

## NOTE

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### English version

**Subject** : Report on the indicators on the measurement of quality of employment : « flexicurity » (dimension 4a)

#### **I General remarks on flexicurity and quality of employment at the European level**

For already a few years, the use of the term “flexicurity” has become more frequent at the European Commission, the OECD as well as in various European countries, of which France. This generic term broadly aims at indicating the conciliation of objectives of flexibility, rather required by employers, and objectives of security, awaited rather by employees: it became the major topic of the Strategy of Lisbon, revised in 2005.

The origin of the concept of flexicurity goes back directly to the debate on the flexibility in employment of the years 1990: at the beginning of these years, the flexibility of the labour market appeared already in the recommendations of the employment strategy of the OECD, raising fear of a significant erosion of the rights of the workers. The concept of flexicurity appeared in the Netherlands at the end of the Nineties during the preparation of the law entitled “flexibility and safety”. Based on the contents of an agreement between social actors/representatives, this law of transposition liberalized the use of the particular forms of employment but offering new social guarantees to precarious workers, in particular in the field of temporary work. The hybrid term of flexisecurity was born from a compromise according to which the instability of employment is acceptable if guarantees are offered.

However, it is the Danish experience, which made it possible to associate the concept of flexicurity with an efficient employment system and a coherent social protection. This compromise, which relies in particular on the idea that it is the employability of the individual who should initially be protected and not his/her employment, relies on confidence between enterprises and social actors and on the respect of the mutual obligations. From the end of the nineties to our days, the Danish success did not cease fascinating the analysts of the labour market, becoming a source of major inspiration.

Gradually, the notoriety of the flexicurity was consolidated with its growing use at European level. The flexicurity became a government scheme aiming at coordinating, on the one hand the reforms adapting labour regulation to the economy need for flexibility, and on the other hand, the provisions allowing safer individuals working paths. The balance between flexibility and security, two dimensions of the adaptability of evolving labour markets, would then be considered by Member States of the European Union as necessary to achieve the objectives of growth and employment of the Lisbon strategy: Each Member State, of which France, makes efforts to implement flexicurity policies which best suits its national circumstances.

Parallel to these reflexions, the topic of the quality of work emerged in the public debate at the end of the years 1990 in Europe, and in particular in France, in the context of a better economic situation. At the time of the Lisbon Summit of March 2000, the objective is clearly posted to make Europe “the economy of the most

competitive knowledge and most dynamic in the world, capable of a durable economic growth accompanied by a quantitative and qualitative improvement of employment (“more and better jobs”) and a greater social cohesion. The quality of work is presented as a “priority” at the Nice Summit (December 2000), before becoming a transversal objective in Stockholm (March 2001). The topic is integrated into the European strategy for employment at the time of the Belgian presidency (2nd half of 2001): at the Laeken Summit, the ten dimensions of the quality of employment (each of them associated statistical indicators) are adopted, of which “flexibility and security”.

As from 2002, this dimension of the quality of employment will gradually be left in “stand by”, initially due to a change in the economic situation. The European strategy for employment will be revised on several occasions, by seeking more the quantity than quality of employment, and focussing on growth and employment. The employment guidelines are integrated in a more global strategy. Initially conceived like one of the ten fields of the quality of work, “flexicurity” becomes an omnipresent topic in the discussion taking place at the European Commission and the Employment Committee. The flexicurity includes today fields like lifelong learning, reconciliation between work and family life, organization of work, safe working paths with measures supporting work seekers and improvement of their social protection.... The flexisecurity “replaced” to some extent quality.

## II Consequences for our discussions

This long introduction aims at showing the large differences between the concept of flexicurity which we seek to measure as a dimension of the quality of employment, and the concept of flexicurity as it is understood today by the European Commission and the Member States of the European Union. This second concept covers, as already said, a field much broader than the first one, far from the objective of quality in work set in Laeken; It approaches the original component of flexibility and refers more implicitly to a concept of quality of employment more “economic” than “social”: the quality of employment is finally measured by the economic performance and the productivity gains which it allows to reach. Since the general dimension where “flexicurity” stands within the framework suggested by our Task force is entitled “Stability and security off work, and social protection”, it seems contradictory with the objective of mobility contained in the European strategy of flexicurity.

Under these conditions, the original idea to get inspired by the indicators of follow-up built in Brussels (cf frame below) to feed the discussions of the group reaches quickly its limits: on the one hand, many of these indicators relate to other dimensions of the quality of employment than “flexicurity”, on the other hand, within the task force framework; some indicators (as for example the percentage of employees working under fixed term contracts) can be considered either positive (from the point of view of flexibility) or as negative (from the point of view of security). In the same way, the “EPL” indicator elaborated by the OECD (Employment Protection Legislation, which does not appear in the list of the monitoring indicators key indicators - of the Employment Committee in Brussels but in the list of the indicators for analysis - context) is delicate to interpret.

There is in fact a contradiction inherent in the concept of flexibility, which returns above all to the question of balance between a requirement for flexibility expressed by employers and a security requirement expressed by workers: one can sometimes take again the (traditional) indicators of flexibility, sometimes be centered on the aspects relating to the protection of employees, with the same ambiguity of interpretation as previously stated (e.g. how to appreciate from the point of view of the flexicurity the degree of generosity of the system of unemployment allowances?). It proves to be very difficult to measure the articulation between flexibility and security, and a fortiori to build a composite indicator (or synthetic) of flexicurity. Another difficulty to characterize the security of working paths or professional transition periods, is to build “dynamic” indicators, better adapted than the indicators of status at a given moment (difficulty already encountered during the development of the indicators of the quality of work and dependent on the lack of sources available and comparable).

## III Some proposals

It seems appropriate, before really exploring the possibilities of adopting such or such indicator of the flexicurity, to better define the dimension concerned and the objectives associated to it by clearly dissociating choices operated in Brussels: it would therefore be necessary to rather **change the denomination of this dimension** by perhaps privileging the term of adaptability than that of flexibility; it would then be necessary to retain, among the 4 components of the European “flexicurity”, only the first component known as “**Flexible Contractual Arrangements**” (without its under-components “Working time arrangements” and “Reconciliation off work and family life”), and perhaps also certain elements of the second component known as “Active Labour Market Policies”, concerning the support and return to work for people seeking a job.



But the most important point to decide on is to determine if the objective behind this dimension is to guarantee a certain **stability** to people in employment, which seems to be the current suggestion of the Steering Committee through (negative) indicators like the percentage of employees with a job tenure less than one year, associated with the percentage of employees with temporary contracts; or if the aim is on the contrary to support the **mobility** (a priori voluntary) of the same employees, which would result in choosing obviously different indicators, close to those adopted in Brussels. It could even happen, as one said previously, that the same indicator is considered as “positive” in an approach defending the stability of employment and “negative” in an approach promoting flexibility and conversely.

Another way to reconcile the two approaches would be to focus on **indicators on professional transitions**, by measuring at the same time the degree of mobility of employed persons as an indicator of their adaptability and the speed of return to employment (or exit of unemployment) as an indicator of security of the professional paths. The data on the transitions are certainly not easy to obtain but the development of panel surveys as the SILC at the European level makes it possible to plan rather quickly progress in this field, at least for certain groups of countries.

It remains that for the least developed countries, the indicators proposed risk, in addition to the fact that they will be difficult to measure, not to be adapted to informal employment, for which no labour contract exist.

#### **IV As a conclusion**

It is very difficult to come to a conclusion about the indicators proposed by Steering Committee or to propose new ones as long as one will not have answered the questions presented above. One can just indicate that the two first indicators of the list (percentage of employees in temporary contract and percentage of employees with a job tenure less than one year) are easily measurable but not always relevant if one considers on the one hand employment security (as in Thirty Glorious years which belongs somehow to the past), and on the other hand, precarious employment, between facts and rights. As for the 3rd indicator proposed, the percentage of “one-call workers” it is difficult to transpose it in the system of employment in France and thus impossible to judge.



## FRAME:

### EUROPEAN MONITORING FLEXICURITY INDICATORS AGREED BY EMPLOYMENT COMMITTEE IN JUNE 2007

Indicators are classified by the four flexicurity components defined by the Commission in 2006.

#### *- Contractual arrangements including working time arrangements and reconciliation of work and family life*

1. Diversity and reasons for contractual and working arrangements: employees in fixed-term employment as % of total employees, by reasons (education or training, could not find permanent job, did not want permanent job, probationary period, no reason).

2. Diversity and reasons for contractual and working arrangements: employees in part-time employment as % of total employees, by reasons (education or training, own illness or disability, could not find full-time job, care of children or other dependents, other reasons).

3. Transitions by type of contract: situation in relation to employment (permanent, fixed-short, self employed, education or training, non-employed) from year n to year n+1.

4. Child care: children care for (by formal arrangements other by the family) 30 hours or more a usual week as a proportion of all children of same age group, for children aged under 3 years, for children aged between 3 years and admission age for compulsory school, for children between admission age for compulsory school and 12 years.

#### *- Reliable and responsive lifelong learning systems*

5. Lifelong learning: proportion of the adult population aged 25-64 participating in education and training (over the four weeks prior to the survey)

6. Public spending on human resources: total public expenditure on education as a percentage of GDP.

#### *- Active Labour Market Policies*

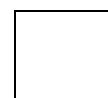
7. Preventive services: share of young / adult unemployed becoming unemployed in month X, still unemployed in month X + 6 / X + 12, and not having benefited from intensive counselling and job-search assistance (target value 0 % = full compliance).

8. New start: share of young / adult unemployed becoming unemployed in month X, still unemployed in month X + 6 / X + 12, and not having been offered a new start in the form of training, retraining, work experience, a job or other employability measure (target value 0 % = full compliance).

#### *- Modern Social Security Systems*

9. Unemployment trap: the marginal effective tax rate on labour income taking account the combined effect of increased taxes and benefits withdrawal as one takes up a job, for a single person moving from unemployment to a job with a wage level of 67 % of the APW.

10. Low wage trap: the marginal effective tax rate on labour income taking account the combined effect of increased taxes on labour and in-work benefits withdrawal as one increases the work effort (increased working hours or moving to a better job, leading to an income changes from 34 to 66 % of AW), for one earner couple with two children or for a single person.



## FIGURE

### MONITORING FLEXICURITY INDICATORS FOR SOME EUROPEAN COUNTRIES

(most recent year)

Indicators	DK	UK	DE	ES	FR	EU 25 or EU 27
1. % of employees in fixed-term empl.	5,7	2,8	10,9	26,4	9,8	10,7
- of whose involuntary	2,3	0,9	1,3	18,7	5,9	5,9
2. % of employees in part-time empl.	21,2	22,9	21,8	6,0	13,9	14,4
- of whose involuntary	2,5	1,8	3,8	1,5	3,7	2,4
3. % of persons employed in 2001 among persons (16-64) non-employed in 2000	27	20	20	17	15	17*
4. % of children cared for 30 hours or more a usual week:						
- among 0 - 2 years	60	6	8	14	16	nd
- among 3 - admission age for compulsory school	79	28	26	40	39	nd
- among admission age for compulsory school - 12 years	65	90	29	46	52	nd
5. % of adults (25-64) participating in education and training over the 4 weeks prior to the survey	29,2	26,6	7,5	10,4	7,5	9,6
6. % of total public expenditure on education in GDP	8,5	5,3	4,6	4,3	5,8	5,1
7. % of young/adults not having benefited from preventive services	0,0/3,0	nd/nd	2,7/1,7	8,0/7,7	2,8/2,6	nd/nd
8. % of young/adults not having been offered a « new start »	0,1/0,1	nd/nd	17,5/12,8	8,8/9,0	14,2/9,6	nd/nd
9. « Unemployment trap » (%)	90,0	68,0	75,0	80,0	82,0	75,5
10. « Low wage trap » (%) couple/single person	91,0/81,0	84,0/58,0	78,0/51,0	17,0/26,0	56,0/34,0	62,3/47,3

Source: European Commission - 2007 Compendium

\* EU15

