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Flexicurity in the Baltic States

The chair of BASTUN, LBAS, hosted a seminar on Flexicurity in the Baltic States on 19 March 2008 in Riga. Trade unions from Baltic countries (LBAS, EAKL, LPSK), Employers' Confederation of Latvia (LDDK), Latvian Ministry of Welfare and the agency of work inspectorate presented their standpoints. Almost 50 people took part in the seminar from the Baltic Sea region.

The aim of the seminar was to achieve a more complete picture of what flexicurity means in in the Baltic States. This report is a summary of the presentations and the following discussion.

Uncompleted Process of Definition

It can be concluded that balance between flexibility and security is not fully materialised and neither is the concept of flexicurity solidly defined in the Baltic States. All partners are principally in favour of flexicurity, but clearly, the perception of the concept differs among the relevant actors. While the trade unions expect more security, the employers emphasize flexibility. Positions of governments are somewhere in between, if not towards increasing flexibility.

The process of finding an acceptable and a balanced practical definition of the concept is ongoing in the Baltic States. It can be outlined that the main issues in terms of flexicurity are: social dialogue, collective agreements, legislation, and social security systems.

Social dialogue – A Bridge Between Flexibility and Security

The social dialogue was seen as a key factor of the flexicurity in the Baltic States. The clear message was that all reforms must be carried out together with unions and employers' organisations. The practical challenges in terms of flexicurity come up particularly in two areas: 1) cooperation with governments, 2) cooperation between the social partners.

In both areas the social dialogue is the bridge between flexibility and security. That is why strengthening the social partners is the top priority in the Baltic States.

The Role of the Government: Legislation and Social Security Systems

The governments form labor market rules and social safety nets and social security systems by legislation. Flexicurity means for trade unions adequate income support, effective employment policy, unemployment benefits, pensions above cost of living, childcare facilities and life-long learning.

In Baltic States the tripartite cooperation is functioning to some extent, but the low organization density of trade unions and employers' organization reduce the power of social partners.

There were some suggestions that the emphasis on the need to listen to the social partners is not in all cases genuine. Highlighting the importance of the social dialogue is easy, because it is known that the partners are relatively weak. It is not unusual that governments do not follow the suggestions of the social partners.

For instance, in Estonian trade unions' opinion, the security of workers is not in balanced with flexibility. Nor does the government listen enough to the trade unions. This can be seen in the preparation process of new labor law, which, if adapted, will remarkably reduce the security of workers.

The officials in Latvia seem to be in favor of working with social partners and promoting social dialogue. Therefore cooperation is fruitful. There are agreements on cooperation and information issues related to undeclared work and working conditions with umbrella employers and trade unions organisations. The social partners have been supported in organizing. The project has included additional staff, training and seminars to employers and employees. Moreover, the labour Inspectorate has been strengthened. Information from Labour market study on undeclared work (2007) is to be used as a base for further actions.

The Role of Industrial Relations: Collective Agreements

For the Baltic trade unions flexicurity means flexible but reliable contractual arrangements through modern labour laws and collective agreements. The low figure of collective agreements and their insufficiency in terms of workers' security and occupational training pose another challenge to flexicurity in the Baltic States.

Employers seem to be quite reluctant to negotiate collective agreements. They rather aim at the further liberalization of the labor markets. The low membership density of the trade unions and reduced right to strike make it hard to influence the situation.

Some examples that prevent the realization of flexicurity in the Baltic States are: high level of undeclared employment, envelope payments, reluctance to educate low qualified workers, "false" self-employed persons, emphasis on fixed-term contracts and excessive flexibility of working times in sectors where it is not necessary.

