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Active inclusion and industrial relations in a multi-level perspective

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Objectives of the research

The purpose of AIRMULP project is analysing the **role played by the social partners in the field of active inclusion at European, national and territorial levels**. It focuses on six countries all with different problems of labour market inequalities and underperformance: France, Italy, Spain, Poland, Sweden and the United Kingdom. In particular, AIRMULP aims at analysing the role played by the social partners in the field of active inclusion at European, national and territorial levels, focusing on four key questions:

- What are the policy objectives and strategies of social partners at European, national and territorial levels to overcome the challenges related to active inclusion?
 - To what extent are their actions at the various levels horizontally coordinate through actions that integrate the various policy fields and social groups important for active inclusion (e.g. youth employment and vocational training; active ageing and youth employment; in- and out of work benefits, etc.)?
 - To what extent are their actions vertically coordinated (top-down and bottom-up), i.e. between the European, national and regional level?
 - How can social partners in the future contribute to the strengthening of active inclusion strategies at the different levels (European, national, territorial)?
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Methodology

AIRMULP adopts a mix of **qualitative and quantitative data analysis**, by using available statistical data and literature concerning active inclusion policies (included current legislation, relevant case law at EU and national level, available texts of collective agreements and social trilateral negotiations) as well as interviews with representatives from the social partners at different levels various stakeholders, representatives of national and regional governments and organisations, representatives of European institutions and other qualified actors.

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The preliminary work: an overview of the first six months of research

The four research units have just finished the first stage of the exploratory analysis based on the study of the literature, official documents, plans, newspapers and and some preliminary interviews. on the European and national levels and on two territorial cases (France and UK). The research focused on five key issues: the discourse on *Active Inclusion*; the contents and outcomes of policy measures; the role played by key actors and their strategies; the method of policy-making

(unilateral action, bilateral negotiation, trilateral negotiation, etc.); the coordination among European, national and regional level.

The analysed contexts show that **many actions related to inclusive labour market and adequate income support are set up by the national and territorial levels of governance, but often with a low level of coordination among different actors and a rising risk of policy fragmentation.** Although sometimes “The *Active inclusion strategy*” is not explicitly mentioned in the policy-strategies, it is possible to identify many measures related to inclusion, especially in the field of active labour market policies (ALMP), where many tools are set up, negotiated and implemented. Another important strand is related to packages of policies for economic growth which often include tools addressed to reduce labour market inequalities. Thus, this first stage of research has emphasised a strong mobilisation of different actors to promote an **inclusive growth**, at European, national and regional levels.

As expected, **the role played at national and local levels by social partners on policies related to *Active Inclusion* is not homogeneous within the six countries**, both at national and territorial levels. The analysis of official documents shows that in some cases unions and employers associations are directly involved in the making and implementation of policies related to active inclusion. In many other cases, differently, there are other actors such as NGOs, voluntary organisations, in some cases also private firms, etc. that have an important function in the implementation of policy measures. Naturally, **the role played by national governments and institutions is still predominant, but there is a rising role played by local and regional administrations.** For this reason, the results of this first stage confirm that in order to better understand the planning and implementation of the *Active inclusion Strategy*, the participation of industrial relations actors and their practices it is particularly important to adopt a multi-level governance approach.

Concerning the method of policy-making, **different forms of negotiated policy making have been found**, such as Public-Private partnership, deliberative planning, large coalition for economic development, both at national and regional level, and in some cases unions participate to them.

Although the very complex system of many different inter-related territorial levels (national government, municipality, large metropolitan area, region, etc.) causes, in same countries, policy fragmentation, some **attempts to set up tools for vertical and horizontal coordination emerge**, especially between the national and the

regional levels; it remains to be better analysed if these instruments of coordination are efficient and effective.

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The preliminary work on the European level

The preliminary work on the **European level** and on European social partners viewpoint on active inclusion has been conducted by Amsterdam research team. The term ‘active inclusion’ in European discourse appears to be a combination of the terms ‘social inclusion’ (especially prevalent since the Lisbon Agenda of 2000) and ‘active participation in the labour market’ (full employment), embodying the idea that participation in the labour market will lead to or is even synonymous for social inclusion. Taking the European-level social partners’ 2010 **Autonomous Framework Agreement on Inclusive Labour Markets** as a starting point, the research unit analysed documents related to active inclusion and inclusive labour markets produced by both sides, as well as by the European Commission from the period leading up to the Framework Agreement and thereafter. From these it appears that there is agreement on broad goals: the necessity and importance of economic growth, job creation, competitiveness, and better training and education that also matches the skills demand on the labour market. They also agree that public authorities have an important role to play. They disagree, however, about what exactly constitutes achievement of these goals and how the goals are to be achieved. The employee side (ETUC) stresses the shared responsibility of all social partners to work towards an inclusive labour market. They encourage employers to invest more in vocational education and training and lifelong learning, propose to make lifelong learning part of collective bargaining, and call governments to increase public investment in education and training and to integrate employment, education, and economic policy areas. They also emphasize job quality (including dimensions such as wages, working conditions, skills development, employment security, etc.), stating that employment in poor quality jobs still results in social exclusion. The employers’ side (BusinessEurope) instead focuses on competitiveness and economic growth, expected to follow flexibilization of contracts, wages, and working hours, lower employment protection, labour costs, and tax incentives for private investment. They also stress the individual jobseeker’s responsibility in finding employment, and propose a level of social benefits that does not disincentivize people from working.

The preliminary work on the national case studies

The preliminary desk research on the national cases of France, Poland, Sweden and the United Kingdom have been carried out by the Warwick research unit, in order to draft an overview of the main characteristics of the labour markets, possible active inclusion policies and measures and the role of social partners.

In the case of **France**, we find a wide ranging, though complex and sometimes ‘multilayered’ set of interlinked policies and measures that aim at the ‘*insertion*’ of unemployed and young workers into the labour market. Though there is evidence of a presence of social partners in many of the labour market key institutions, such as for example the *Pole Emploi*, the literature points at a ‘scattergun’, state-led, approach to labour market reforms. There are some signal of social dialogue on these issue at national level (with the *Social Summit* being an example) and this provides a useful forum for demands from both employers and workers to be heard but the fragmentation that characterizes the industrial relations actors in France at times seems to cause procedural drag. Recent accounts show an increased use of reforms by government decrees, rather than via parliamentary discussion.

As for **Poland**, a ‘technocratic’ approach seems to prevail on social dialogue, despite trilateral negotiations being a requirement (e.g. with the anti-crisis package). The implementation of the ‘flexicurity’ approach of the European Employment Strategy has so far focused more on the ‘flexibility’ side, rather than on the ‘security’ one. The proliferation of the so-called ‘junk’ contracts is an example of how, especially young people, do not find adequate protection in the labour market. Women and older workers continue to be disadvantaged in terms of ‘entering’ the labour market and show consistently higher unemployment rates. Unions do step in at national level with solidaristic demands but, at least so far, with poor results. Social partners tend to be active and contribute to regulation and protection for workers with regards to particular sectors, such as for example the automotive sector, and are more effective, in general, at the regional level.

The well-known welfare system of **Sweden** is based on the principle of ‘activation’ and is therefore a rich example of measures and policies to ensure unemployed are actively included in the labour market. Recent changes, however, in particular since

2006, have restricted the rules on eligibility to access benefits of income support for sick people, as well as tightened the rules for those claiming any kind of income support. Industrial relations social partners have been traditionally involved in the management of unemployment benefit regime and continue to do so. However, the solidarity values that used to be found across different unions representing different groups of workers seem to be under strain by the increased international competition and the widening insider-outsider divide found in the labour market.

As for the **United Kingdom**, the country boasts labour market indicators that are rare in Europe, such as a 5.7% unemployment rate in the first half of 2015. Such indicators, however, often hide the increasingly precarious terms and conditions of work of English employees. The increase in the zero-hour contract (655,000 in 2012) is an example. The policies of activation in England are underpinned by the workfare approach. In recent years, this has led to a tightening of the benefits, as well as the conditions to access them. Peculiar of the English case is possibly the presence of actors and organisations that are not traditionally found in the other national cases. These include charity organisations, non-for-profit organisations, placement service providers to which employment services are outsourced on a payment-by-result basis by the state, private-public partnerships, etc. Employers are often seen as customers, rather than partners in tackling problems of the labour market. The case of apprenticeships and 'voluntary' work conditional to benefits are examples that will be explored in depth in the second phase of the research by the Warwick team.

The analysis of active inclusion policies in **Spain and Italy** has been carried out by the research team of the Autonomous University of Barcelona. Their preliminary work revealed some similarities together with some striking differences in the policy discourse and the implementation of this policy paradigm. As some reports had already pointed out, both countries had institutional settings and policy making mechanisms that made it difficult the adoption of the integrated approach required by the active inclusion paradigm. On the one hand, the two countries have weak mechanisms to coordinate actions across policy fields, especially when they are managed by different departments. On the other, a process of administrative and political de-centralization has taken place in both countries, though more intensively in the case of Spain, and this has also generated problems for vertical coordination. Alongside these similarities, a number of differences have become clear when analyzing the implementation of the active inclusion paradigm in the two countries. First, one of the mechanisms that could positively contribute to horizontally coordinate adequate income policies and inclusive labour market policies, i.e., social dialogue, has weakened in the two countries. However, this erosion has been more significant in the case of Spain, whilst in the case of Italy social dialogue at regional

level has retained a more important role. In **Spain** more attention has been paid to the adequate income dimension due to the very high long-term unemployment rate, the increase in households with all their members unemployed as well as the high proportion of the population at risk of poverty and exclusion. The decrease in resources devoted to active labour market policies together with the prominence of employment incentives within these policies (a passive activation approach) have also contributed to place these issues on a secondary role. On the contrary, in **Italy** effective policies of adequate income support are missing, but an experimentation has been attempted with the creation of the SIA (Sostegno d’Inclusione Attiva), which has initially been implemented in the twelve largest cities. Some initiatives have also been taken in order to enhance vertical coordination of employment policies through the creation of the National Labour Agency.

The overall analysis on national cases shows how some steps are being made by governments and social partners in order to adopt a more integrated approach in designing and implementing policies to fight against the risk of social exclusion facing some particularly vulnerable groups in the labour market. However, significant challenges to be addressed remain, including the need to improve mechanisms to achieve an effective coordination across policy levels and fields. Particularly important is the vertical dimension of coordination, as some of these countries have experienced processes of political and administrative de-centralization leading to the allocation of powers to sub-national levels, but without having established adequate coordination mechanisms. In this contexts, the role of social partners and social dialogue becomes particularly important. First, because social partners in some countries play, though with some differences, an important role in implementing active labour market policies. Secondly, because their organizational structures and presence at regional level may constitute an important resource for vertically integrating active inclusion policies and designing labour market policies to reduce dualization.

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The preliminary work on the regional case studies

The research unit of the University of Florence focused on the set up and implementation of measures related to the Active inclusion strategy at local level, studying *second capital cities*, namely cities that play an important role for national

competitiveness but that are also experiencing relevant problems in terms of employment and social cohesion. An important involvement of different actors emerges, on these issues, at the local level, showing that this level of governance is becoming more and more decisive for the implementation of inclusive growth policies.

The preliminary research on active inclusion strategy has been conducted on **Grand Lyon** for the French case study and on **Greater Manchester** for the UK. These cities, and the regions where they are located, are dynamic and well-developed areas and play a key role in the national economy. At the same time, they have been affected by the crisis and economic uncertainty and are characterized by growing unemployment and youth inactivity rates, social exclusion and poverty segregation. The explorative desk analysis confirms that the regional and local level of planning and implementation of policies related to the active inclusion strategy is crucial in both countries: these two contexts shows that although the EU active inclusion strategy is not always mentioned or conceptualized in the regional public and political arenas, many actions related to inclusive labour market and adequate income support are set up or implemented by the regional and urban governments. Nevertheless, desk analysis alone does not allow to explore in depth the impact of these policies and to identify the role played by the actors involved in policy making – in particular social partners. For this reason field research appears essential for exploring the relationship between the active inclusion strategy implementation and industrial relations.

The policy discourse that we find at this level is focused more on development, innovation, competitiveness, than cohesion and inclusion. However, there is a large room for manoeuvre for local actors to intervene on regional labour market and development policies. In the two regional case studies, the pillars of the actions on inclusive labour market are active labour market policies, training and placement programmes. The preliminary analysis confirms that in the different countries social partners play different roles and other actors are also relevant. Planning and implementation of many policies related to active inclusion are open to the participation of local stakeholders. Regional government opens up opportunities and mobilizes civil society organizations through deliberative tools like forums and consultations. On the one hand, we can observe that this participative process involves weak actors. On the other, there are some spaces for participation that trade unions seem not able to take advantage of. Business companies also have an important role in the local context, in particular in the UK. Concerning the method adopted to set up policies at the regional level, a) public-private partnership, b) deliberative experiences and c) large policy coalitions among local actors have been

found in both cases, and often the local governments play a ruling role. Complex mechanisms of regulation arise from the analysis, in which unions and employers associations play a variable role. Many agencies and fragmented actions characterize the regional level, but an attempt of horizontal coordination is made through strategic plans and territorial planning. Also vertical coordination between the national and the regional policies emerges. There are also chances for a direct link between the city and the European level. In fact second capital cities create networks among them and become political partners that directly address the EU. These preliminary results confirm the importance of the study of the territorial level and the necessity of adopting a multi-level approach which allows to connect the local dimension with the national and European ones.

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Next steps and meetings

In the next six months all research partners will focus on the analysis of industrial relations practices at the European, national and territorial levels. The qualitative research will start and interviews with key informants and focus groups will be conducted. The analysis of the multi-level governance will be examined in depth and the first reports will be prepared. In **January 2016** one-day internal workshop with the members of the Advisory board will be organized, in order to identify needs for additional research and analysis. In addition, one day **public mid-term seminar** is also planned, aimed at presenting the results of the first year of activities. Both the events to be held **in Amsterdam**.

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Project Coordinator

Prof. Luigi Burroni, University of Florence - DSPS
E-mail: luigi.burroni@unifi.it

Consortium

[University of Amsterdam \(NL\)](#),
Prof. Maarten Keune and Noëlle Payton.
[Autonomous University of Barcelona \(ES\)](#),
Prof. Antonio Martín Artiles and Prof. Oscar Molina.
[University of Warwick \(UK\)](#),
Prof. Guglielmo Meardi, Prof. Manuela Galetto and
Dr. Anna Mori.
[University of Florence \(IT\)](#),
Prof. Luigi Burroni, Prof. Laura Leonardi, Dr.
Andrea Bellini and Dr. Gemma Scalise.



Contacts us

Luigi Burroni, luigi.burroni@unifi.it
Gemma Scalise, gemma.scalise@unifi.it

University of Florence - Department of Political and Social Sciences - Via delle Pandette, 21 - 50127 Firenze - Italy