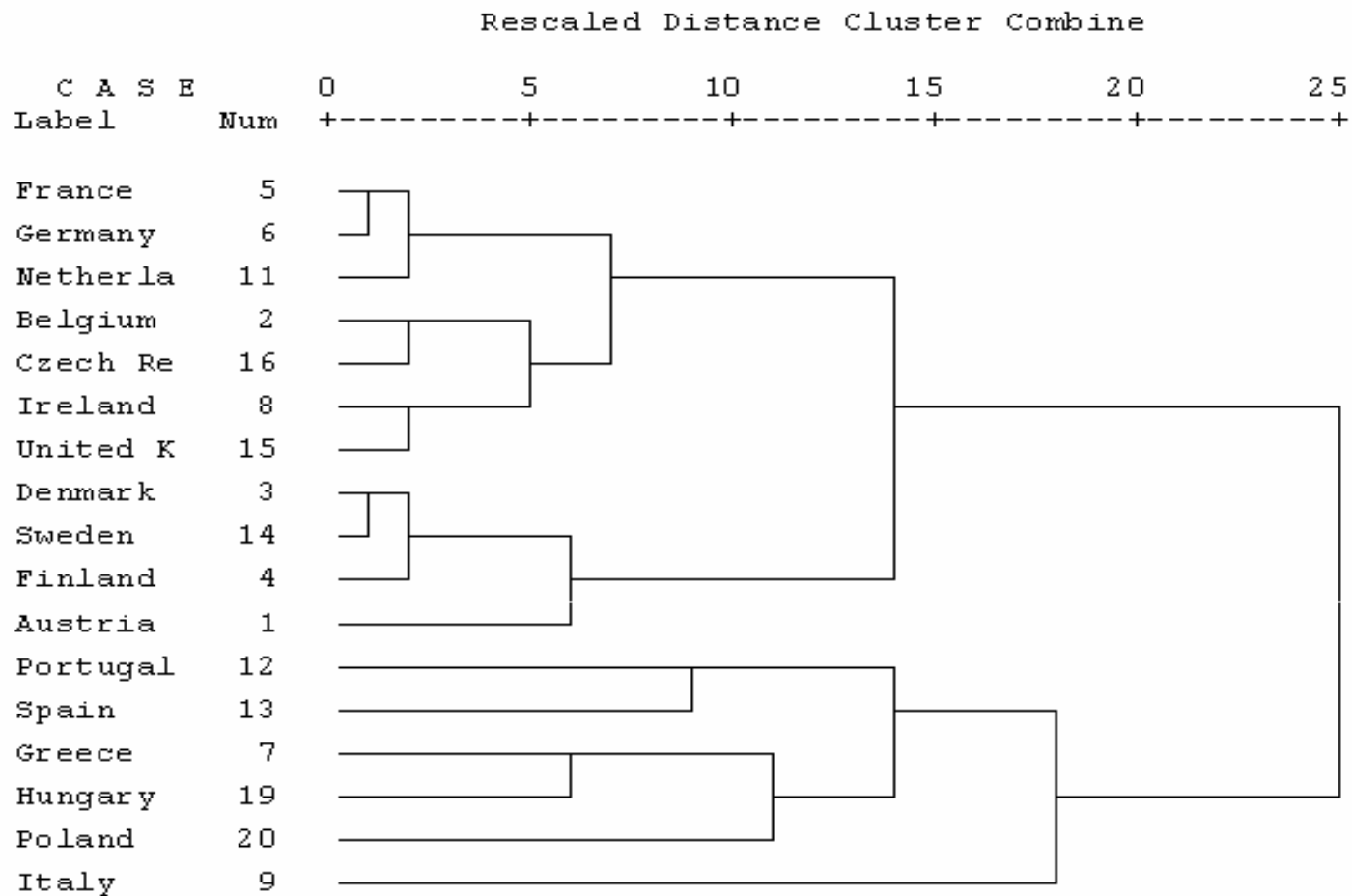
- EU reacts to past efforts of Member States and subsequent challenges
- Measurement according to country policies and legislation regarding external numerical flexibility, employment security and income security
- Gives overview of Member States` practices, particularities, and similarities
- Sketches the context in which (restructuring) companies operate

Member State level: indicators

| | Efforts +/- 2000 | Challenges 2001/2006 |
|-----------------------------|---|------------------------------------|
| External flexibility | - EPL - % fixed term contracts | |
| Employment security | - ALMP % GDP - % people in lifelong learning | -Unemployment % -Activity % |
| Income security | -UB/social assistance net replacement rates | -Poverty % -Income distribution |

Member State level: past efforts (+/- 2000)

Dendrogram using Average Linkage (Between Groups)



Member State level: current challenges (2001-2006)

country clusters with labour market challenges

| Cluster | | Employment rate | Unemployment rate | long-term unemployment rate | female active rate | youth active rate | older workers active rate | Poverty rate | Gini coefficient |
|---------|------|-----------------|-------------------|-----------------------------|--------------------|-------------------|---------------------------|--------------|------------------|
| North | Mean | 72.5 | 5.6 | 1.3 | 72.6 | 62.1 | 58.2 | 6.5 | 26.9 |
| | Mean | 67.3 | 6.0 | 2.4 | 63.8 | 50.4 | 45.9 | 9.8 | 30.5 |
| South | Mean | 59.2 | 9.7 | 4.6 | 56.6 | 36.1 | 36.2 | 9.4 | 29.5 |

EU on flexicurity pathways

1 tackling contractual segregation

2 developing flexicurity within the enterprise and offering transition security

3 tackling skills and opportunity gaps among the workforce

4 improving opportunities for benefit recipients and informally employed workers

Make flexicurity work: company practices

Flexicurity examples in restructuring companies:

- ❖ Was it a deliberate strategy?
- ❖ Who initiated it?
- ❖ Who participates at what level?
- ❖ How is it codified: regulations, CLA, Social Plan or HRM policy?