

## THE NORDIC FLEXICURITY MODEL

There is no translation available, please select a different language. The Nordic flexicurity model- working document by Jan Andersson, Ole Christensen and Lasse Lehtinen The Nordic countries have some of the highest living standards in the world, enjoy wide and deep social cohesion, and are experiencing record low unemployment rates, while having flexible labour markets that foster innovation and competition. The balanced approach on security and flexibility on the labour market ('flexicurity') in the Nordic countries, has been a significant ingredient in the current debate on labour market and social policy issues on EU level. The debate on flexicurity is mainly caused by the discussion on the future challenges of the EU. Globalisation, demographic change, technological development and innovation lead to pressure for structural change and a rapid transformation of the European labour market. However, these challenges could be regarded as an opportunity for a more modern, social and competitive Europe, with more and better jobs. The real challenge is the adaptability of the workforce. If workers have a low readjusting capacity, there will be greater resistance to change and higher risk of unemployment. For the workers to be open to change, they have to feel secure. An insecure workforce will oppose change and the politicians implementing necessary reforms will not receive public support. A swift transition from old jobs to new and better jobs requires a high level of unemployment benefit. Moreover, to make the workers willing and capable of facing the changes on the labour market, we need to invest more in training and active labour market policies. In the Nordic countries, the employers and workers have been relatively supportive to change and transition in the labour market. This is a result of a high level of social acceptance, above all based on high benefits, strong social partners and investments in lifelong learning and active labour market policies. The role of the social partners is an important aspect to take into account when discussing flexicurity. The social partners' ability to cooperate is decisive for the success of combining flexibility and security on the labour market. The Nordic model is an example of an efficient labour market model, based on strong social partners. The unionisation rates are high and there is an implied agreement between the state and the social partners that the latter have a wide scope of autonomy to regulate working conditions in the labour market through collective agreements. The government and parliament will not interfere as long as the social partners are capable of ensuring a well-functioning labour market. The system with collective agreements is a vital part of the Nordic flexicurity concept. Collective agreements are regarded as more flexible than legislation, because they are continuously adapted to the individual industries and companies and because they can be easily changed upon mutual agreement by the social partners. At the same time, the collective agreements ensure a high quality and a more equal distribution than individual employment contracts, and they are enforced more efficiently.

Another important aspect of the Nordic flexicurity model is the close cooperation between the social partners and the existence of a strong public sector. This ensures a high level of social insurance in connection with unemployment and an active labour market policy which ensures new job opportunities for the unemployed as well as those in employment. Moreover, the aspects of equal treatment and full incorporation through collective agreements, social security and labour law are important in the dealings with atypical contractual arrangements and problems with 'forced' self-employment. The Nordic flexicurity model cannot be transferred directly to other EU Member States. However, in the exchange of best practices and experiences between the EU member states, the Nordic countries can make an important contribution. The role of the EU should not only be in promoting this information exchange. The EU should also identify different ways to enhance flexicurity, taking into account the diverse specificities and starting points of the Member States, where different national practices (e.g. the role of collective agreements and actions) shouldn't be threatened. Furthermore, the EU can adopt labour market legislation with minimum requirements. This legislation should not compete with or replace national legislation, but support and complement it. It's important to remember that EU legislation (e.g. the Directive on Posting of Workers) is aimed at protecting the social provisions in the Member States, preventing social dumping and enforcing equal treatment. However, in order to achieve this it's necessary to update existing EU directives on labour law, which especially would have a positive affect on EU countries with a weak social dialogue. The debate on flexicurity concerns which path the EU should take to create more and better jobs. The unemployment rate in Europe is decreasing, but other problems arise – such as high unemployment amongst immigrants, women, young and old people and an increase in atypical work with an insecure contractual arrangement. To attain the goal of full employment, the European labour force needs to adapt to structural changes. To facilitate this, Europe needs to invest more in lifelong learning and active labour market policies and develop modern social security systems. For a swift transition to new and better jobs, the European workers need stable security, support and training. This also includes introducing the same security in atypical work as in standard contractual arrangements. The issue of self-employment should be further discussed. We should promote self-employment, but actions should be taken to hinder forced self-employment. If we succeed in supplying all this on local, national and European level, then the workers, social partners and society as a whole will be more open to change and increased mobility.