



Slovensko predsedstvo EU 2008  
Slovenian Presidency of the EU 2008  
La Présidence slovène de l'UE 2008

## **INFORMAL MEETING OF MINISTERS FOR EMPLOYMENT AND SOCIAL AFFAIRS**

**Brdo, 31 January – 2 February 2008**

### **Proposals for Discussion and Questions to the Ministers**

#### **1. Introduction**

The search for appropriate responses to the demands of globalisation and intensive technological change, the increasing need for competitiveness, and growing demographic challenges can be seen throughout the continent. Declining birth rates, combined with a significant increase in the proportion of old – and very old (over 80) – people, will have long-term consequences for the labour market, for social systems and for the financial sustainability of these systems. At the same time, as the globalisation process continues and accelerates, Europe will increasingly be faced with the demands of the global society and emerging new powers.

In this context, the Member States have paid close attention to the concept of flexicurity.

After a year's debate, the Council adopted common principles of flexicurity, which were endorsed by the European Council in December. The next steps will be reflected in the Integrated Guidelines 2008-2010 and the transposition of the common principles of flexicurity into National Reform Programmes with coordinated packages of policies.

Comprehensive flexicurity arrangements are therefore needed in order to improve the functioning of the labour markets, to support effective transitions with the aim of eliminating barriers to employment, and to strengthen social inclusion. To that end, coordination between economic, employment, social and educational policies is



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essential, as well as promotion of a cohesive society and of people's awareness and trust in the future of the Lisbon goals.

The planning of policies or measures to most effectively influence labour market functioning depends on the economic and social conditions prevailing in each Member State. What is essential is to seek a balance between security and flexibility while making sure that citizens are provided with an effective network of social security measures, which are an added value and an asset of the European region. Special attention must be paid to promoting good work as well as to ensuring that work pays for all workers. This can also be a fine example of good practice concerning the positive effect of the European social model on economic performance and jobs outside EU borders.

The social partners and other stakeholders have a key role to play in the implementation of the Lisbon Strategy as a whole and the common principles of flexicurity in particular, both at the European level and nationally. Indeed, the social partners' joint analysis of the European labour markets, including recommendations in this respect, is a useful tool for reflection. Their analysis confirms that two age groups are still under-represented in the labour markets: young people and older workers. Each category has its own characteristics, limitations and strengths in the labour market. Therefore, meeting the targets and improving the position in the labour market of these two categories will require a wide-ranging package of flexicurity measures, and, above all, good coordination of these measures. In this context, the specific situation of women in the labour market should be apprehended through a gender mainstreaming approach. Indeed, one of the common principles adopted is specifically linked to supporting gender equality.

## **2. Older workers in the labour market**

- Demographic ageing places substantial pressure on public finances and slows down growth in living standards. It is therefore only by getting more people into



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work that we can ensure that our societies will be capable of coping with and financing increasing social spending as our population ages.

- Active ageing is the key approach to encourage older workers to stay in the labour market longer. It entails a combination of pension reforms with measures to promote incentives for workers to work longer, discourage early retirement, stimulate lifelong learning to avoid skills obsolescence, and improve working conditions and maintain the overall health status of the mature population.
- The employment rate for older workers, at 43.5% in 2006, has shown some progress. However, as it remains low for older women, at 34.8%, it jeopardises the possibility of reaching the overall target of 50% in 2010. Moreover, no Member State has yet achieved an average exit age at or above the Barcelona target (64.9 yrs). There also remains a wide variation across Member States on the two targets of participation and exit age.
- As regards older female workers, interruptions of career, in particular due to family responsibilities (including caring for elderly dependant persons), and skills obsolescence due to the technological gender divide can result in a very early exit from the labour market, with consequences for their pension levels and living standards.
- Older workers constitute a reserve workforce which is crucial not only to raise labour utilisation but also to directly contribute to higher growth and the sustainability of pension systems. In that context, the employability and productivity of older people – and of older women in particular – needs to focus on the improvement of types and levels of skills to narrow the "training gap" between highly educated and low-skilled workers.
- This exemplifies that active ageing strategies are highly consistent with flexicurity strategies, since they both aim to ensure that all citizens can easily adapt to demographic and technological changes and find a good job at every stage of their active life.



### 3. Young people in the labour market

- The entry of young people into the labour market in the transition period from education to work needs to be improved: the more links there are between education and the world of work, the easier the transition. The coordination of policies related to the period before entering the labour market is important for providing a variety of pathways for young people.
- For young people with low qualification levels, labour market entry will become increasingly difficult in highly developed knowledge- and service-based economies; therefore, pathways are also needed for this group of young people in order to prevent labour market and social exclusion.
- Young people entering the labour market naturally have a disadvantage in competition with more experienced workers. Transitional labour markets may help to overcome this disadvantage in providing so-called atypical contractual arrangements as stepping stones for further career progression. However, an increasing problem in the functioning of these transitional labour markets can be observed. Young people remain at this stage too long, and women are of particular concern. Young women are, more than young men, particularly affected by low-quality jobs, and for part-time work there is a large gap: the figure for young men is 17.2%, while for young women 32.9%. For young people, there is already a pay gap between women and men, although less important than for people older than 30. The gap in the part-time rate shows that stereotypes start at a young age. Women end up having a lower effective rate of return of education than men, and there is consequently a risk of discouraging women to stay in the labour market if they cannot fully develop their skills and achieve their career goals.
- Policy coordination is essential in order to achieve better labour market outcomes for the young. Coordination of policy measures is needed in relation to: the transition from the school system, including vocational training, or the higher education system to the labour market; the correspondence between skills



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acquired and job performed and the possibility of building a career; the reconciliation of professional, family and private life; the readiness of employers to recruit young entrants to the labour market; the (geographical) mobility of young people; labour legislation.

### **Questions for discussion:**

1. While establishing and implementing comprehensive flexicurity arrangements, in what way should the common principles of flexicurity be applied so as to take into account the specific situation of young people and older workers and in particular the gender dimension?
2. What combination of policy measures have proven to be/could be useful to ensure a gender mainstreaming approach? What have been the effects of such policy measures in the evolution of the labour market and social protection systems?
3. How can/should social protection systems be changed in order to better respond to the emerging challenges/interaction between labour law and social protection rules in order to support effective transitions?
4. What specific measures could/should be used in order to establish trust among and guarantee support of young people, older workers and women for the changes introduced? What should be the role of social partners? How can other stakeholders contribute to that end?