



Funded by the European Commission
DG Employment, Social Affairs and Inclusion
Agreement No. VP/2014/0546

AIRMULP POLICY PAPER



Active Inclusion and Industrial Relations from a Multi-Level Governance Perspective (AIRMULP)

Policy Paper No. 1:
*Active Inclusion and Industrial Relations
at the European Level*

The AIRMULP Project

Objectives of the research

The AIRMULP Project focuses on the **relationship between the active inclusion strategy and industrial relations**.

More specifically, the project is concerned with the analysis of active inclusion issues – e.g. social exclusion, in-work poverty, labour market segmentation, long-term unemployment and gender inequalities, income support and inclusive labour markets – in the framework of social dialogue and collective bargaining, **at three different levels, namely European, national and sub-national (regional and/or local)**.

The research examines objectives and strategies as well as successes and failures of social partners at these levels. This includes, where possible, the identification of good practices and of comparative lessons. Besides, the Project studies the **interactions between levels**, i.e. the extent to which there is vertical coordination between the three levels. As it is well known, in fact, agreements signed at European level (such as autonomous framework agreements), national-level tripartite social negotiation, territorial pacts and regional collective bargaining are more and more interconnected, and their implementation and functioning depend on how coordination is effective.

The Project is sub-divided into **four work packages (WP)**. In detail, WP A focuses on the European level, WP B on the national level, and WP C on the sub-national (regional and local) level, while WP D is devoted to the analysis of **multi-level governance**.

The analysis concentrates on **six European countries**, each of them showing specific problems of labour market under-performance and/or inequalities: **France, Italy, Spain, Poland, Sweden, and the United Kingdom**.



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| Scientific approach / methods | <p>AIRMULP uses a mix of qualitative and quantitative methods of data collection and analysis. In particular, it carries out:</p> <ul style="list-style-type: none">• Analysis of available statistical data;• On-desk analysis of scientific literature and official documents concerning active inclusion policies (included the current EU, national and regional legislation, the available texts of social pacts and collective agreements);• Interviews with key informants (such as representatives of the social partners at each level, members of EU institutions as well as national, regional and local governments, various stakeholders, and other qualified actors). |
| Coordinator | Prof. Luigi Burroni , University of Florence (Italy) |
| Consortium | <p>The Project relies upon a consortium of four academic institutions from four European countries:</p> <ul style="list-style-type: none">• AIAS (Amsterdams Instituut voor Arbeidsstudies), University of Amsterdam (Netherlands), Prof. Maarten Keune;• DSPS (Dipartimento di Scienze Politiche e Sociali), University of Florence (Italy), Prof. Luigi Burroni (project coordinator);• IRRU (Industrial Relations Research Unit), Warwick Business School (UK), Prof. Guglielmo Meardi;• QUIT (Centre d'Estudis Sociològics Sobre la Vida Quotidiana i el Treball), Autonomous University of Barcelona (Spain), Prof. Antonio Martín Artiles. |
| Duration | 24 months (from 15 December 2014 to 14 December 2016) |
| Funding Scheme | The AIRMULP Project has received funding from the European Commission – DG Employment, Social Affairs and Inclusion, under the Budget Heading 04.03.01.08, “Industrial Relations and Social Dialogue”. Agreement number: VP/2014/0546. |
| Website | http://www.airmulp-project.unifi.it/ |
| Authors of this paper | Maarten Keune (AIAS), Noëlle Payton (AIAS) |



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For further information

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Work Package A (WP A)

**Active inclusion and industrial relations
at the European level**

**Research unit in charge
of the work package**

AIAS



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Objectives of the work package

WP A focuses on the relationship between active inclusion and industrial relations at the **European level**. At this level, in fact, social partners have repeatedly demonstrated a strong interest in active inclusion. The WP takes a broad perspective on active inclusion and the European level, discussing the main EU initiatives in this respect. In this way it places the activities of the social partners in a broader perspective.

In 2007, for example, in a study titled *Key Challenges Facing European Labour Market: A Joint Analysis of European Social Partners*, they identified active inclusion policies as a key to strengthening the labour market position of the most vulnerable people and called upon the Member States, the Commission and the Council to step up their efforts in this area.

They also see an important role for themselves, however. In this sense, in 2010, the ETUC, BUSINESSEUROPE, UEAPME and CEEP signed an **autonomous framework agreement on inclusive labour markets**, to be implemented in 2010-2013. The agreement designs indeed a general framework of action for the social partners to foster active inclusion, and includes also a series of recommendations to public authorities as well. As an autonomous framework agreement, its implementation depends on the national and regional/local social partners in each Member State.

This Work Package examines the **initiatives undertaken by the European social partners** in order to produce an overview of their objectives, strategies and policies. Furthermore, it tries to understand how they have pursued their objectives, e.g. by cooperating with each other or with the social partners at the national and sub-national level, by influencing European and national policy makers, or by developing expertise on the subject through data collection and analysis. In particular, it focuses on **how the European social partners have tried to get the framework agreement implemented** through national social partner structures.

Research activities include the **analysis of policy documents**, including the Commission's social dialogue texts database, and a series of **interviews with key informants**.



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Key findings of the work package

In the present study we have studied European social and labour market policy as it is articulated in a range of European policy instruments. We focused on the orientation of European policy in this field rather than its actual effects in national contexts. Although the EU has limited means for hard regulation of social and labour market policies at the national level, it has a range of alternative governance tools to exert influence. We have identified and discussed two types of such governance: governance by ideas and governance by conditionality.

Governance by ideas concerns the production and promotion of ideas and concepts, with the aim of framing and structuring the debate on employment and social policy. It is a form of soft governance which is based on the Commission's power of persuasion and its agenda-setting capacity. From the policy instruments discussed in this paper, it is a key characteristic of the promotion of policy discourses, the European Semester and its Country Specific Recommendations, and the European Social Dialogue and the further involvement of the European social partners (see below). Governance by conditionality concerns access to financial support from the EU under certain conditions and is found in the Troika's Memoranda of Understanding and the European Social Fund.

In all five of these instruments clear elements of the active inclusion discourse are present. Active inclusion has, explicitly or implicitly, been part of each of these instruments and, more generally, a core element of the EU's broader philosophy on economic and social development since the 1990s. Active inclusion expresses core ideas of this philosophy such as the basic objective of increasing labour market participation (through activation, conditionality of benefits and active labour market policies) and the central role of employment in social policy. Increased labour market participation, in line with the general primacy of economic over social objectives in EU policy, first of all serves economic goals and is considered to be a way to increase labour supply, improve economic growth, limit public expenditure and reduce welfare state 'dependency'. At the same time, there is a basic contradiction between the overall austerity objectives of EU economic policy and active inclusion. Sustainable inclusion of the unemployed, and especially of the long-term unemployed and other vulnerable groups requires substantial public investments in skills, job creation and matching. Such investment are however discouraged by the pressure on public budgets.

From a (secondary) social policy perspective, active inclusion is seen as a means for social inclusion in general and the inclusion of vulnerable groups in particular. Sustainable inclusion requires that the jobs these groups get are of decent quality and offer a longer-term perspective. If they are low paid jobs they will not allow for sustainable inclusion because they do not offer a decent income and therefore full participation in society. The same counts for the longer-term



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perspectives jobs offer. If they are temporary jobs offering limited chances for continued employment the inclusion objectives are unlikely to be reached as the respective individuals will easily fall back into unemployment or inactivity. However, as shown in this paper, the general approach seems to be that any job is a good alternative to unemployment, also low quality, temporary jobs. This combined with the contradictions between austerity and active inclusion point to sharp contradictions between active inclusion goals and both general economic policy and specific inclusion policies.

In March 2010, the ETUC, BusinessEurope, UEAPME and CEEP signed the Autonomous Framework Agreement (henceforth FA or the Agreement) on Inclusive Labour Market. They followed the lead of the EU discourse and its recommendation to develop positions and common activities in this field. The Agreement targets all those “encounter[ing] difficulties” to gain or remain in employment. Obstacles to inclusive labour markets are categorized under contextual factors, work-related factors, and individual factors. Proposed solutions include better recruitment strategies, better labour market information, a better match between education and training and labour market needs, and cooperation with the “third sector”. As for actions expected of national members, the Agreement does not contain specific commitments but rather aims to raise awareness and provide the national social partners with a framework within which they can develop their own actions.

The agreement remains therefore rather vague. This is partially because it wants to respect national differences in problems faced and in national traditions of industrial relations. However, the greater reason appears to be that the two sides simply disagree on many questions related to active inclusion. Also, from interviews with persons involved in drafting the FA, it further emerged that for both European employer organizations and unions, one of the motives to conclude the agreement was to demonstrate to the European institutions their ability to conclude such agreements and reach consensus.

In 2014 the European social partners published a joint evaluation report on the implementation of the FA based on national members’ self-reporting. The overall evaluation was positively framed, although national members had reported mostly on policies related to active inclusion implemented by their governments. The extent to which governments’ actions had been the result of the FA is, however, not demonstrated and therefore questionable. What is more, from the national and regional studies conducted in the context of this study, it can be concluded that most national and regional industrial relations actors have no or very little knowledge of the Agreement, and that it is not or hardly used as basis for the development of national and regional policies.

Finally, significant disagreements exist between the European social partners’ standpoints. They differ in the analysis of what the main



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problems and obstacles to active inclusion are. The unions underline the lack of jobs, discriminatory practices or a lack of support and guidance. BusinessEurope rather identifies as the major problems stringent hiring and firing laws, skill mismatches, and disincentives to work provided by social security benefits.

Following the different problem diagnoses, both parties propose different solutions. The ETUC advocates improving information for the unemployed on vacancies and support programmes and providing personalized employment services, particularly to more vulnerable groups, while also stressing the importance of job creation and a change in the dominant approach towards economic policy making in Europe: less austerity, more internal demand and more public and private investment. BusinessEurope, on the other hand, advocates more flexibility in contractual arrangements, wages and working hours, as well as less stringent employment protection and a better match between education and training and labour market demands.
