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Flexicurity in Poland - general conclusions

This article contains conclusions based on the implementation of research project „*Assessment of Implementation of Flexicurity Model in the Polish Labour Market Policy and Recommendations for Further Activities*“. The project, commissioned by the Ministry of Labour and Social Policy, was implemented by the Institute of Labour and Social Affairs in 2009¹.

The studies carried out under the project showed that implementing the idea of flexicurity in the Polish employment policy is quite slow.

Generally Polish *flexicurity* model should be based on a well-developed **active labour market policy** adjusted to the existing needs. Therefore, it is necessary to improve the effectiveness of ALMP and apply it to a larger number of the unemployed, as well as persons at risk of unemployment, long-term unemployment in particular, which requires an increase in the allocated funds. This is a necessary condition. It is necessary to improve the operation of public employment services (PES) and develop their cooperation with social partners with respect to the allocation of these funds². In Poland these conditions can be met, because decisions on allocating ALMP funds are taken by local self-government bodies, as they are able to identify the abnormalities on the local labour market most quickly and effectively. On the other hand, improvement in the operation of PES requires some increase in the number and qualifications of employees, as well as certain changes in the decision-making process and work organization. It is also necessary for PES to cooperate more closely with social assistance institutions and to increase their role in founding local partnerships (in cooperation with social partners, educational institutions, non-governmental organizations, employment agencies and other bodies) that carry out measures to solve the problems on local labour markets.

In Poland, **the life-long learning** and its promotion among employees and employers should be the second pillar of flexicurity model. Such promotion should be accompanied by the establishment and development of life-long learning institutions offering programmes and forms of training adjusted to the needs and possibilities of the labour force. Moreover, a system of incentives to invest in continuous education, addressed at both employers and employees, should be developed. Since the existing needs are considerable employers motivated in various ways should participate in supporting life-long learning of their employees. Social partners may also be active in this area, especially non-governmental organizations that should engage in meeting the demand for life-long learning.

Developing **modern social security systems** is also important for the Polish flexicurity model. However, this component is most difficult to implement in practice. Two possible problems are indicated below. In terms of labour market security, the amount of employment benefits should be set at a level that makes it possible to seek a job without undertaking informal employment (i.e. generally it should be increased). On the other hand, in order to

¹ See E. Krynska (ed.) *Flexicurity in Poland - diagnosis and recommendations, Final Report*, Ministry of Labour and Social Policy, Warsaw 2009, pp. 235.

² European Network of Heads of Public Employment Services, *The Contribution of the Public Employment Services to Flexicurity*, Joint Opinion adopted during the 23rd meeting of European Heads of Public Employment Services Nice, 11th of December 2008.

make legal employment more attractive the pay should generally be increased without raising the labour costs, which means that indirect labour costs should be reduced (especially with respect to employees with a low pay and low productivity). Both these solutions, which may be proposed anyway, would be unrealistic for the Polish economy and its demographic conditions. They lack the so called fiscal space, being thus unsuitable in the context of current and expected state of public finances and the requirements of a “catching up” economy. However this fact does not eliminate the necessity to search for new solutions regarding modern social security system that would allow for connecting flexibility and security on the labour market. Generally, such connection would require the establishment of a system that provides income for the period of active job-seeking through social benefits, at the same time creating conditions for professional activation. However, the scope of benefits should not motivate to professional inactivity. In other words, the unemployed capable of undertaking employment, who could work if they wanted to, should be prevented from receiving social benefits. The easiest way to stimulate economic activity in such case is to impose certain requirements or obligations on the receiver of benefits (e.g. verification of the means of subsistence, limitation of the period when benefits are paid or the obligation to seek employment). To attain this goal it is necessary to make an **overview** and introduce reform of social benefits to support active job-seeking and enhance the motivation to undertake employment³. Based on the results of such overview, it would probably be possible to lower non-wage labour costs and make net salary of employees attractive and competitive enough as compared with income obtained from sources other than legal employment.

It does not require a detailed evidential procedure to state that the **conditions of employment agreements** are also important for the Polish flexicurity model. Evaluating in a most general way the solutions adopted in Polish legislation one may conclude that such solutions are adequate to guarantee employment flexibility through untypical forms of employment. However, if such evaluation takes into account the opinions of parties to the employment agreement, especially the employees, the results obtained are slightly different. Employees often consider untypical forms of employment as a less favourable solution, not allowing them to fulfil their material and non-material aspirations. Therefore, employees are usually unwilling to undertake untypical forms of employment, as they do not regard them as a measure to increase employment flexibility. It is necessary to secure the same employment conditions for “untypical” workers as for the workers employed on a traditional basis in order to reduce this resistance and maintain the rule of equal treatment. At the same time, the rule of voluntary undertaking of employment in an untypical form should be respected. The choice of an untypical form of employment should always be justified with rational arguments. These forms should not be abused by employers in order to reduce their obligations. In other words, such forms of employment may not be used as a coercive measure of the stronger towards the weaker.

Obviously, social partners and other stakeholders should actively participate in the establishment and implementation of the *flexicurity* model and such partnership is perfectly possible, since there are legal provisions regulating it in Poland. Social partners are encouraged to, and in fact they do, take part in the preparations for implementing programme documents and legal acts regarding flexibility and security on the labour market. It should be added that the draft plans, programmes, strategies or specific legal acts are made accessible not only directly to persons interested in social dialogue, but also to the general public that may express their opinions on the subject via the Internet. Experience shows that full

³ This is one of the recommendations of the European Commission with respect to the Polish employment policy.

participation of social partners in the process of establishing and implementing the *flexicurity* model entails the necessity to cope with problems posed by the requirement to develop a uniform stand. In the simplest terms it may be concluded that trade unions usually focus on their struggle to maintain or extend privileges in the area of security, whereas employers focus on the increase of labour market flexibility. **Therefore, it is necessary that both groups understand that the development of appropriate *flexicurity* model will be advantageous for both employers and employees.**