

***EUROCOMMERCE COMMENTS ON  
THE COMMISSION COMMUNICATION COM(2007)359 FINAL  
“TOWARDS COMMON PRINCIPLES OF FLEXICURITY: MORE AND  
BETTER JOBS THROUGH FLEXIBILITY AND SECURITY”  
OF 27 JUNE 2007***

***POSITION PAPER***

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## General Approach

The world in which we live is changing rapidly. In Europe ageing populations, increased migration, and falling birth rates pose substantial challenges to long-term prosperity. Beyond the EU the rise of emerging Asia and continued economic out performance by the US pose significant challenges.

EuroCommerce welcomes the Commission's Communication on the issue of flexicurity in which the centre of attention is rightly put on **job creation** and falls within the context of the Commission's Strategy for Jobs and Growth.

Our sector works hard to bring opportunities **to its 30 million employees** and **especially** to those who may find it difficult to enter the labour market and to enhance their perspectives through training and experience. The European commerce sector, together with other service sectors, plays an important part in employment growth.

The four pillars and the eight common principles set out in the Communication are in consensus with the Commerce sector's viewpoints. EuroCommerce however would like to stress that there is no such thing as a one-size-fits-all model. We are concerned that the high level of variation in attitudes and practice across the EU means that attempting to develop Europe-wide solutions risks failure. This has been illustrated in the recent attempts to review the Working Time Directive and introduce regulation aimed at Temporary Agency Workers. Member states should be learning from each other about how to reconcile flexibility and security and at the same time, there is a need to stick to the subsidiarity principle in labour law and especially in the areas of education and social security.

The debate about flexicurity and labour law is an important opportunity to understand the impact of Labour Law on **competitiveness, employment** and long-term **prosperity**. For example, policy makers need to be aware of regulating away flexibility by increasing the cost of employing temporary agency workers. **Restricting employer flexibility reduces the choice for individual employees.**

## Commerce & Flexicurity

EuroCommerce wholeheartedly agrees that what is needed in future is employment security rather than job security and therefore shares the Commission's concept of flexicurity.

Security and flexibility are very often two sides of the same coin. There will be no security without adaptability in the future. Adaptability is a key factor for a sustainable employability. Flexible working offers considerable opportunities for workers. In a knowledge-based economy, people look for jobs that offer meaning, autonomy, motivation, learning opportunities and work arrangements that allow them to combine busy work and private life.

### Family-work life balance

Increasing numbers of people feel under pressure to balance busy home and work lives. The ability to work flexibly helps individuals balance competing needs. Lack of options to work flexibly acts as a significant barrier preventing many from entering the workforce – such as those with young families or caring responsibilities for elderly relatives, those wanting to combine work and study etc. **Lack of flexibility** therefore directly **contributes to the segmentation of labour markets** (a situation identified as undesirable in the Green paper on labour law).

In this context, policy makers should work to give employers the means with which to offer a range of work options to their employees.

- ☞ We would urge policy makers **to identify any disincentives which discourage employers** from offering flexible work options (legal, fiscal or economic) and understand how best to remove them.

The service sector clearly has a need for more flexibility for one simple reason: goods can be stored, and they are usually manufactured in regular working processes. Services, however, cannot be stored, but – especially in retailing – they are delivered locally, where the customers are and when they want them.

One also cannot ignore the fact that more staff is needed during seasonal peaks.

### More jobs, not more outsiders

**A job is the best safeguard against social exclusion.** In this sense, the real outsiders are those with slim or no chances to enter or re-enter the labour market because of poor access to training and education and because of rigid employment protection legislation for regular contracts which deters employers from hiring. Such lack of opportunity in combination with over-regulation is driving the real segmentation of labour markets.

## Components of flexicurity

EuroCommerce supports the pillars and the common principles of the European Commission's Communication, key for job creation. More needs to be done to help develop consensus on the value of flexibility for employees and employers. Policy makers should encourage social partners to discuss ways of using flexible work options, to break down barriers that keep people out of work:

1. flexible and reliable contractual arrangements
2. comprehensive lifelong learning strategies
3. effective active labour market policies
4. modern social security systems

### 1. flexible and reliable contractual arrangements

Flexible work arrangements have become standard features in European labour markets. Their presence reflects changing lifestyles and innovation and their significance is growing. Flexible and reliable contractual arrangements are therefore essential for the Commerce sector.

All too often, those arguing in favour of greater flexibility are caricatured as arguing for no rules/social protection. This is simply not the case. In reality, leading commerce business combines a range of work options in an attempt to attract and retain the best staff available: **only by allowing people to work in a way that suits their lifestyle will Europe start to break down some of the barriers that keep people out of work.**

Especially for the Commerce sector, it is important to easily hire workers in times of seasonal peaks. Also for the storage of goods, it is important for the sector to be able to offer flexible contracts. Goods are usually manufactured in regular working processes, but services, especially in retailing, cannot be stored. These are delivered locally, where the customers are and when they want them.

EuroCommerce also urges the European Commission to encourage entrepreneurship in Europe and to adopt a positive approach regarding "self-employment". This is of particular relevance to the commerce sector in which over 95 % of businesses are SMEs. Commerce represents significant opportunities for individuals wishing to set up their own businesses. We therefore see the promotion of self-employment opportunities as key to creating more jobs and growth across Europe.

In regards the definition of "insiders" and "outsiders", EuroCommerce cannot agree to the Commission's approach. **A job is the best safeguard against social exclusion.** In this sense, the real outsiders are those with slim or no chances to enter or re-enter the labour market because of poor access to training and education and because of rigid employment protection legislation for regular contracts which deters employers from hiring. Such lack of opportunity in combination with over-regulation is driving the real segmentation of labour markets.

Our sector works hard to bring opportunities to those who may find it difficult to enter the labour market and to enhance their perspectives through training and experience and we would be happy to share our experiences in more detail with the Commission.

In this sense, the definition should be clarified and reformulated.

## 2. Comprehensive lifelong learning strategies

In the rapidly evolving global economy long term security and prosperity are best promoted by giving people the skills and support they need to adapt to change and remain employable throughout their working life.

There is a clear need for the creation of high quality work places, but the first priority is to get more people into work in the first place. Focussing on better school education can help close the education gap and therefore reduce labour market segmentation.

Up to date and relevant skills are central in helping individuals and organisations through transitions and promote upward mobility throughout working lives. Particular attention should be focused on identifying and providing effective incentives to individuals and business to engage in lifelong learning.

EuroCommerce believes that building a more skilled Europe requires a partnership involving all levels: EU, national governments, business, unions, education and training providers and individuals.

- ☞ Member States have a responsibility to deliver basic standards of literacy and numeracy. Despite improvements in recorded performance in schools, we find too many recruits who lack in basic skills. This needs to be tackled within state education systems as a matter of urgency.
- ☞ More still needs to be done to ensure that further education qualifications produce skills that employers value. We also believe that initiatives led by employers themselves, where appropriate, should be recognized by Member States as being of equivalent status. This is even more important given the lengthening of working lives and the need to keep skills relevant via training.
- ☞ Ways need to be found to incentivise smaller businesses to increase access to lifelong learning. Funding should be targeted to cover the costs of learning provision and to enable small businesses to fund workplace cover for those employees absent on training programmes.

The Social partners, EuroCommerce and UNI-Europa Commerce, want to take up their share of responsibility and agree to support the implementation of a European Commerce Qualification (ex-BeQuaWe) vocational education and training programme, including the test and certification functions, within the framework of their European social dialogue for commerce.

## 3. Effective labour market policies (ALMP)

Active labour market policies are critical to Europe's long term prosperity. To be both effective and actionable, attempts should be made to balance interrelated types of interventions including:

- ☞ Accelerating reform of the regulatory environment to minimise compliance cost and complexity without watering down levels of protection;
- ☞ Investing in education and training to ensure that individuals have relevant skills throughout their working lives and to maximise employability; and



- ☞ Adopting a system that provides basic financial support in times of unemployment but does so in a way which avoids providing disincentives for those outside of the job market to re-enter work. *Ways also need to be found to help manage the transition from unemployment to work over a longer period of time.* For example, the phased withdrawal of benefits over a longer period of time following acceptance of a job offer would reduce the risk associated with the loss of benefits faced by those re-entering the workforce.

Reform will not only mean making it easier for companies to transform. It also means taking action to improve people's ability to transform and cope with rapid change. Workers' capacity to adapt to change has to be improved as the industrial age turns into the global age, where life-long employment is becoming a thing of the past. Part of a positive prospectus for modernisation is the idea that in exchange for granting more flexibility in dismissal rules, employers are encouraged more to invest in people (lifelong learning, training, etc.). Businesses are flexible when creating jobs, but are restricted when dismissal is necessary to remain competitive.

To build such integrated "flexicurity" strategies, Member States need to improve their capacity to learn from each other. Replicating individual measures is a complex exercise but differing national systems should not be used as an excuse for avoiding looking elsewhere for good practice.

#### 4. Modern social security systems

In the first place, modern social security systems should actively encourage people to look for new job opportunities. However, these should also provide workers with replacement benefits in case of unemployment or work incapacity.

It is of utmost importance to ensure that social protection benefits are less attractive than the choice to work: disincentives to work and job seeking therefore must be eliminated.

We also believe that more needs to be done to understand and **remove the incentives** that drive both individual employees and a small number of unscrupulous employers to offer undeclared work, largely depending on reform of tax/benefit systems.

### **Obstacles for businesses**

Unemployment benefits are costly for businesses, be it for big or small companies. Key should therefore be to apply the principle of rights and obligations for the beneficiaries of unemployment benefits.

EuroCommerce welcomes the facilitation through the European Social Fund (ESF) to grant financial support in relation to the enforcement of legislation in convergence regions. However, this should not limit member states focussing more on quality and efficiency of investment.



## Conclusions

EuroCommerce would like to see the member states learning more from each other about how to reconcile flexibility and security. At the same time, there is a need to stick to the subsidiarity principle in labour law and especially in the areas of education and social security. The various pathways indicate the variety of national approaches.

There is no one-size-fits-all solution, member states differ too much in cultural, historical and social developments and have a different labour market situation. It goes without saying that a different approach will be necessary for all. EuroCommerce therefore is pleased with the approach by the European Commission in proposing the setting up of a dialogue at national level. It is now up to the member states to make flexicurity work.

Additional information can be found into EuroCommerce's [Position Paper on "Modernising Labour Law to meet the challenges of the 21<sup>st</sup> century"](#)

**For further information please contact:**

Mrs. Ann Vervondel, Manager Social Affairs, Tel. 0032 2 737 05 81; [vervondel@eurocommerce.be](mailto:vervondel@eurocommerce.be)