Work, employment and society
25(4) 642–657

DOI: 10.1177/0950017011419723
wes.sagepub.com
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Flexicurity, employment protection and the jobs crisis

Jason Heyes
University of Birmingham, UK

Abstract
The concept of 'flexicurity' has become ubiquitous in the labour market policy recommendations of the European Commission. EU member states have been encouraged to increase labour market flexibility while maintaining security through the promotion of 'employability' and an 'adequate' floor of unemployment benefits. The economic crisis that erupted in 2008 has, however, provided flexicurity measures with a strenuous test. As this article demonstrates, those countries that have maintained relatively strong employment protections have tended to experience fewer labour market disruptions than countries with weaker employment protections. The article also suggests that while there has been some convergence in employment and social protection policy across Europe, the trend has been towards less security rather than 'flexicurity'.

Keywords
flexicurity, jobs crisis, labour market policy

Introduction

The economic crisis that erupted in 2008 has had enormously disruptive consequences for the labour markets of Europe. The European Commission estimated early in 2009 that the unemployment rate across the European Union (EU) would increase to above 8 per cent by the end of the year, followed by a further increase in 2010.[1] The predictions for 2009 were more than fulfilled. Between the middle of 2008 and mid-2009 employment in the EU fell by 4.3 million (European Commission, 2009b: 3) while the rate of unemployment increased from 7.1 per cent in 2007 to almost 9 per cent in 2009. Young people have been particularly affected by job losses: the unemployment rate among people aged less than 25 years in the EU-27, which stood at 15.3 per cent in 2007, reached almost 20 per cent in 2009 (European Commission, 2010: 165).

Corresponding author:
Jason Heyes, Birmingham Business School, University House, Edgbaston Park Road, Birmingham B15 2TT, UK.
Email: j.heyes@bham.ac.uk

In November 2008, the European Commission adopted a European Economic Recovery Plan, which included recommendations relating to young people, workers on non-standard contracts and the retraining of unemployed workers (European Commission, 2008). The Commission emphasized that in addressing the labour market dimensions of the crisis, EU member states should develop measures within a policy framework informed by the principles of ‘flexicurity’, a concept that has come to dominate the Commission’s labour market policy prescriptions. The Commission (2007: 10) has defined flexicurity as an ‘integrated strategy to enhance, at the same time, flexibility and security in the labour market’ and has claimed that the implementation of flexicurity measures will result in a multitude of economic and social benefits, including enhanced productivity, smoother transitions within the labour market and improved social inclusion. According to the Commission, the introduction of greater contractual flexibility alongside active labour market measures will promote employment, reduce the duration of unemployment and improve the prospects of labour market ‘outsiders’. However, as this article demonstrates, the crisis has served to expose the weaknesses of some of the assumptions that underpin the Commission’s faith in flexicurity and has served to re-establish the importance of robust employment protections. The article begins by examining the meaning and implications of the concept of flexicurity. This is followed by an assessment of the extent to which the labour market policies of EU member states have come to incorporate the prescriptions associated with flexicurity. The article’s fourth section examines measures implemented by EU member states in response to the current jobs crisis and considers the role that employment protection legislation has played in preserving jobs. The article suggests that, while there has been some convergence in labour and social protections across Europe, there has not been a general tendency towards the adoption of labour market policies designed to deliver ‘flexicurity’: the dominant trend has instead been towards less security. Moreover, while cross-national differences in labour market policies, and in particular the relative strength of employment protection legislation, have resulted in markedly different national experiences of the economic crisis, attacks on employment and (in particular) social protections appear to be gaining momentum.

Flexicurity and labour market policy

Interest in flexicurity was initially stimulated by the experiences of Denmark and the Netherlands during the 1990s. Having previously experienced persistently high unemployment, both countries subsequently appeared to enjoy among the lowest unemployment rates in Europe while maintaining relatively generous unemployment benefits. The ostensible cause was an increased emphasis on active labour market measures, combined with a moderate amount of employment protection. Policy makers have since treated both countries as examples of ‘good practice’ in relation to labour market policy (Sels and Van Hootgem, 2001), even though the effectiveness of Danish and Dutch activation measures has been questioned (e.g. Van Oorschot, 2004: 25).

Over the course of the past decade, and particularly since 2007, the European Commission has increasingly employed the flexicurity concept when framing its labour market policy prescriptions and has encouraged EU member states to develop labour market policies that are consonant with its flexicurity agenda. In an effort to guide national policy making, the Commission has outlined four pillars of flexicurity, which comprise:

1) Flexible and reliable contractual arrangements from the perspective of the employer and the employee, of 'insiders' and 'outsiders'
2) Comprehensive lifelong learning strategies to ensure the continual adaptability and employability of workers
3) Effective active labour market policies that help people cope with rapid change, reduce unemployment spells and ease transitions to new jobs
4) Modern social security systems that provide adequate income support, encourage employment and facilitate labour market mobility[2]

These pillars are supplemented by 'common principles' that comprise various policy objectives, including eroding segmentation and promoting gender equality, and which emphasize that policies should be tailored to the circumstances of individual member states (encapsulated in the term 'national pathways' to flexicurity).

Despite its centrality to the Commission's employment and social policy recommendations, flexicurity remains an elusive concept. The four pillars of flexicurity are ambiguously worded, enabling European policy makers to present flexicurity as a policy approach through which everyone – workers (both labour market 'insiders' and 'outsiders'), employers and governments – gains and nobody loses. The word 'modern', for example, does not denote specific practices or policies and the 'adequacy' of unemployment benefits is clearly subjective. With regard to active labour market policies (ALMPs), measures that may be 'effective' in helping workers to cope with change (for example, vocational training) may not be as effective as 'work first' measures in reducing unemployment in the short term (Theodore and Peck, 2000). Furthermore, the Commission has adopted an ambiguous position in relation to employment protection legislation. The Commission has argued that achieving flexicurity requires policies that promote 'employment security' rather than 'job security' (European Commission, 2007: 7). Employment protection legislation has been depicted as an obstacle to structural reform and efficiency improvements. The Commission has claimed that strict protections against economic dismissal further disadvantage vulnerable workers, including the long-term unemployed, and encourage 'recourse to a range of temporary contracts with low protection – often held by women and young people – with limited progress into open-ended jobs' (European Commission, 2007: 12). The objective for European policy makers should be to ensure life-time 'employability' through education and training and assistance with 'job search'.

Efforts by European policy makers to secure support for a common set of flexicurity principles in 2007 resulted in a de-emphasizing of implied threats to employment protections and job security so as to appease flexicurity 'sceptics', including trade unions and some (particularly southern) EU member states (Mailand, 2010). Nevertheless, the website of the Directorate-General for Employment, Social Affairs and Equal Opportunities (the European Commission department that is responsible for employment and industrial relations policy) continues to state, 'The flexicurity concept takes us from a job security mentality to an employment or employability security mentality. It is a policy approach geared less towards the protection of jobs, and more towards the protection of people'.[3] Moreover, the Commission's pronouncements since the start of the crisis have once again stressed that the pursuit of flexicurity requires policies to promote employment security (i.e. 'employability') rather than job security.

In 2008, the Commission initiated a European Economic Recovery Plan, which included a number of measures and recommendations in respect of European labour markets. With regard to the flexicurity agenda, the criteria for European Social Fund (ESF) support were simplified so as to provide EU member states with access to additional financial resources for activation, retraining and job retention schemes (European Commission, 2009a: 7). However, the Commission emphasized that emergency measures to preserve jobs should remain temporary and that 'in line with the longer-term flexicurity approach, it is crucial to provide more general employment security, allowing for people to move to more productive parts of the economy' (European Commission, 2009b: 8). The importance of effective activation measures was re-emphasized and the Commission stressed that 'greater emphasis on job seekers' responsibilities should go hand in hand with the provision of high quality job search services and programmes and an adequate replacement income' (2009b: 8). Echoing the OECD, the Commission recommended that measures to help the unemployed back into work should have a 'training first' rather than a 'work first' orientation. The Commission also suggested that non-wage costs be reduced so as to promote the 'employability' of low skilled workers and that temporary workers be assisted through policies 'in line with the "flexicurity" approach that shift the focus from protection on the job to employment security in the market' (European Commission, 2009b: 10).

In practice, the Commission's ability to impose its recommendations on member states has been relatively weak. The shift that has taken place over the past decade from 'hard', top-down regulation (e.g. European Directives) to 'soft' regulation in the form of the Open Method of Coordination (OMC) has meant that the achievement of the EU's economic and social policy goals has come increasingly to depend on the voluntary efforts of national governments (Hobbs and Njoya, 2005). Nevertheless, it is also clear that European integration has resulted in the emergence of material and ideological forces that have had implications for the content of national policies relating to social and employment protection. During the early 1990s the Maastricht convergence criteria of low inflation and reduced public deficits encouraged the view that 'social protection [is] a financial burden which blunts the competitiveness of enterprises and fuels the potential deficit' (Bouget, 2003: 679). Since the adoption of the single currency, eurozone countries have been obliged to adhere to common monetary policy rules which have led many, including Germany and France, to cut welfare spending (Annesley, 2003: 152). Furthermore, the European Commission has framed labour and welfare policies in a discourse that emphasizes the role of social policy in delivering economic objectives (Jessop, 2008: 212–17) and stresses the need for workers to enhance their 'employability' (and hence security) through skill acquisition. The purpose of the European Commission's European Employment Strategy (EES) and its associated guidelines is to encourage EU member states to introduce measures to enhance 'employability' and, more fundamentally, to re-focus their employment policies so as to promote 'flexicurity'.

To that end, the EES guidelines call upon EU member states to review the incentives and disincentives associated with tax and benefit systems and the management and conditionality of benefits.

While the EES provides a common framework for action, the OMC allows EU member states a considerable amount of latitude in relation to how and to what extent they act on the guidelines (Mailand, 2008). Important 'domestic sources of differences in labour market policies' (Hamann and Kelly, 2003) remain, including the political space that is available to national governments and the organizational capacities and strategies pursued by other key actors, in particular employer organizations and trade unions (Bosch et al., 2009). Across Europe, there are differences in the extent to which organized labour is provided with a role in employment policy and regulation. Gallie (2007) argues that Denmark, Finland and Sweden, where the position of trade unions has been strongly institutionalized, are countries that have 'employment regimes' that remain 'inclusive' and which seek to maximize employment and extend employment rights across the work force. Germany, France and Spain, where the position and influence of unions is weaker by comparison, are said to correspond more closely to a 'dualist' model in which overall employment levels are considered less important and which extend strong employment protections only to 'core' workers. Britain, with its relatively weak trade unions and extremely limited protections for vulnerable workers, is said to be representative of the 'market' variety of employment regime, in which employment protections and social security benefits are low.

Flexibility, employment protection and workfare

'Employment regimes' therefore continue to vary, but are the differences being eroded and, if so, is there evidence of convergence around the principles of flexicurity? Information about changes in the strength of employment protection over time is captured by the OECD's employment protection indicators. The indicators capture information about three issues: regulations pertaining to temporary forms of employment; protection against individual dismissals; and additional requirements relating to collective dismissals. The OECD has developed three versions of an employment protection summary indicator, although the time spans that they encompass do not completely coincide. The information in Table 1 is based on 'version one' of the summary indicator, which covers the period since the 1980s but excludes additional requirements relating to collective dismissals. However, the scores are less important than the trends and country rankings and, in any case, the patterns for versions one and two over the time period for which they do coincide (1998–2008) are extremely similar (OECD, 2004; Venn, 2009). The overall trend has been for employment protection scores to converge. The scores for countries with relatively strong employment protection fell between 1990 and 2008 while the scores for those countries with weaker employment protection tended to increase. The ranking of countries has, however, remained relatively consistent with Spain, Portugal and Greece ranking among the highest and the UK and Ireland lowest.

While strict regulation of regular contracts tends to coincide with strict regulation of temporary contracts, differences in provisions for temporary workers account for much of the cross-national variation in overall employment protection scores (Venn, 2009: 7). Furthermore, according to the OECD (2004), changes in the overall strictness of employment protection legislation have largely reflected changes in the regulation of temporary employment and the easing of barriers to the use of fixed-term contracts and temporary agency workers (TAWs). In Germany, for example, the 2003–5 'Hartz' reforms led to the removal of a two-year limit on the use of temporary workers. Relaxation of restrictions on fixed-term contracts and TAWs has encouraged an increase in their use in many countries. Eurostat data indicate that 14.7 per cent of employees in the EU-15 in the year 2006 had a contract of temporary duration, up from 12 per cent in 1996. The 2006 figure for the EU-27, at 14.3 per cent, was little different to that of the EU-15. In France, 50 per cent of total employment growth during the period 1991–2001 was accounted for by a growth in temporary jobs. In the Netherlands the corresponding percentage was 40 per cent while for Germany, Italy and Austria it was 100 per cent (Maurin and Postel-Vinay, 2005: 231). The extent to which temporary jobs have served as a means by which the unemployed can gain employment, the security offered by temporary jobs and the extent to which they are associated with recurrent unemployment remains a matter for debate (see for example Korpi and Levin, 2001).

Turning to the European Commission's second flexicurity component, 'lifelong learning', evidence suggests that for most EU citizens and workers, learning is far from 'lifelong'. The European Commission's stated ambition was for the lifelong learning participation rate to reach 12.5 per cent in 2010. However, the rate for the EU-27 in 2008 was 9.6 per cent of people aged 25–64. Participation levels have hovered around this figure since 2004 (CEDEFOP, 2009). Participation rates also vary greatly across the EU: in 2008 they ranged from 1.4 per cent in Bulgaria to 30.2 per cent in Denmark (for a

Table 1 Employment protection in selected OECD/EU countries: 1990 and 2008 compared

	Score 1990	Score 2008	Ranking 1990	Ranking 2008
Spain	3.82	2.98	2	1
Portugal	4.1	2.88	1	2
France	2.98	2.85	8	3
Greece	3.5	2.73	4	4
Belgium	3.15	2.18	7	5
Germany	3.17	2.12	6	6
Czech Rep.	1.9	1.96	13	7/8
Finland	2.33	1.96	11	7/8
Netherlands	2.73	1.95	9	9
Austria	2.21	1.93	12	10
Poland	1.4	1.9	15	11
Italy	3.57	1.89	3	12
Sweden	3.49	1.87	5	13
Hungary	1.27	1.65	16	14
Denmark	2.4	1.5	10	15
Slovakia	1.8	1.44	14	16
Ireland	0.93	1.11	17	17
UK	0.6	0.75	18	18

Note: based on data derived from the OECD website. The '2008' scores for France and Portugal are for 2009. The '1990' scores for Slovakia and the Czech Republic are for 1993.

discussion, see Heyes and Rainbird, 2009). The growth of non-standard employment has implications for the achievements of objectives relating to lifelong learning, given that part-time and fixed-term employment are associated with lower levels of training investment compared with standard employment (European Commission, 2005). Overall, those workers who are least satisfied with their training opportunities tend to be employed full time on fixed-term contracts (ETUI-REHS, 2007). Forrier and Sels' examination of the training experiences of permanent and temporary workers in Belgium found that employers less frequently financed training for the latter and that 'consequently the loss of job security is not compensated by opportunities to enhance employability' (Forrier and Sels, 2003: 662). The tendency for temporary employees to receive less training could also serve to 'strengthen existing structures of labour market segmentation' (Forrier and Sels, 2003: 662), which suggests a conflict between pillars one (contractual flexibility) and two (lifelong learning) of the European Commission's flexicurity agenda.

Training schemes have been described as the 'classic elements' of Scandinavian ALMPs (Meager, 2009), yet over the past decade Sweden and Denmark have come to place less emphasis on training within their ALMPs. The impact of Danish activation measures, such as job training in the public sector, has been questioned, leading policy makers to place greater emphasis on job search and job training in private firms (Madsen, 2004: 198). Moreover, there has been a growing tendency for European governments to favour employment policies of a 'work first' nature. Van Berkel (2009: 3) notes that 'stronger integration of income protection and activation programmes and an increased conditionality of entitlements to income support seem to be universal trends in active welfare state reforms'. Attempts by US policy makers from the mid-1990s to coerce welfare recipients into work, by making work-related activities a condition for welfare entitlement, have influenced the policies of some European countries, notably those of the UK (Theodore and Peck, 2000). The UK's 'New Deal' measures have in turn influenced policy in countries such as Germany and the Czech Republic (Bruttel and Sol, 2006; Heyes, 2004). Efforts by policy makers in the Netherlands during the 1980s and 1990s to tighten the link between benefit eligibility and work, increase sanctions for failure to engage in job search and reduce the level and duration of benefits (Van Oorschot, 2004) have also been influential.

The processes by which the relationship between work and welfare has been reformed are also revealing of the extent to which trade union interests have been sidelined. In some countries, 'captains of industry' have been appointed to develop recommendations for welfare reform. The UK's Labour government, for example, in 2007 commissioned investment banker David Freud to produce recommendations for reform of welfare to work. The recommendations, which were acted upon, included forcing lone mothers to seek work. In Germany the Hartz Commission, headed by Peter Hartz (then personnel director for VW), was appointed by the Schroeder government in 2002 to bring forward new proposals for labour market and welfare reform, which were duly implemented. The private sector has also been given a greater role in the delivery of labour market policy reforms, particularly in relation to the provision of employment services (Grover, 2009). In the UK, for example, employment services for the long-term unemployed have been largely transferred from the public employment service (JobCentre Plus) to the private and 'third' sectors. At the same time, the role of trade unions in policy deliberations and service delivery (e.g. the administration of unemployment benefit) has been reduced in several countries, including Germany, Denmark and the Netherlands (Van Berkel, 2009: 28).

The shift towards 'workfare' oriented employment policies has had implications for 'pillar four' of the European Commission's definition of flexicurity, which is the existence of social security systems that provide 'adequate support' and 'encourage employment'. Unemployment benefits are clearly important components of a country's social security system and changes in unemployment benefits over time provide a further source of information about progress towards 'flexicurity'. Net replacement rates (the tax adjusted ratio between benefits and average earnings) are the most commonly used measure for purposes of international comparisons. However, the OECD's comparative data on net replacement rates are available only from 2001. Information about gross replacement rates, by contrast, is available from the early 1960s and it is this information that has been used to create Figure 1.[4] Despite fluctuations, replacement rates in Greece and Ireland have increased over the past two decades. There have been declines in the summary measure in a number of countries, including Denmark (since the mid-1990s), Germany and the Netherlands (since 2003). The reduction in the summary measure for the UK has been more or less continuous since its 1967 peak (when it was 28%). After stabilizing somewhat in 1970s, the measure fell under the Conservative governments of the 1980s and early 1990s (from 24% to 18%) and again under New Labour. By 2007 the gross replacement rate in the UK was 12 per cent – the lowest rate in Western Europe and below the rate for the USA (14% in 2007). Overall, while there has been some convergence in gross replacement rates, there has been no tendency towards greater generosity.

Replacement rates provide basic information about the relative value of benefits over time, but they do not capture information about the steps that many governments have

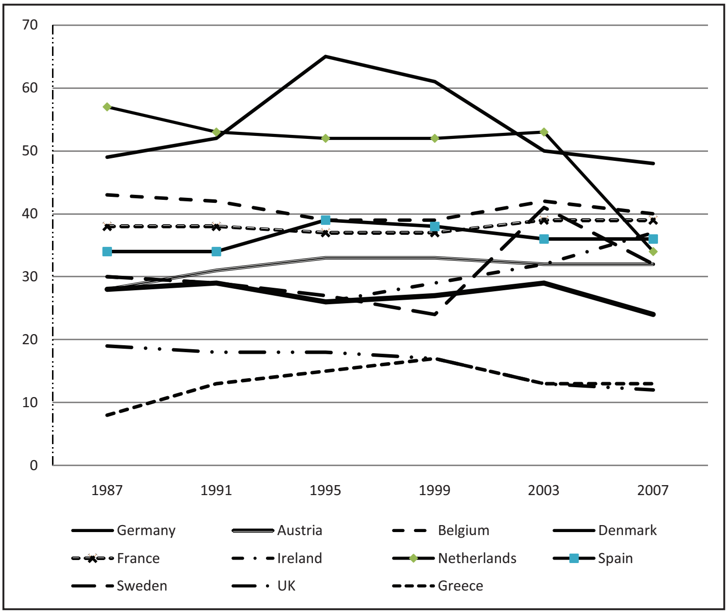

Figure 1 Gross replacement rates in selected European countries, 1987–2007
Note: author's own calculations, based on OECD statistics.

taken to restrict benefit entitlements, changes to replacement rates that affect particular groups or changes to the time period over which maximum benefits may be claimed. Information about the last of these issues is provided in Figure 2, which shows how the maximum duration of benefits paid at the maximum calculation rate[5] has changed over the past 20 years. It is clear that many EU countries have reduced the number of weeks for which unemployment benefits may be claimed. Cuts have also occurred in countries for which data for the entire 20-year period are unavailable (Portugal, for example, reduced the duration of maximum rate benefits from 120 weeks in 1999 to 52 weeks by 2007). No country has extended the maximum duration. In some countries, notably the Netherlands and, more recently, Denmark, the cuts have been substantial. While the level of benefits in Denmark remains relatively generous, the period for which benefits can be received without participating in activation measures has been reduced – in the case of adult unemployed workers from four years (in 1994) to three months (in 2009) – and the maximum duration of benefit reduced from four years to two (in 2010).

Employment protection, social protection and the jobs crisis

Three conclusions may be stated at this stage. The first is that there is no evidence of a widespread shift towards the pursuit of flexicurity. Flexibility, as measured by reductions in the strength of employment protections and an increased use of non-standard

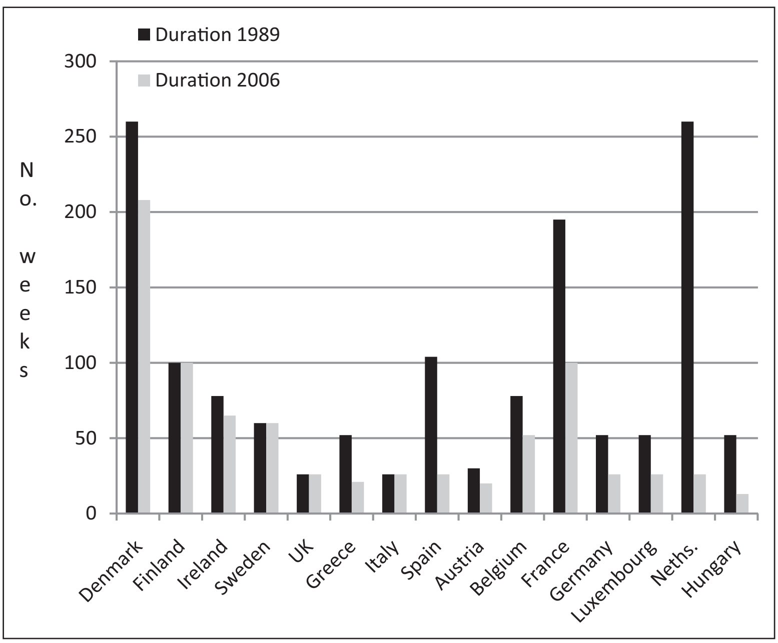

Figure 2 Maximum duration of unemployment benefit (at maximum benefit calculation rate), 1989–2006

Note: author's own calculations, based on OECD statistics.

contracts, has increased but with no discernible improvement in security within the labour market. If anything, changes in replacement rates and the duration of unemployment benefits imply a reduction in security. Growth in policy makers' enthusiasm for 'work first' employment programmes also appears to have resulted in a de-emphasizing of vocational training as a component of labour market policy (pillar two). The second conclusion is that the evidence reviewed thus far suggests that a convergence has taken place in labour market policies. EU member states have not attempted to emulate the relatively generous unemployment benefits provided by Denmark and the Netherlands during the 1990s; on the contrary, benefit systems in Denmark and the Netherlands increasingly resemble those of other Western European countries. The third conclusion is that, despite evidence of convergence, cross-national differences remain in the strength of employment protections, labour market policies and support for the unemployed.

These cross-national differences are important in explaining differences in the impact of the current economic crisis. Between 2008 and 2009, Denmark, Sweden, Italy and Germany suffered similar reductions in real GDP (approximately 5%), but experienced different reductions in their total employment rates (-2.4%, -2.1%, -1.2% and +0.2% respectively) (European Commission, 2010). As can be seen from Figure 3, countries that score highly on the OECD's employment protection index have tended to experience less severe reductions in their employment rate than those with weaker employment protection. The experience of Spain, which has suffered an extremely large fall in its employment rate despite having a high employment protection summary score, can be explained by that country's exceptionally large proportion of employees on limited duration contracts, which the European Commission regards as providing the contractual

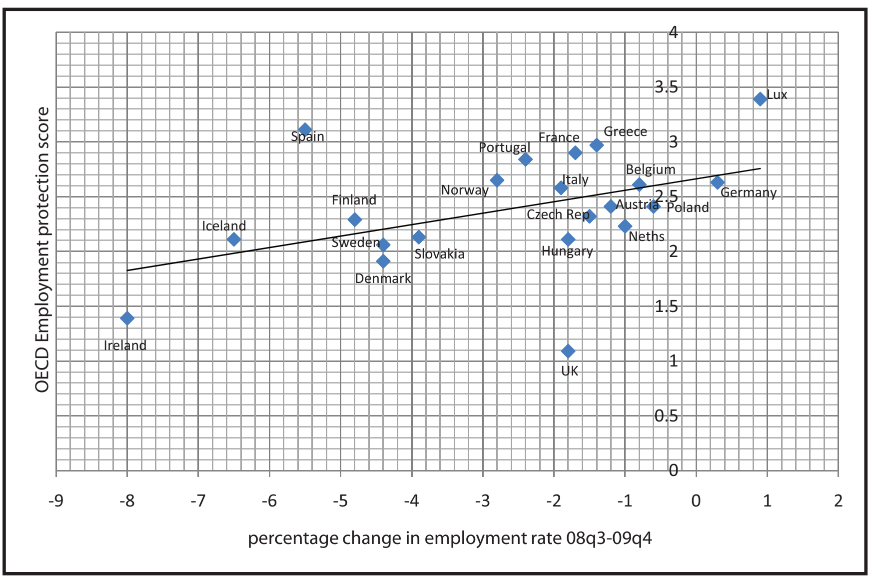

Figure 3 Change in employment rate (workers aged 15–64 years) 2008–9 for selected European countries.

Note: author's own calculations, based on OECD and Eurostat statistics. Employment protection summary indicator, Version 3.

flexibility necessary to deliver ‘flexicurity’. Temporary employment accounted for 90 per cent of all job losses in Spain during the 12 months to June 2009 (OECD, 2009a).

In addition to workers in temporary employment, the crisis has had a disproportionate impact on migrant workers and young people. Across the EU-27, the unemployment rate for workers below the age of 25 increased from 15.3 per cent in 2007 to 19.6 per cent in 2009 and across the EU the rate of youth unemployment is typically much higher than that for adults (European Commission, 2010). While stringent employment protections are sometimes mentioned as a cause of high youth unemployment, unemployment rates for young people have also increased in countries that have relatively lax rules on hiring and dismissals. In 2009, the unemployment rate for workers under the age of 25 years was around 18 per cent in the USA, 19.1 per cent in the UK and 24.4 per cent in Ireland (European Commission, 2010). These rates were comparable with, and in some cases substantially greater than, those found in countries with stronger employment protections (e.g. in Germany and Austria the youth unemployment rate remained under 11% while in the Netherlands it was less than 7%). On the whole, those countries, such as the Netherlands, Austria and Belgium, that have experienced relatively modest increases in adult unemployment have also experienced comparatively mild increases in youth unemployment. Increases in unemployment among young workers have tended to be most substantial in countries, such as Spain, Ireland and Latvia, that have also witnessed large increases in unemployment among older workers.

Short-time working measures have played a particularly important role in cushioning the impact of the economic crisis on employment. Under short-time working measures, workers experience a reduction in their normal hours of work (sometimes referred to as ‘partial unemployment’) and receive either a reduced wage or unemployment benefit for the hours that they would otherwise have worked. Measures to support short-time working have a long history in a number of European countries and in some countries (e.g. France) they have been introduced as a result of a collective agreement. Employers and unions in some sectors of the French (e.g. aerospace) and German economies (e.g. metalworking) have, since the start of the crisis, negotiated improvements to the compensation provided to partially unemployed workers (Bosch, 2010). In the Czech Republic, unions and employers played a central role in negotiating the content of national training and short-time working measures that were introduced shortly after the crisis erupted. In the UK, by contrast, trade unions and employers were unable to agree on the desirability of additional state support for short-time working. The government ultimately sided with the Confederation of British Industry (CBI), which was opposed to new measures.

Short-time working schemes may benefit employers in that they enable organizations to retain skilled workers and avoid skill shortages once economic recovery is under way (Lloyd, 1999). Short-time working schemes also bring obvious benefits to workers, in that they retain a job, continue to receive an income and avoid the economic deprivations and psychological distress associated with unemployment. These programmes are typically underpinned by public finance and in a number of countries state support for short-time working measures has been accompanied by provisions designed to encourage employers to provide additional training opportunities for partially unemployed workers. In the Netherlands, employers are obliged to enable workers to participate in training during periods of short-time working or temporary leave and other countries, including Austria, Poland, Germany and the Czech Republic, have provided employers with financial inducements to provide training courses for workers who are on short-time working.

Active and passive labour measures have also played a prominent role in governments' responses to the jobs crisis. Some countries, such as Belgium, have extended unemployment benefits to previously excluded groups such as temporary workers and young workers. Governments have supplied public employment services with additional resources so as to help them cope with rapid increases in unemployment. However, there has also been a widespread tendency for governments to tighten unemployment benefit conditionality rules. Prior to the crisis, unemployed workers in Denmark were required to participate in ALMPs after having been unemployed for six months. This period was recently reduced to three months for all unemployed workers under 30 years of age. In the UK in 2009, almost 70,000 single parents were transferred from income support to Job Seekers' Allowance, meaning that they would have to actively look for work or risk losing benefits. In Italy there is a new requirement for unemployment benefit recipients to register their availability to work with the public employment service or accept an offer of training, while Poland has implemented stricter sanctions for refusing to take up employment, training or other forms of support. Poland has also reduced the duration of benefits, while increasing the level (OECD, 2009b: 21–2). It should be borne in mind, however, that access to unemployment benefits in new EU member states tends to be less extensive than elsewhere in the EU (Kyloh and Saget, 2009: 22).

Conclusion

While 'employment regimes' continue to vary across the EU, 'inclusive' and 'dualist' regimes have not proved impervious to pressures for change. There is evidence of convergence in respect of labour market and social protection policies, but the dominant tendency is towards 'less security' rather than 'flexicurity'. To varying extents, EU member states have weakened employment protections, reduced benefit entitlements and linked those entitlements ever more closely to workers' preparedness to participate in ALMPs or accept a job, regardless of its quality. In a number of countries, business representatives have played a central role in welfare and labour market reforms while the voice of trade unions has tended to be marginalized. While the crisis has seen an increase in the coverage and level of unemployment benefits in some countries, this has occurred in the context of emergency measures and is in most cases intended to be temporary. Similarly, while the OECD and European Commission have discovered a new enthusiasm for 'train first' ALMPs, it is uncertain that this enthusiasm will be shared in the longer term by national governments. Faced with the twin challenges of reducing unemployment and the size of fiscal deficits, it is likely that governments will be tempted to cut relatively high-cost training measures, ratchet down expenditure on public employment services and further emphasize relatively cheap job search activities and 'work first' measures.

Austerity measures are already having an impact on employment and social protection policies in many European countries. Shortly after taking office in 2010, the UK's Conservative-Liberal Democrat coalition government, for example, abandoned the measures that the preceding Labour government had introduced to tackle the jobs crisis (specifically, an employment subsidy scheme and a scheme that 'guaranteed' young workers access to work, education or training). In autumn 2010, the government announced a programme of public spending cuts that, according to its own estimate, would lead to the loss of up to half a million public sector jobs. The government also announced that it intended to close a core training scheme for employed workers ('Train to Gain'), axe an educational maintenance allowance that had previously helped young people from low-income families to access further education, substantially increase the cost of a university degree, introduce a raft of welfare benefit cuts while freezing others, transfer many recipients of incapacity benefit to unemployment benefits (thereby forcing them to seek employment) and impose stiffer penalties on unemployed workers who refuse job or training offers. Taken together, these measures imply a substantial reduction in security and opportunities for 'lifelong learning', weaker labour market and social mobility and a deepening of social divisions; in other words, the antithesis of the outcomes associated with 'flexicurity'.

The crisis has also served to bolster the opposition of business leaders and governments to the introduction of new employment rights, as in the case of the delayed implementation of the Agency Workers' Directive in the UK, the abandonment of plans for a German national minimum wage and the delayed introduction of increased penalties for employment rights abuses in Ireland. A number of countries (e.g. the Czech Republic) have also begun to weaken restrictions on the use of temporary employment contracts. While such reforms are ostensibly a response to concerns about the longer-term impact of the crisis on unemployment and labour force participation, the crisis has served to call into question the benefits of labour market deregulation. On the whole, the labour markets of those countries that have preserved relatively strong employment protections have proved better able to weather the economic storm than those in which employment protections are weak. It is also clear that vulnerable workers such as temporary workers, migrant workers and young people, who tend to have less access to employment protection than those in 'regular' employment, have been disproportionately affected by the crisis. While employment protections have often been viewed as a source of the disadvantaged position of vulnerable workers, creating a barrier that protects the position of so-called labour market 'insiders' at the expense of 'outsiders', it appears that vulnerable workers in countries with weak employment protections have suffered at least as much, and possibly more than, those in countries where employment protection is relatively strong. The notion that weaker employment rights improve the position of vulnerable workers and encourage greater social inclusion has become even less compelling than before the crisis.

Flexicurity has been presented as a way of helping workers cope in the face of declining job security resulting from globalization, yet implicit in the flexicurity approach is the idea that governments should dilute, or at least not reinforce, employment protection. The economic crisis has, however, demonstrated the dangers inherent in prioritizing 'security in the labour market' over job security. Ultimately, the course of the recovery from the jobs crisis will depend on the policy choices that governments make. These will in turn be influenced by political and social struggles and the nature of accommodations reached within countries and at the international level. In the debates and struggles to come, it will be important for organized labour to articulate an alternative to the flexicurity agenda, and one that has employment protection at its core.

Acknowledgements

I am very grateful to the journal's referees and editors, and to Mikkel Mailand, for providing extremely helpful comments on an earlier draft of the article. I am responsible for all remaining errors.

Notes

1 EC Interim forecasts 2009–10 at: http://ec.europa.eu/economy_finance/thematic_articles/article13727_en.htm (consulted 19 January 2009).
2 See http://ec.europa.eu/social/main.jsp?catId=117&langId=en (consulted 19 May 2010).
3 See http://ec.europa.eu/social/main.jsp?catId=116&langId=en (consulted 16 September 2010).
4 While net replacement rates tend to be above gross rates, the two measures are highly correlated.
5 Many European countries operate wage-related unemployment benefit systems. Exceptions include the UK.

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Jason Heyes is Reader in Human Resource Management at Birmingham Business School, University of Birmingham. His main research interests relate to the interface between employment relations, the labour market and public policy. He is currently researching the consequences and implications of the recent economic crisis for labour market policy and labour administration.

Date submitted May 2010
Date accepted December 2010