

Position Paper

UEAPME¹ proposals on European Employment Strategy post 2010

The design of the European Employment Strategy post-2010 (EES) is taking place against the difficult background of the current financial, economic and social crisis.

Economic downturn which has quickly translated into steadily growing unemployment is adding short term challenges to already existing structural long term challenges on the labour markets and on public finances.

Therefore companies and citizens should be at the core of next employment strategy in view of contributing to boost jobs creation and European competitiveness.

In this context Crafts and SMEs play a crucial role for the economic and social stability in Europe. Well embedded in the society at local level, they strongly contribute to the European Social Model and to a large extent to maintain economic and social cohesion.

As regards labour markets, Crafts and SMEs have proved to be important stabilisers throughout the crisis by maintaining jobs and providing vocational training, notably on the job training. Moreover they are the main source of new jobs through entrepreneurship and business creation.

Although rising unemployment and public deficits would remain problems for several years as confirmed in European forecasts, structural long-term challenges partly also exacerbating by the crisis, such as globalisation, fierce international competition, demographic change, technological change, climate change need to be more than ever addressed.

Therefore UEAPME considers that **the need for continuity of an integrated employment strategy** combining the economic, social, sustainable dimension and **based on the Open method of Coordination** is required.

On content:

It goes without saying that the current economic background marked by important public deficits and low growth rates will have a decisive impact on jobs creation and employment rates in Europe in the next coming years.

At the same time Europe is still facing a real paradox. While unemployment is booming and available workforce is shrinking due to the ageing population, certain services sectors, which would require numerous additional workers in the medium and long term, are already experiencing a shortage of qualified labour.

Therefore the new European employment strategy should look ahead of the current crisis by proposing long term objectives and setting up priorities shaping modern labour market policies in line with the requirements of a knowledge- and service based economy.

¹ UEAPME subscribes to the European Commission's Register of Interest Representatives and to the related code of conduct as requested by the European Transparency Initiative. Our ID number is [55820581197-35](#).

1. By employing roughly 60% of the workforce SMEs play a particular role as stabilisers of the labour market. Moreover they are well enshrined locally and **contribute to a large extent to maintain the economic and social cohesion**. Therefore all policies and measures introduced should **respect the “Think small first” approach** as stated in the Small Business Act.

2. In order to successfully face the already mentioned short term and more long term challenges facing labour markets, **flexicurity principles are full part of the core solution**. Flexible labour law and contractual arrangements combined with efficient active labour market policies, improved employability of the workforce and lifelong learning policies, efficient and sustainable social protection systems and social dialogue are key to ensure a smooth functioning of the labour market, social inclusion and the adaptability of enterprises and workers.

3. For several reasons, and notably the financial sustainability of its social protection systems due to the ageing of its population, the sharp increase of unemployment and the higher risks of social exclusion, Europe has to urgently **move towards better inclusive labour markets**. Segmentation of labour markets should be strongly combated through adequate multifaceted measures to better integrate persons traditionally more likely to be outside the labour market such as women, migrants or young people and senior workers.

4. **Making active ageing a reality in Europe represents a major challenge for our economy**. Increasing the senior workers’ employment and delaying their exit from the labour market requires an holistic approach including the elimination of incentives to leave the labour market early (gradual retirement schemes, flexible work forms) and the support for employers to hire and keep older workers (wages linked to productivity, up-skill of the workforce, lifelong learning policies).

5. Tackling the shrinking of the workforce should also require serious efforts for **bridging the gap between the formal and the real retirement age**. Current practices where larger companies and workers are abusing of early retirement schemes notably during the crisis period should not be promoted further. Early retirement schemes had a bad impact on labour markets in the past and would be even worse in the future. Pre-retired senior workers represent a big lost for the society as a whole. Measures to increase the real retirement age such as combined part time retirement and work should be more generally introduced.

6. Young people are also facing particular difficulties to enter the labour market mainly due to the crisis. **Specific initiatives for young people** facilitating transitions between education and work have to be put in place such as mentoring, tutoring, traineeship, apprenticeship so that they don’t lose the knowledge and competence acquired during their education period.

7. A good balance between the private and professional life for women and men belongs to the normal feature of a modern way of life and a developed society. Ensuring **adequate work life balance policies** contributing at the same time to improve the competitiveness of companies through a higher productivity and the personal development of employees through a higher satisfaction, is an important part of the flexicurity approach and a good tool for the integration of more people in the labour market. It also provides a response to the demographic challenge. In this context investing in accessible and affordable childcare for all is one of the most effective measures to achieve this objective.

8. The increase of unemployment has shown the crucial role of social protection systems acting as safety nets and economic stabilisers to guarantee social cohesion and sustain growth. At the same time they are facing serious financial strains that will have an important impact on public finances. **Activation and reforms of social protection systems** in order to ensure their sustainability should help to include more people on the labour market, facilitate better transitions and promote mobility.
A particular focus should be put on **unemployment benefits systems** and the necessity for a **fair balance on rights and obligations for unemployed** in order to facilitate as much as possible their stay and/or reintegration on the labour market.

9. Another essential aspect for improving **the functioning of labour markets are the design of well adapted tax and benefits systems** with social protection systems guaranteeing income support and at the same time fostering labour market integration. A particular attention should be dedicated to **make work pay** through notably the reduction of non wage labour costs for low wages and the fight against undeclared work, which undermines a fair competition for SMEs and social and tax contributions essential for public finances.

10. A knowledge- and service-based economy requires more and more highly skilled people. SMEs are very much suffering from the lack of qualified workforce despite the fact that they play an important role in vocational training and on the job training. **Priority should be given to human capital and better investments in education, skills and qualifications.**
Education and training systems should be modernised in order to be more responsive to labour market needs including promoting learning mobility for the development of professional experience.
Competence development in line with real labour market needs following the concept of new skills for new jobs is crucial for a better matching of job offer and notably new jobs and the current labour supply. **Adult education and lifelong learning is essential** to adapt to change, maintain the employability of the workforce and strongly boost the competitiveness of the European economy. It should also greatly help to tackle the shrinking of the workforce by enhancing the active participation of adults in further education and training

11. **Entrepreneurial mindsets** should be strongly developed in order to boost the sense of initiative and the creation of new companies. Entrepreneurship and the spirit of initiative must be integrated into all programmes of education and training from the youngest age. This subject should also be integrated in school curricula, especially with a focus on SMEs (start-ups, entrepreneurship).
A particular attention should be paid on **female entrepreneurship** which still need to be further promoted and **on migrants**, who are very dynamic and ready to create new activities as self-employed and small entrepreneurs but who are still facing a number of specific difficulties.

12. **Creating a favourable business environment** is more than ever necessary for SMEs. Renewed efforts are required in the field of costs reduction and simplification. Access to finance but also to new technologies are key for SMEs. In the future it will be highly necessary to focus more on restructuring than on rescuing non viable companies **and to invest in a sustainable growth notably linked to the fight against climate change.**
Investments in innovation, in the broad sense of the terms and not only in R&DT, including social innovation are essential for the creation of future jobs and the competitiveness of the economy.

On process:

As part of the main lessons learnt from the previous European Employment Strategy it will be highly necessary to focus on improving the governance process. Governance and empowerment should be put on top of the priorities of the new Strategy in term of process.

1. **Less and better focused priorities**

It is essential to refocus the EES on key priorities and notably the fight against high level of unemployment through a balanced approach based on the four flexicurity principles.

2. A **stronger partnership** for a better empowerment of stakeholders at national, regional and local level. A lack of coordination at national level and a decrease of social partners' involvement in the preparation of the National Action Plans happened in the last years and this needs to be rectified.
3. Employment guidelines are suffering from a lack of visibility. **More visibility** would ensure more commitment by all parties and help to avoid the frequent tendency to pick and choose the less difficult issues and measures, while the more complex and structural ones are avoided.

Conclusions:

- A clear continuity is needed, involving fewer and better focused priorities including the short term challenge of sharp rising unemployment.
- Economic, social and sustainable dimensions need to be strengthened and better integrated along the line of the flexicurity principles.
- Restoring good economic performances are not only the precondition for well functioning labour markets, but also for the sustainability of social protection systems.
- Despite some immediate urgent challenges related to high unemployment, structural long-term reforms must not be further delayed and need to be continuously tackled.
- More focused priorities, more visibility and true involvement of social partners at European, national, regional and local levels are strongly needed for the next European Employment strategy.

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