



FLEXICURITY - A SOLUTION FOR ROMANIAN LABOUR CRISIS

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Abstract: *The essay is focused upon the concept flexicurity imposed in both European academic and political environment, a concept that brought the idea that flexibility and security in the labour market are not contradictory to one another, but in many situations can be complementary and mutually supportive. This concept was also adopted in Romanian legislation, the idea being to create a balance between the employer's demands for flexibility and employees' demands for security. Our research desires to offer an analytical point of view upon the real effects of the flexicurity measures imposed by the Romanian Government and also to offer a critical opinion upon the modality of balancing employer's and employees' demands.*

Key words: *labour, market, employment, flexicurity*

1. INTRODUCTION

Within a very short period of time, "flexicurity" has become one of the more fashionable elements of the European political discourse addressing social and economic policies in general and employment policies in particular. Whereas, until the end of 2004, the concept of flexicurity was discussed largely in a small academic circle, today it is at the top of the European agenda. First and foremost, the European Commission has become a fervent promoter of flexicurity, urging member states to adapt national employment policy strategies accordingly.

This paper aims to presents the most relevant episodes in elaborating the European concept of flexicurity, as well as the modality in which the Romanian government understood to implement the flexicurity on the labour market. The dynamics of the economical market and the recent economic recession determined the main actors involved, and especially the governments, to reconsider labour rapports. That is why we share the opinion that the European Commission strategy with regard to flexibility is more than welcomed in an environment that wants to put into equilibrium the rapport employers-employees. We are not sure, instead, if the Romanian approach is a genuine modality for implementing the European vision on flexicurity, or it is just a modality of unbalancing again the above mentioned rapport.

The paper shall outline the amendments brought by the Romanian Government to the Labour Code, amendments that were characterized by the executive power as measures for implementing flexicurity. As we shall emphasize in the following, we are convinced that the amendments only create a position of power for the employer who was in the past forced to adjust one's activity to a rigid Labour Code based on the employees' security.

2. FLEXICURITY CONCEPT

The fundamental idea regarding the concept of flexicurity is that flexibility and security in the labour market are not contradictory to one another, but in many situations can be

complementary and mutually supportive. Contemporary labour markets and labour rapports have forced the employers to realise that they might have an interest in stable employment relations and in retaining employees who are loyal and well qualified. Therefore, a new labour paradigm raised from the interaction between flexibility and security was required.

For the first time the term flexicurity was used in the Netherlands at the middle of the 1990s, in order to correct the discrepancies between the inflexible labour market from the point of view of the employers, who could very difficultly fire the employees with an undetermined period labour contract and the uncertain situation on the labour market for the employees who needed an increase of the work place security. The balance between flexibility and security on the labour market, expressed by *flexicurity* has started to become a preoccupation of the social partners from Denmark, Belgium, Germany and France in the mid '90s. At that time, Ton Wilthagen defined flexicurity as a "policy strategy that attempts, synchronically and in a deliberate way, to enhance the flexibility of labour markets, work organization and labour relations on the one hand, and to enhance security employment security and social security – notably for weaker groups in and outside the labour market, on the other hand" (Wilthagen, 1998).

Therefore, the Dutch legislation with regard to flexicurity that came into force in 1999 aimed to correct the existent asymmetry between a rigid labour market for permanent workers and an insecure labour market situation for the incident and temporary workforce. The Dutch approach became a source of inspiration for several European countries. For instance, in Germany and France, it has been seen as a way to loosen the restrictive rules on dismissal and improve labour market flexibility. However the present unrest in France provides ample illustration of the difficulties involved in implementing alleged flexicurity strategies in practice. The wish to combine flexibility with security is also evident in the political discourse at European Union level. In 1997 in the European Commission's Green paper entitled *Partnership for a New Organisation of Work*, the following idea is stated: "The key issue for employees, management, the social partners and policy makers alike is to strike the right balance between flexibility and security" (COM(97) 128).

The Europe 2020 strategy also has a number of guidelines which Member States will be supposed to follow and report on from 2010 onwards. Guideline 7, Increasing labour market participation and reducing structural unemployment, talks about flexicurity: "Member States should integrate the flexicurity principles endorsed by the European Council into their labour market policies and apply them, making full use of European Social Fund support with a view to increasing labour market participation and combating segmentation and inactivity, gender inequality, whilst reducing structural unemployment. Measures to enhance flexibility and security should be both balanced and mutually reinforcing. Member States should therefore introduce a combination of flexible and reliable

employment contracts, active labour market policies, effective lifelong learning, policies to promote labour mobility, and adequate social security systems to secure professional transitions accompanied by clear rights and responsibilities for the unemployed to actively seek work”.

Still, flexicurity has no unified configuration in the member states legislation and policies, the comparative studies pointed out the fact that certain forms of flexicurity are being prevailing in specific countries. In Germany and Belgium for instance, the emphasis is on more traditional forms of flexibility (working time flexibility and functional flexibility in internal labour markets), whereas the focus in both Denmark and the Netherlands is to a greater extent on numerical flexibility in the external labour market.

3. THE FLEXICURITY OF THE ROMANIAN LABOUR MARKET

As a member of the European Union, Romania was also inspired by the European trends in implementing flexicurity on the national labour market. More than ever, in 2011, flexicurity became a demanding goal for the Romanian Government, but also the only strong argument (rather excessively and sometimes inappropriately used) in justifying the amendments to the national Labour Code (Law no.53/2003).

The flexibility of the labour market, for the employer, represents the adaptation or adjustment degree and speed to the external shocks or to the conditions on the labour market and can be reached at the same time with the achievement of one of the four types of flexibility described by the literature:

- The external numerical flexibility, which refers to the adjustment of the number of workers on the external market and it is achieved by temporary or determined employment contracts according to the needs of the company;
- The internal numerical flexibility, found in the flexibility of the work schedule through the adjustment of the schedule of workers who have already been hired by the company (shifts, night hours, part-time schedule);
- The functional or organizational flexibility, which allows the transfer of workers to various locations or various activities within the company;
- The financial or salary flexibility, which allows the differentiation of the salaries through a classification system of jobs or based on the individual performances.

One of the greatest challenges of the economic recession in Romania was represented by the re-dimension of the human capital within the company, which mainly meant the reduction of the personnel. The greater obstacles to surpass was the way of personnel firing, due especially to the legal labour frame. The provisions of the Labour Code were in favour of the employees, that is why we understand the reluctance of the employers to conclude new labour agreements. This reality has been noticed by the Governor of the Central Bank, who stated in a conference that “the exits from the system into the market economy, on the labour market, must be easier in order for the entries to be easier as well. Because if the employer knows how hard it is to fire an employee, of course he/she will hire another employee very difficultly” (Isarescu, 2010). Nevertheless, a growth of the work place security in opposition with the flexibility of the labour contracts has a considerable effect on the encouragement of the phenomenon known under the name of labour on the black market, an understanding between the employer and the employee encouraged also by the high level of the social insurances, of the health contributions and of other contributions owed by the employer, as well as by the employee, which has led, according to the estimations from August 2010, to a number of 1.8 million workers on the black market, respectively 29.5% of the total number of workers.

A problem that was never really debated, although it was often referred to by both employers and employees, is represented by the high level of social insurance contributions.

That was the political and economical context that generated the amendments to the Labour Code in 2011. The main contributions to flexicurity concept brought by the Romania Government are the following:

- The re-dimension of the trial period for employees with both executive and leadership positions;
- The removal of bans on hiring and firing staff;
- The amendment of the provisions relating to individual employment contract for a definite term;
- The enabling of the employers to establish individual performance goals and also the criteria for assessing the professional activity of employees;
- The increase of the notice period;
- The temporarily reducing of the workweek and the providing of the unpaid leave initiated by the employer as a result of business interruption or temporary reduction.

These amendments to the Labour Code weren't welcomed by the employees and by the unions since they were considered only resources for the labour market flexibility, while the correspondent security measures were left apart. It is true that the amendments offer real opportunities for the employers who were restrained in the past by a rigid normative frame in favour at that time to the employees. Still, we believe that a balance between the antagonistic positions of the employers and the employees can be found, and in fact this is the real goal of flexicurity concept.

4. CONCLUSION

In the current political and economical context, any measure by means of which the economic revival is supported is welcomed. The amendments to the Romanian Labour Code can be perceived as such a measure unless it will not harm fundamentally the rights of the employees, and it will offer the necessary security. The implementation of the amendments proposed by the Government should conduct only to a relaxation of the rapports employer-employee, without giving the former an unjustified advantage. We must take a close look in the future to the labour market, to see the real effect of the amendments. We are quite positive in concluding that a little flexibility given to the employer may be equivalent with the economical revival, but we are not sure if the given flexibility is not a Pandora box that leaves the door wide open for future abuses against the employees. Still, we consider that the amendments brought to the Labour Code are the Romanian approach of the European flexicurity, the path for modernizing the labour markets.

5. REFERENCES

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