



Foundation Findings

Opening the door –
the role of social
partners in fostering
social inclusion



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The policy background



The EU designated 2010 as the European Year for Combating Poverty and Social Exclusion. Social exclusion is the consequence of a series of problems affecting an individual or groups, for example unemployment, discrimination, low levels of skills, or low income. When such problems combine, they can create a vicious circle of disadvantage.

It is perhaps striking that, as one of the most prosperous regions in the world, the EU should still need to struggle with social exclusion within its borders. However, 16% of the population of the EU is at risk of poverty (earning 60% or less of the median income of the country).

Social inclusion has been at the centre of European social policy since at least 1989, when the *Resolution of the Council of Ministers for Social Affairs on combating social exclusion (89/C277/01)*, was adopted. The Resolution stated that combating social exclusion was an important part of the social dimension of the internal market, and that the way forward was through coordination between Member States. This was followed by the Council Recommendations of 1992: first, 92/441/EEC, which highlighted the role of the social protection system, followed by 92/442/EEC, which focused on the convergence of policies in the social protection systems.

In 1997, a Communication from the European Commission on *Modernising and improving social protection in the European Union*, stressed that a well-functioning social protection system was beneficial for many reasons, including economic progress.

The Treaty of Amsterdam, signed in 1997, provided a new legal basis for combating social exclusion. Following on from this, four broad objectives – welcomed by the Council later in the year – were outlined in Commission's Communication *A concerted strategy for modernising social protection*: to make work pay and provide secure income; to make pensions safe and pensions systems sustainable, to promote social inclusion; and to ensure high quality, sustainable health care.

In 2000, the newly drafted Lisbon Strategy pointed out the positive relation between the social dimension and economic productivity, setting the goal of eradicating poverty and social exclusion by 2010. The Council meeting in Nice in December 2000 identified employment as the preferred means of reintegrating most of the excluded, as well as a means of combating poverty: being in employment, it stated, helps develop social relations, provides income, maintains skills and hence better ensures employability.

In 2001 the first National Action Plans on social inclusion were drafted. These set out how the Member States will act to reach the common objectives defined at European level.

The Nice treaty, which came into force in 2003, established that the social inclusion process would seek to ‘mobilise all relevant bodies’, and therefore, all national reports contain strategies on how to include civil society in the process – most notably, the social partners.

Since 2006, all Member States now write national reports for strategies on social protection and social inclusion, the results being presented in a joint report adopted by the Council and the Commission, European Commission 2008b). In its document, *Guidance notes for preparing national strategy reports on social protection and social inclusion 2008–2011*, the European Commission requests that Member States state how well the social partners are included in the process of realising social inclusion.

The role of social partners

While social inclusion might appear to be a matter for government and/or local authorities, and non-governmental organisations, the linkages between issues of social protection, work organisation and working conditions within the enterprise means that the social partners necessarily deal with issues of poverty and exclusion. They are best placed to address issues relating to work; moreover, social

partners’ representativeness empowers them to negotiate agreements.

The European social model seeks to combine economic development with social cohesion. The European Commission’s *Social policy agenda* of September 2000 [COM (2000) 379 final] underlined the need for ‘positive interaction between economic, employment and social policies’. Across these three related policy domains, the role of the social partners – trade unions and employer organisations – is becoming increasingly important in implementing workable practices at European and national levels. The role of the social partners is beginning to extend beyond issues of the economy, the workforce and the enterprise; they are becoming increasingly involved in social policy matters. While in the past, social partners adopted a largely reactive position to the initiatives from the European Commission, they now act as genuine partners in establishing European social standards. Indeed, the European Commission seeks to assist the development of the social partners’ role – in the direction of greater independence.

In the EU, the national policies on social inclusion are coordinated through the open method of coordination, OMC. This means that while each of the Member States is responsible for initiating and implementing policies to combat social exclusion, they do so in a framework of common benchmarks and targets, at a European level, which support and encourage national efforts.



Key findings

- Examples abound of social partner initiatives targeted at easing social exclusion. In the UK, in 2009, social partners have sought action on youth unemployment. Both the Trades Union Congress (TUC) and the Confederation of British Industry (CBI) called on the government to fund extra youth apprenticeships to help tackle the problem of rising unemployment among 18–24 year-olds. In Poland in 2009, the social partners submitted a 13-point package of anti-crisis measures to the government. This included social support for poorer families, increased welfare benefits for employees who had been made redundant, vouchers (exempt from income tax) convertible to goods or services, and subsidising employment as an alternative to group dismissals.
- While the unemployed face by far the greatest risk of poverty in terms of social groups, 8% of the adult working population face the risk of in-work poverty. However, the issue of ‘working poor’ is not an explicit priority of policymakers, being addressed only within the framework of broader anti-poverty measures.
- Despite the fact that opinions of employers and trade unions differ over the minimum wage, it is a core issue for both groups, as it sets sector-wide or even national level thresholds and definitions of adequate pay. Even in those countries where the government sets the minimum wage, social partners have either a direct or indirect consultative role in its adjustment.
- Faced with the threat of job loss against a background of recession, in many Member States, employers and trade unions have cooperated to introduce short-time working at reduced pay, send employees on leave or make use of working time accounts in order to protect employment.
- Faced with inevitable restructuring and job loss, tripartite and bipartite initiatives – notably in Belgium and Sweden – have successfully assisted redundant workers with career counselling and job seeking.
- Flexicurity can be seen as one way to give employers the flexibility they seek, while protecting workers from future exclusion. The Dutch implementation of flexicurity, for instance, seeks to raise the rights and entitlements of workers on non-standard contracts to levels comparable with full-time employees.
- People with less than an upper secondary level of education are disadvantaged both in terms of their employment options and in their working conditions should they get a job.
- Although there appears to be agreement among the social partners that a gender pay gap exists, approaches to tackling it differ between the two sides of industry, employers favouring voluntary, company-level approaches, and trade unions preferring more universal, compulsory approaches.
- Despite the poorer employment prospects and working conditions of migrants, collective bargaining addressing either occupational promotion or fostering their integration is poorly developed in a majority of Member States.



Exclusion in employment



The Commission's *Social Policy Agenda* of 2000–2005 recognised that employment by itself does not necessarily lead to social inclusion – in fact, low pay and job insecurity may exacerbate social exclusion. Nevertheless, it acknowledged that raising employment rates and lowering unemployment would significantly reduce poverty and social exclusion.

The role of employers as social partners in creating jobs in the first instance is clearly a vital part in fostering social inclusion. Being employed significantly reduces the risk of poverty and social exclusion: of all groups, the unemployed face the greatest risk of poverty – 42% being at risk (Figure 1). However, the growing incidence of in-work poverty highlights that employment is not sufficient on its own. Those who are in employment, but find themselves below the poverty line, are also 'excluded'. The 'working poor' can be described as those individuals who are in employment but whose disposable income puts them at risk of poverty – having an income below 60% of the national median. In 2007, around 8% of those in employment fell into the category of 'working poor'. Certain groups are at greater risk of in-

work poverty – men, younger workers, those with low levels of education, part-time workers, those employed for less than a year or having a non-permanent contract, and single parents. Migrants seem to be especially vulnerable to in-work poverty.

In the majority of EU countries, the issue of the working poor is not a priority for policy of government or the social partners; rather it is addressed within the general framework of policies addressing poverty or social security systems.

In a minority of countries, trade unions provide explicit proposals on reducing the number of working poor and/or low paid workers. More generally, they view minimum wages as a key element in ensuring adequate living standards for workers.

In Bulgaria, negotiations have taken place on social programmes at the company level, including the development of a food voucher system; meanwhile, some trade union branches have established mutual aid funds, offering credit under favourable conditions. Trade unions in Ireland advocate reforming in-work



social welfare entitlements, keeping minimum wage earners out of the tax net, and boosting skills through training. The General Confederation of Portuguese Workers recommended that the issue of in-work poverty be explicitly addressed as a priority in the National Action Plan for Inclusion 2008–2011.

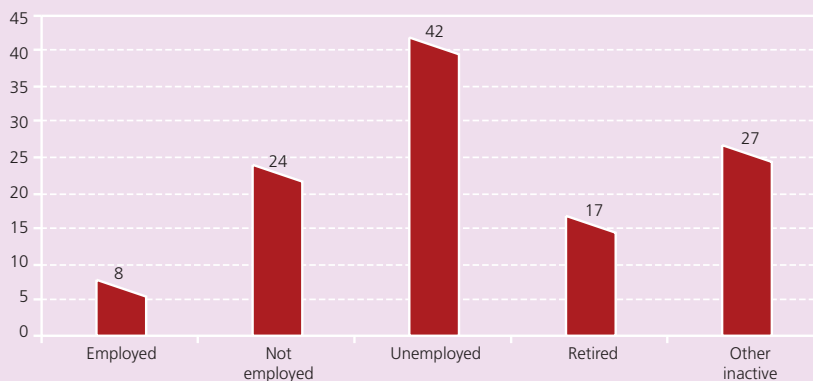
Employer organisations usually do not seem to set measures to reduce in-work poverty. However, in some countries employer organisations have proposed measures that they claim would help to reduce the number of low paid workers: in Bulgaria, Estonia and Greece, boosting employability through better education and training; in Finland, increasing the number of part-time and temporary jobs; and in Hungary and France, implementing tax measures to improve the income of the low paid. In France, the Movement of French Employers has supported changes in taxation, which seeks to avoid the threshold effect whereby an unemployed citizen can end up with a lower income after they move from unemployment payments to a paid job; the amended system is designed to ensure that every hour worked results in a higher total income.

Minimum wage

Nearly three quarters of Member States have some form of statutory national minimum wage; sectoral collective agreements play the key role in setting minimum pay rates in the remaining countries. The setting of a minimum wage aims to: ensure that lower paid workers receive a 'living wage'; curb the exploitation of vulnerable workers; and encourage the labour market integration of the unemployed by 'making work pay'.

Although the minimum wage affects directly only a small minority of workers – fewer than 16% in the EU overall, and less than 5% in the majority of countries with a statutory minimum wage – it is of particular importance in supporting the pay of women, younger workers and those employed in low-paying sectors such as textiles, retail, hotels and restaurants, security, cleaning and hairdressing. However, the existence of a minimum wage in a Member State does not significantly reduce the persistence of low pay for a substantial proportion of the workforce. Moreover, the level of minimum wages set tends to be well below the poverty line.

Figure 1: Poverty risk by activity status, EU25, 2007 (%)



Note: No data available for Bulgaria and Romania. Unemployed refers to having registered officially as being out of work.

Source: Eurostat, EU-SILC 2007

Trade unions and employer organisations may have opposing views on the desirability of minimum wages; however, there has been a gradual move towards common ground. Employers in a number of countries largely support the existing minimum wage regulations, but often oppose increases in its rate; in other countries, they feel that they impose higher labour costs and hence threaten the viability of jobs at the bottom of the pay scale. The most vocal opposition to increases in the minimum wage come from bodies representing smaller businesses, and those representing such sectors as retailing, hotels and restaurants: both of these areas tend to have higher proportions of low-paid workers.

Trade unions tend to press for higher minimum wage levels, not least to prevent recipients' income falling below the poverty level. Many argue that a minimum wage boosts employees' purchasing power; hence it has the potential to foster consumption, so raise levels of economic growth and, consequently, boost employment. Another argument is that it reduces the gender pay gap. Currently there are approximately two women on low pay or minimum wages for every low-paid man.

However, given their low levels, minimum wages cannot of themselves protect workers against poverty. The minimum wage level reaches the level of half of average gross earnings in only a small number of countries. As such, minimum wages alone are only a partial remedy for the social policy concern of reducing poverty.

Evidence suggests that the employment effects of minimum wages are only very slightly negative. Some negative effects have been seen in countries where there were substantial increases in the minimum wage. The fact that the social partners play such a key role in setting the level of minimum wage – which generally results in only modest increases – could explain why the negative impacts on employment are not seen. This view is supported by the European Commission's *Industrial relations in Europe 2008*, which states that industrial relations in wage setting contributes to positive

economic outcomes, while reducing wage inequality, poverty and gender pay gaps.

However, the economic downturn has had an impact on negotiations on minimum wage levels throughout Europe. In Estonia in 2008, it has led to the postponement of the national minimum wage agreement. In France, trade unions proposed increasing the minimum wages as a way to combat the recession through increased purchasing power; however, the proposal was rejected.

Concession bargaining – safeguarding employment in time of crisis

The role of employment in guarding against social exclusion is a key element in the efforts that social partners have made to maintain employment in the face of almost unprecedented economic pressures faced during the current economic downturn.

With many companies under pressure to reduce costs considerably, employee representatives and trade unions are facing the uncomfortable choice of agreeing to less favourable terms of employment to assist in that cost reduction, or risking the laying off of part of the workforce, the relocation of the establishment or even business closure.

Such so-called 'concession bargaining' often involves wage cuts or wage freezes. Employee representatives may also agree to other rollbacks such as longer working hours – without any accompanying rise in pay – in exchange for some form of employment guarantee by management. For instance, trade unions in the Dutch subsidiary of the global mail delivery company TNT agreed to wage cuts of up to 15% in exchange for an employment guarantee, which excludes dismissals for the next three years. The alternative, according to the trade unions, was to put 11,000 jobs at risk in a highly competitive market.

In Bulgaria, employers have cooperated with trade unions to send employees on leave, embark on repair and maintenance programmes and introduce part-time and short-time working – all with the goal of avoiding mass dismissals.



In France and Germany, state unemployment insurance has been employed innovatively, allowing short-time work to be introduced while subsidising those affected by means of state funds. Despite some unease, social partners have broadly welcomed such moves as they prevent plant closures and mass redundancies – in the short term at least.

Experience also indicates that the introduction of flexibility measures, such as working time accounts and schemes to ‘bank’ hours are a feasible way for companies to synchronise the supply of labour with market demand. In Germany, for instance, companies have used working time accounts to reduce effective working time – either in the form of a reduction of hours saved in individual accounts or in the form of time credits which will have to be worked in the future when business recovers.

Working together on restructuring

Although social partners may collaborate in protecting jobs, the measures outlined above are not necessarily successful in protecting employment. A decision to restructure may inevitably be taken. In a number of cases, social

partnership is involved in mitigating the negative consequences of restructuring. In both Sweden and Belgium, social-partner bodies have been created to improve the prospects of redundant workers of moving quickly into new, high-quality jobs.

Over the last decade, the Swedish Council for Redundancy Support and Advice (TRR) has supported nearly 160,000 white-collar employees in 20,000 affiliated companies in finding new employment or starting new careers. The joint involvement of both trade unions and employer organisations is seen as a key factor in its success. A similar scheme in Belgium, the so-called ‘reconversion units’ are set up in response to a specific instance of restructuring; a tripartite association manages the budget, involving representatives of the trade unions, employer and the public employment service (PES).

Social partner structures in Spain and Italy seek to go a step further, and anticipate change before it takes the form of company restructuring and redundancies.

Flexicurity – squaring the circle

Faced with the pressures of competitiveness, companies are increasingly introducing non-standard forms of working. However, even as new jobs are created, there is the risk that these jobs carry a higher risk of social exclusion than traditional forms of permanent employment, which themselves are not immune to global competition. The incidence of fixed-term contracts is rising across Member States, and in a majority of countries it constitutes a growing proportion of overall employment. Workers on fixed-term contracts are exposed to poorer working conditions than those on permanent contracts – in particular in terms of access to training.

Flexicurity can be seen as one way to grant employers the flexibility they seek to maintain competitiveness, while protecting workers from future exclusion. Flexicurity seeks to secure an individual's employability – rather than a particular job – by enabling them to navigate periods of transition, develop their skills and find good-quality employment. EU policy sees the core components of flexicurity as key means for ensuring the creation of sustainable jobs: flexible contractual arrangements, lifelong learning, active labour market policies (ALMP), and modern social security systems.

Given the trade offs entailed in combining flexibility and security, the collaboration and

backing of the social partners – especially through collective bargaining – is vital for the successful establishment of flexicurity principles. Moreover, as the European Commission outlines in *Towards common principles of flexicurity: More and better jobs through flexibility and security*, the social partners are 'best placed to address the needs of employers and workers and detect synergies between them, for example in work organisation or in the design and implementation of lifelong learning strategies'. In their implementation of flexicurity approaches, employer organisations usually emphasise flexibility, while trade unions focus on employment security.

Different national formulas to flexicurity are being developed. One approach is to make the entire workforce more flexible. For instance, the Danish system combines looser employment protection legislation with a high level of unemployment benefits paid by the government, and with strong active labour market policies: 'Protect workers, not jobs' is the basic message behind the philosophy. The Dutch system, by contrast, seeks to provide more social protection rights for non-standard workers (in particular, part-time workers) and raise their social security and pension entitlements to reach levels comparable to those of permanent, full-time employees. At the same time, it seeks to retain the flexibility of such forms of contract.



Raising skills levels



A key element in social inclusion is ensuring that people have the skills required to find good-quality employment. In this respect, people with only a basic level of education – less than an upper secondary level – are disadvantaged: their employment options are limited, they tend to be restricted to certain types of jobs and they have fewer opportunities to participate in training than people with more education. In addition, they have lower rates of employment, and a higher risk of becoming unemployed. In 2006, almost 80 million of the citizens of working age in the EU27 had a basic level of education. Of this group, 45 million were in employment. These ‘low-qualified’ workers have significantly worse working conditions than others: they frequently face poor physical working conditions, such as monotonous or dangerous working tasks; they have higher rates of in-work poverty; and they work part-time to a greater extent.

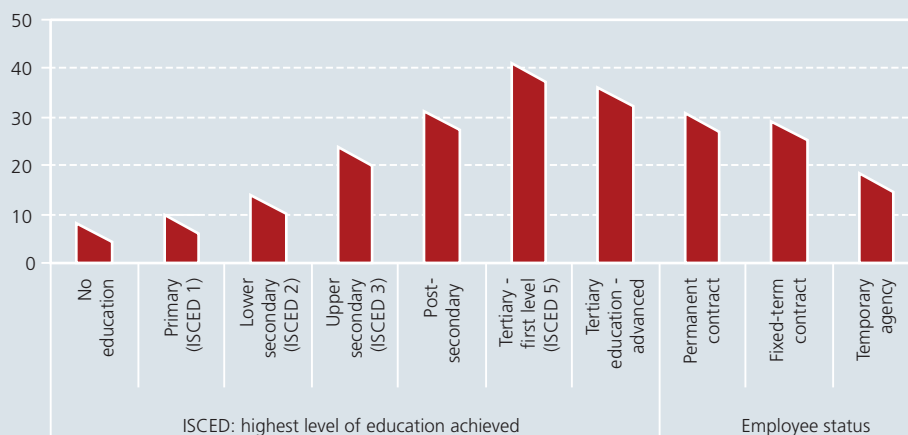
A low level of skills constitutes one of the strongest factors contributing to social exclusion. In particular, as Europe seeks to realise the ‘knowledge economy’, there is a risk that low-qualified workers will get left behind. And as their employability is less than other workers, they are the most vulnerable in times of increased competition on the labour market.

The most obvious tool for social inclusion of the low qualified is training, in order to boost employability. However, low-qualified workers receive considerably less training than other groups of workers.

At European level, the social partners see themselves as having a key role to play in raising the skills levels of the workforce. ETUC, BusinessEurope, UAPME and CEEP, in their document *Framework of actions for the lifelong development of competencies and qualifications*, underline the mutual responsibility of employer and employee organisations and rate lifelong learning as a priority. At national level, collective bargaining regulates coordination and funding of vocational training as well as the selection and implementation of those activities. In some countries – Belgium, Denmark, France and Italy, for example – mutual social partners’ bilateral funds finance vocational training. In countries with these kinds of funds, vocational training is more frequent.

Social partners have taken unilateral action to boost skills levels. In Sweden, the Confederation of Trade Unions over the course of 2001–2003 ran a project dedicated to enhancing the possibilities for trade union members to participate in lifelong learning opportunities,

Figure 2: Paid training received in last 12 months, by educational attainment (%)



Notes: ISCED: highest level of education achieved

Source: Fourth European Working Conditions Survey, Eurofound, 2007

both inside and outside the workplace. In Malta, the Federation of Industry sees an important role in private industry's support for lifelong learning through partnership in educational institutions; in addition, workers may be granted leave to undertake courses during the day.

In 2009 in Estonia, government representatives and representatives of social partners reached an agreement on principles for maintaining employment and more effectively helping people registered as unemployed; it included measures in terms of lifelong learning, social security and flexible employment possibilities. For instance, it was considered important that unemployed people participating in training would be able to continue their training even if they were to find a job during the training period. A new system of training vouchers was also proposed: unemployed people could use these vouchers, with a fixed monetary value, for any training of interest to them; this provides a flexible alternative to the existing system, under which prospective trainees must wait for a group to be formed which they can then join. In addition, it was proposed to combine part-time work with ongoing skills and qualifications

development – a preventive measure for those at risk of losing their jobs.

Shaping social security systems

Social partners – often through tripartite bodies – are involved in shaping and administering social security systems in almost all European countries, although the degree and nature of involvement differs. The involvement – usually advisory in nature, is deeper in countries with a long tradition of tripartite consultation – Finland in particular. Such involvement by the social partners can result in a broader acceptance of the legislation and facilitate its implementation.

Social partners can also be involved in administering the unemployment benefit system. This enables a closer connection between the unemployed and the employment market, and hence facilitates more effective ALMP. Given their expert knowledge of the labour market, the social partners can better assist the unemployed in finding a new job or accessing suitable training, as the experience of the Swedish TRR, described above, indicates.



Closing the gender pay gap



Across the EU, working women earn less than men in comparable jobs: in 2008, women earned nearly 17% less on average than men in the EU27. Most qualitative studies indicate that it is the concentration of women in a few specific jobs – public and private services, education, health service, and in clerical occupations – that is the main reason for this gender pay gap. In addition, the vast majority of part-time workers (generally less well paid than their full-time counterparts) are women. Due to the part-time nature of their work, women may not be covered by collective agreements in which yearly wage increases are negotiated for full-time workers. The gender pay gap results in further consequences for women, which accumulate over a lifetime: lower wages, combined with shorter contribution periods (taking time out to care for children and elderly relatives) translate into lower pension contributions and hence lower pensions. In addition, more flexible working arrangements may in some circumstances lead to lower levels of access to supplementary pension schemes.

In principle, the social partners agree that the gender pay gap exists, as was reflected in the signing by ETUC, BusinessEurope, UAPME and CEEP of the cross-sectoral agreement *Framework of Actions on Gender Equality*. Four priority areas of action were outlined: addressing gender roles; promoting women in

decision-making; supporting work–life balance; and tackling the gender pay gap.

However, the social partners often disagree on the best strategy to follow – be it compulsory measures, collective regulations or individual arrangements.

In general, employer organisations consider legislation and regulation in the area of gender equality counterproductive, preferring company-level solutions. Many employers also prefer to include gender issues as part of wider diversity policies.

Trade unions, by contrast, tend to prefer a universal, compulsory approach. They also tend to take active measures in the field of gender mainstreaming in general and the gender pay gap in particular, such as raising public awareness, conducting research, providing training courses on negotiating for equal pay or training.

Social partners have put in place some concrete measures to promote gender equality:

- ➔ Pay increments in Finland address the pay gap by channelling funds to the female-dominated and low-paid sectors through central-level negotiations. While this is a positive measure, the financial gains for the individual are minimal, since pay levels are low in the first place.

- Job re-evaluation schemes in Lithuania entail a review of job characteristics based on objective criteria, from a gender perspective. They can result in a favourable re-evaluation of typically female occupations, which may be paid lower than their societal value – nurses and teachers, for instance.
- National pay audits: the Trade Unions Congress in UK conducted pay reviews in 2003 to identify potential gender pay gaps. An evaluation of the project suggested that it had played a significant role in pushing equal pay up the negotiating agenda and in prompting employers to agree to equal pay audits.
- Equality plans at the workplace, in Sweden, are compulsory measures introduced by the Equal Opportunities Act in Sweden. All workplaces with more than 10 employees must have an equality plan and are obliged to actively monitor its implementation.
- The national intersectoral agreement on gender equality and gender balance in the workforce, concluded in France in April 2004, covers such issues as narrowing the gender pay gap, preventing maternity leave from adversely affecting women's career development, and addressing labour market segregation.

Assisting migrants' integration

Migrants – especially third-country migrants – find it harder to get a job than do nationals of a Member State, and to get one that matches their skills and qualification level. They also suffer multiple other disadvantages. Migrant workers are overrepresented in manual occupations, and in low-paid, unskilled and precarious occupations. They are exposed to a greater risk of poverty, unemployment, work-related health problems and accidents. Furthermore, migrant workers receive less vocational training and fewer opportunities for lifelong learning activities, which further raises their risk of exclusion.

In addition, migrants face the possibility of direct discrimination; for instance, employers are less likely to call candidates with foreign

names to interview, even where their qualifications are comparable with those of other candidates. Discrimination has far-reaching consequences and may deepen social exclusion on many levels. Research indicates that the 'returns on investment' in education for the Roma community in southern and central Europe are about a third of those for the non-Roma population. Due – in part at least – to discrimination encountered on the labour market, it is not economically rational for Roma to invest in education. This lack of education then leaves the Roma population even more excluded in the long run.

The social partners have made some moves towards assisting migrants' integration and career development. However, collective bargaining that addresses their occupational promotion of migrant workers has had little significance in a majority of Member States, especially in some eastern European countries. Moreover, despite being a particularly weak segment of the labour force, in several countries migrant workers are poorly represented in trade unions and their unionisation rates are relatively low.

In the Netherlands, limited reference is made to migrant workers' issues in a few sectoral agreements; however, in Austria and Luxembourg, such issues are almost completely ignored at all levels of bargaining. In France, a national intersectoral agreement on diversity at the workplace was signed in 2006. The agreement focuses on intercultural communication and training for managers. It also recommends experimenting with new recruitment methods that seek to guarantee the equal treatment of candidates, such as anonymous CVs. Anonymising CVs has been carried out in one pilot study in the Netherlands to make selection fairer; the success of the study has resulted in its extension. Nevertheless, no independent assessment of the implementation of these commitments in companies has been carried out.

Collective agreement initiatives seeking to foster the workplace integration of migrants are only in the early stages in a majority of countries, Belgium and the Nordic countries being the



main exceptions. In Belgium, social partners are highly involved at different levels in implementing labour market policies concerning migrant workers: these include antidiscrimination measures (especially in terms of recruitment), and diversity plans. Since the early 1980s, collective agreements in Belgium have begun to include explicit antidiscrimination and anti-racism clauses.

In Finland, several trade unions and employer organisations have been active in many forms of cooperation seeking to promote the quality of migrants' working life – providing information on terms of employment contract and employers' obligations, for instance. An agreement concluded in Denmark between local and national government and social partners included such measures as a mentoring scheme, as well as facilitating a reduction of working hours in some sectors to enable migrants to

learn Danish or continue their education. In Sweden, several agreements deal with the integration of migrants in the workplace, focusing on education, training and equal opportunities.

Programmes aimed at supporting migrant workers tend to feature exclusively on education and training. Training, counselling and support initiatives are often targeted at skilled migrant workers or at unskilled workers in larger, more heavily unionised companies who already benefit from some protection. Migrant workers employed in unskilled jobs in traditional sectors – such as construction or agriculture – or in the informal economy are excluded. Another important weakness of the system is the inadequate monitoring of training coverage and completion rates, and of the effectiveness of existing training programmes.



Policy pointers



Securing employment

Concession bargaining could be seen as evidence of trade unions' and works councils' weak bargaining position in a time of economic hardship; however, the phenomenon highlights the role that social dialogue and partnership can play in finding flexible responses to seemingly intractable problems, and counter the evident risk of social exclusion as a consequence of mass redundancies in times of economic downturn. Bargaining to protect employment is more likely to be successful where public funds are made available to cover at least part of the income loss for the employee.

While concession bargaining can contribute to more secure employment in difficult times, from the perspective of employee representatives it only succeeds if implemented as a short-term strategy. By their very nature, concessions undermine trade unions' key objective of improving employment conditions. For concession bargaining to work to the advantage of employee interests, concessions need to be implemented on a temporary basis and related to specific preconditions. This approach has been taken in Lithuania, where the trade union at the national TV broadcaster LRT agreed to temporary wage cuts of around 10% for all employees. The agreement was limited to a six-month period lasting until autumn 2009. From a longer-term perspective, employment and competitiveness can only be secured by joint

efforts to modernise work processes and train the workforce.

Social partner initiatives after a restructuring decision has been taken have proven to be of value in terms of assisting newly redundant workers – especially in Sweden and Belgium. The equivalent approaches in Spain and Italy focus rather on anticipation of restructuring and industrial policy planning. However, social partner structures combining both approaches – anticipating change as well as managing its consequences – have yet to be developed.

The gender pay gap

Although social partners have taken some action to promote greater gender equality, the issue could still be higher on the collective bargaining agenda. Pay reviews, as the experience of the Trade Unions Congress in the UK indicates, could be one approach to identifying potential gender pay gaps, and hence clearing the way for putting structures in place to address them.

Training and skills development

Market failures can arise in the provision of training when employers or employees refrain from spending money on training, because they risk paying for something from which the other party will benefit. This can result in widespread under-investment in training. This is particularly true for most groups reporting some vulnerability in labour markets, especially for low-educated,



older workers. Public institutions could ensure that employers have sufficient incentives to provide training, whether through tax benefits or other measures.

In light of the barriers to skills development and lack of employment opportunities workers with just a basic level of education are facing, social partners could ease their way by agreeing to validate skills acquired through work rather than through formal education. Current policies are geared towards ensuring that fewer people drop out of the school system with inadequate qualifications. However, it is equally important to ensure that those with low qualifications can access the labour market and find stable, decent employment. The social partners can make an important contribution in this regard.

Flexicurity

While the rise in atypical employment can assist firms' competitiveness, and offer a route into employment for many workers, it can also be problematic from a staff representative point of view. Non-permanent employment can result in greater insecurity in terms of future employment, and also in greater segmentation of the work force. A challenge for the social partners in implementing flexicurity approaches is to retain the benefits offered by atypical employment, while ensuring that it does not result in forms of exclusion for particular groups of workers.

Given that flexicurity requires trade offs, a key role is implied for social dialogue. When instituting flexicurity policies, attention should be paid to avoiding any possible increases in in-work poverty, given that workers in non-permanent contracts, or with interrupted career paths, are at greater risk of being at risk of in-work poverty.

Companies can play a key role in ensuring the employability and hence security of their workers by boosting their functional flexibility through job enrichment, training and improved work organisation – a process that social dialogue has the potential to facilitate. Functional flexibility is one way of gaining skills while in employment; Active labour market

policies (ALMP) could help provide training during periods of unemployment or leave. ALMP can also assist the labour market more generally through matching the supply and demand of labour.

Integrating migrants

Several of the approaches taken to boost the position of migrants in the labour market could be emulated by the social partners. For instance, the anonymising of CVs has been carried out in one pilot study in the Netherlands; the success of the study in ensuring greater representation of migrant applicants has resulted in its extension.

One initiative, the European network of cities for local integration policies for migrants (CLIP) seeks to support the social and economic integration of migrants.² The experience of the CLIP cities illustrates the benefits that can accrue from involvement between different actors – specifically, the social partners. Employer bodies could seek to ensure that local business communities are represented in actions to further social inclusion, disseminate examples of active employer commitment at national and European level, as well as providing guidance and training measures by employers and their representative organisations. Unions could seek to participate in local partnerships and build working relationships with representatives of migrant groups or indeed representative bodies for other excluded groups.

Social security

Recently, there has been increased emphasis on the need for social security systems to motivate people to re-enter the employment market, and to make unemployment insurance sustainable in the long term. However, care must be taken to ensure that the need for activation of the labour force is balanced by the objective of protection. In a number of Member States, the social security systems already have a low coverage rate, with a risk of people ending up in poverty when unemployed. In Poland for instance, less than 20% of the unemployed are covered by unemployment benefits. And in Ireland, for example, with low unemployment benefit

² <http://www.eurofound.europa.eu/areas/populationandsociety/clip.htm>

payments, benefit recipients may qualify as living in poverty. Social partners have a major role to play in preventing social exclusion and poverty through ensuring a well-functioning social security system.

Minimum wage

Given the limitations of minimum wages in lifting a segment of the workforce out of poverty, social partners should bear in mind that it is most effective when used in combination with other policy measures, such as specific adjustments to the tax or social security treatment of low wages, social benefits such as child allowances or supplementary return-to-work benefits.

Recently, there have been calls for an EU-wide minimum wages policy. As outlined in an ETUI policy briefing, *Minimum wages in Europe: new debates against the background of economic crisis*, a common policy would not take the form of a statutory minimum wage level, but rather a defining of a European standard for the relative value of minimum wages, as called for by the European Parliament – a raising of the minimum wage level to at least 60% of the average wage. The role of social partners in arriving at such an agreement would be crucial to any such development.

Capacity building for social dialogue

Currently, substantial differences exist between Member States in terms of social partners' capacity to engage in meaningful social dialogue and, by extension, contribute to social inclusion. Many of the Member States that joined in 2004 and 2007 lack the tradition, resources and

membership density rate to participate in bipartite social dialogue, although established institutions of tripartite action do exist in many of them. Social dialogue is supported if the tripartite consultation is complemented by bipartite dialogue; however, this requires financial and material resources and a willingness on the part of social partners to engage in development. In response to this, the EU has allocated resources through the European Social Fund (ESF) to build social partners' capacity in the new Member States.

Tripartite action has been successful across Europe in promoting social inclusion through for instance, better social security systems, wage setting systems and minimum wages setting for instance. However, some aspects of social exclusion – such as measures to maintain employment in times of crisis, certain aspects of flexicurity – are difficult to deal with in tripartite forums and require discussion in collective agreements or other bipartite forums. Governments can support the social partners by encouraging bipartite negotiations in areas that concern social inclusion and providing a space and a mandate for the social partners.

One obstacle to effective promotion of social inclusion by the social partners is low membership density of trade unions organisations. In around half the Member States the trade union density is below 30%. A similar problem exists for employer bodies in many countries. Clearly it is difficult for these bodies to have a decisive impact on social dialogue without themselves being representative.



Eurofound publications

Annual review of working conditions 2008–2009

www.eurofound.europa.eu/ewco/studies/tn0908040s/tn0908040s_1.htm

Comparative analytical report on working poor (forthcoming)

Contribution of collective bargaining to continuing vocational training (co-publication with CEDEFOP)

www.eurofound.europa.eu/publications/htmlfiles/ef0914.htm

EMCC case studies – Joint social partner structures and restructuring: Comparing national approaches

www.eurofound.europa.eu/publications/htmlfiles/ef0918.htm

Employment trends in low-skilled jobs

www.eurofound.europa.eu/ewco/2007/12/de0712029i.htm

Equality and diversity in jobs and services for migrants in European cities: Good practice guide

www.eurofound.europa.eu/publications/htmlfiles/ef0871.htm

European industrial relations dictionary (online)

www.eurofound.europa.eu/areas/industrialrelations/dictionary/index.htm

Foundation Findings: Flexicurity – Issues and challenges

www.eurofound.europa.eu/publications/htmlfiles/ef0790.htm

Foundation Focus: Social dialogue – all in this together?

www.eurofound.europa.eu/publications/htmlfiles/ef0934.htm

Gender and career development www.eurofound.europa.eu/eiro/studies/tn0612019s/index.htm

Low-qualified workers in Europe www.eurofound.europa.eu/ewco/studies/tn0810036s/tn0810036s.htm

Mind the gap – Women's and men's quality of work and employment

www.eurofound.europa.eu/publications/htmlfiles/ef0839.htm

Minimum wages in Europe (background paper) www.eurofound.europa.eu/publications/htmlfiles/ef0783.htm

Occupational promotion of migrant workers www.eurofound.europa.eu/ewco/studies/tn0807038s/index.htm

Social inclusion: Role of the social partners (Foundation paper)

www.eurofound.europa.eu/publications/htmlfiles/ef03116.htm

Social partners and social security systems www.eurofound.europa.eu/publications/htmlfiles/ef06104.htm

The gender pay gap (background paper) www.eurofound.europa.eu/publications/htmlfiles/ef06101.htm

European Commission publications (DG Employment, Social Affairs and Equal Opportunities)

Joint report on social protection and social inclusion 2008

Guidance note for preparing national strategy reports on social protection and social inclusion 2008–2010

Towards common principles of flexicurity: More and better jobs through flexibility and security

Further reading

Marlier, E., Atkinson, A.B., Cantillon, B., Nolan, B., *The EU and social inclusion – Facing the challenges*, Bristol, The Policy Press, 2007.

Schulten, T., *Minimum wages in Europe: New debates against the background of economic crisis*, ETUI Policy Brief – European Economic and Employment Policy, Brussels, European Trade Union Institute, 2009.

'Social inclusion is about making sure that everybody, including vulnerable groups, can play a full part in work and society and that they have an equal opportunity to do so. Promoting social inclusion is also vital to achieving the EU's goals of sustained economic growth, more and better jobs and greater social cohesion.'

European Commission: Joint report on social protection and social inclusion 2009 – Summary

Foundation Findings provide pertinent background information and policy pointers for all actors and interested parties engaged in the current European debate on the future of social policy. The contents are based on Foundation research and reflect its autonomous and tripartite structure.



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