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## Flexicurity: political slogan and reality

Flexicurity, roughly definable as a strategy combining a rise of labour market flexibility with an increase of social security and employability, avoiding any kind of labour market segmentation, is assuming a main role in academic and political debates. In particular, the introduction of reform strategies based on flexicurity has recently become the crucial pillar of the European Employment Strategy (EES).

In particular, European Union documents underline that, in the context of the new challenges faced from the advanced economies – first of all globalization, the increased competition with emerging economies, the need of frequent technological changes and, consequently, of workers' skills updating – flexibility and security should not be considered as a trade-off, but, on the contrary, these two dimensions could and should support each other. European Institutions emphasize that policies inspired by flexicurity could be a proper answer to the dilemma on how improving competition without weakening the peculiar features of the European Social Model, and that flexicurity is the most suitable strategy for pursuing employment and growth targets stressed by the renewed Lisbon strategy.

As said, by the concept of flexicurity an economic policy strategy combining the demand of flexibility coming out from firms with a high protection of workers is identified. Workers' security should be guaranteed by an increase of unemployment benefits generosity and a greater role for active labour market policies (ALMPs) and lifelong learning (LLL) activities, helping individuals during labour market transitions.

Flexicurity is then based on a policy model which reduces the emphasis on job security while increasing the focus on the concept of employability (i.e. on employment security), to be implemented compensating the lower security stemming from a more instable career (needed for meeting the demand of flexibility) with better training and job opportunities and a higher social security for any kind of workers (i.e. for both permanent employees and individuals performing temporary and atypical jobs).

Since the middle of the 1990s, economic literature tried to establish a formal definition of flexicurity. Apart from a striking definition by Tangian (2007) "flexibility with a human face", the most quoted definition (full of policy implications) is the one by Wilthagen, Tros (2004) "A policy strategy that attempts, synchronically and in a deliberate way, to enhance the flexibility of labour markets, work organisation and labour relations on the one hand, and to enhance security – employment security and social security – notably for weaker groups in and outside the labour market, on the other hand".

According to such definition (the one implicitly followed by European Institutions), flexicurity should not be intended as a mere compensatory social protection for flexible workforce; on the contrary, the terms "synchronic" and "deliberate" require to focus on the strong coordination among different labour market policies, both on flexibility and security sides. Moreover, measures that raise flexibility while increasing protection and employability only for the insiders (namely, workers on permanent contracts) cannot be considered in

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line with flexicurity. At the same time, neither measures increasing flexibility at the margin of the labour force (i.e. introducing flexible contractual arrangements for individuals with occupational problems, as the ones introduced in Italy in last decade, without changing rules concerning open-ended contracts) can be considered as a step towards flexicurity; such measures, in fact, are likely to increase labour market segmentation, while the absence of any kind of segmentation is considered a basic pre-requisite for implementing flexicurity.

Anyway, it has to be stressed that flexicurity is, by its nature, a multi-dimensional concept. Accordingly, it is often identified (also in EU documents) through its several components: absence of labour market segmentation; availability of flexible contractual arrangements; effective active labour market policies (including a wide provision of public employment services – PES) coupled with lifelong learning systems; the provision of an adequate and efficient social security system coupling income support (including unemployment benefits) with labour market mobility and the participation to ALMPs.

Then, the implementation of a flexicurity strategy can be assessed by observing how Member States fare with regard to each component, on both flexibility and security sides. Further a list of pre-requisites crucial for the positive Danish experience should have to be replicated everywhere the flexicurity model should be followed: a climate of mutual trust among social partners (i.e. a good level of social capital); no territorial disparities (and a very limited spread of black economy and undeclared work); an innovative productive system that provides a high demand for high skilled workers and new technologies, and, so, needing an intensive process of skills improvement in the labour force, to be obtained through efficient lifelong learning activities and active labour market policies.

Apart these many elements - that, for instance, point at a very difficult transferability of the positive Danish experience in Italy - it

has to be remarked that a main pre-requisite for implementing flexicurity is the absence of labour market segmentation.

However EU15 countries labour market are highly inhomogenous, concerning both LM indicators (e.g. employment rates and the role of part-time jobs) and the implemented labour market strategies, as shown (on flexibility and security side) by EPL index and by the share of GDP devoted to (active and passive) labour market policies.

Further, regarding segmentation, a deep study of the features of temporary jobs in EU countries is needed. First evidences (based on EU-SILC data) show that in Southern Europe temporary workers are usually hired in low skills occupations and, apart from UK, everywhere yearly temporary workers experience frequent job interruptions (as shown by the number of working months). Wage gap (computed through a Mincerian regression) show a high disadvantage for fixed-term employees. The only exceptions are UK and (partially) Ireland, the only countries where a risk premium paid to workers experiencing a higher risk of job interruption emerges.

In Italy, in the last decade, several reforms aimed at introducing external flexibility, by easing the utilisation of fixed-term contracts and by providing new “atypical” contractual arrangements, have been phased in. However, flexibility has been introduced “at the margin”, without modifying the level of EPL (Employment Protection Legislation) for permanent contracts. In a context of increasing employment rates (and decreasing unemployment), the implementation of these policies has been accompanied by a significant increase in the degree of labour market segmentation, with several indicators pointing at difficult transitions from temporary to permanent employment, in particular for younger workers.

Besides, the occurrence of a dual labour market refers not only to uneven levels of EPL granted to different contractual arrangements,

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but also to the unbalanced provision of unemployment benefits and social protection. In Italy, the increase in external flexibility has not been counter-balanced by a thorough reform of the unemployment benefits system, which remains highly complex and fragmented disadvantaging, in particular, fixed-term employees and, mostly, „coordinated collaborators”.

The possible existence of a dual and segmented labour market appears then very worrying. Segmentation would emerge if two different segments of workers were observed: a “strong” one, favoured along several dimensions – contractual stability, higher wages, participation to lifelong learning activities and provision of adequate unemployment benefits – and a “weak” one actually lacking these features. A heavy problem is likely to emerge if the mobility among these two segments is low (or actually impossible): in our case, if atypical and fixed-term jobs rather than being a stepping stone towards open-ended contracts represent a sort of trap, stopping individuals into precari-

ous job conditions, then making permanent the several inequalities previously mentioned.

Maybe also as a consequence of the reform process, in Italy the segmentation between permanent and temporary workers seems to have recently increased. Temporary workers are relatively disadvantaged along many dimensions, i.e. in terms of flexibility of contractual arrangements, welfare state guarantees and benefits, pension prospects, earned wages, unemployment risks, probability to be involved in lifelong learning activities, capacity to receive credit from banks. Further, the existence of a sort of “precariousness” trap for some workers has been confirmed by the first studies analyzing transitions between temporary and permanent contracts, as shown also by using micro-data collected by the Italian National Social Security Institute (INPS), that allow to compute individuals’ transitions up to 6 years from their first record as temporary workers.