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EUROPÄISCHE UNION DES HANDWERKS UND DER KLEIN- UND MITTELBETRIEBE  
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## **UEAPME reply to the Commission's 2<sup>nd</sup> consultation on EU level action to promote the active inclusion of the people furthest from the labour market**

### **Introduction**

The European Commission has published on 17<sup>th</sup> October 2007 its communication for a consultation “Modernising social protection for greater social justice and economic cohesion: taking forward the active inclusion of people furthest from the labour market”. This communication also constitutes the second stage consultation of social partners in accordance with Article 138 (2) of the Treaty.

### **General comments**

UEAPME acknowledges that social cohesion is one of the fundamental principles of the EU. Together with the social and ethical arguments for integrating people furthest from the labour market, UEAPME also sees the economic necessity to make use of the untapped potential of skills and competences in the EU. Demographic trends, international competition and the lack of human resources in many sectors reinforce this need nowadays more than ever.

One important element of the debate which should be stressed from the beginning and which has not sufficiently been highlighted by the European Commission is the fact that the “so-called” group of disadvantaged people furthest from the labour market is very heterogenic with dissimilar needs, various reasons for exclusion and very different levels of integration or reintegration potential. Therefore there is no one-size fits all approach but the need for individual solutions which are based on adequate social protection, education and training, employment and economic policies.

While supporting the Commissions' aim of a holistic approach, UEAPME strongly regrets that one major element of such a holistic approach has been neglected by the Commission namely the prevention aspect. The shortcoming of the Commission's document is that it only looks at how to include disadvantaged people once they are already excluded and does not analyse the reasons for the exclusion and tackling those by guarding the population against this from happening

The low level of education and the lack of skills which is typical for the majority of these people is one main reason for their exclusion and has not been paid sufficient attention to by the European Commission. A better coordination with other EU policy areas is highly desirable. As a good example of such an urgent necessity is the last DG Education and Culture *Draft Progress report of the Council and the Commission on the implementation of the Education and Training 2010 work programme*<sup>1</sup> where

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<sup>1</sup> COM (2007) 703 final 12.11.2007

it is expressly outlined that “People with low skills are at risk of economic and social exclusion”.

By ensuring that people have a set of key competences when entering the labour market, the vicious circle of unemployment and exclusion from the labour market can be disrupted even before starting. This needs then to be continued with lifelong learning activities.

Consequently, creating a political and an economic environment which encourages business investment and job creation or combating the high number of early school leavers are striking examples through which the exclusion from the labour market can be largely prevented.

Moreover, UEAPME considers that the approach taken by the Commission in this document is unbalanced, concentrating only on rights without mentioning any type of obligations of the individual. The personal responsibility of the individual and the duty to actively look for a job (if possible according to the health conditions of the person) has not been considered enough in the Commission’s paper.

Furthermore the document overemphasises the social dimension and leaves the economic aspect aside. In particular the Commission forgets to mention some possible negative economical impact of certain social measures on micro-companies active on the local market.

The Commission seems to forget that the first objective and task of a company is to be an economic actor. A company is aiming primarily to develop its economic activity. In a competitive environment companies have to ensure their competitiveness and to make profits and only in a second step through this they are able to create welfare. However this economic focus does not prevent companies in particular SMEs to be very active social actors well embedded in the local community, carrying out many corporate socially responsible activities.

Numerous examples of CSR activities but also of integration and active fight against discrimination undertaken by SMEs and their professional organisations have been presented within various UEAPME projects<sup>2</sup>. These good practices are generally considered as highly valuable references for further actions.

We very much regret that the specific role that micro enterprises play at local level in integrating disadvantaged people has been completely ignored by the European Commission.

The issue of active inclusion is not the main responsibility of social partners. Major aspects need to be addressed by the public authorities themselves. European Social Partners have been and continue to be active on this topic outlining the socio-economic importance of the integration of people furthest from the labour market. UEAPME, together with the other European Social Partners, stated in their joint analysis on the key challenges facing European Labour markets<sup>3</sup> that *if Europe is to exploit its labour market potential fully, special attention should be paid to the access to training and learning needs of disadvantaged groups.*

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<sup>2</sup> See for instance [http://ec.europa.eu/enterprise/csr/campaign/documentation/download/cases\\_en.pdf](http://ec.europa.eu/enterprise/csr/campaign/documentation/download/cases_en.pdf) or the UEAPME compendium of good practices of diversity and non-discrimination in European Crafts and SMES [http://www.ueapme.com/docs/compendium/compendium\\_print.pdf](http://www.ueapme.com/docs/compendium/compendium_print.pdf)

<sup>3</sup> [http://www.ueapme.com/docs/pos\\_papers/2007/071018\\_cross\\_key\\_challenges.pdf](http://www.ueapme.com/docs/pos_papers/2007/071018_cross_key_challenges.pdf)

*The integration in the labour market of disadvantaged groups is vital for the economic development and social cohesion of both the EU as a whole and Member States. Ensuring equal opportunities for all is important for social cohesion and for mobilizing the full potential of the labour market*

Social Partners called upon Member states to “strengthen efforts to address the needs of disadvantaged groups in order to promote their integration into the labour market.”<sup>4</sup>

## **More specific comments**

### ***Deepening the OMC***

UEAPME has repeatedly argued for the usefulness of the OMC at European level, recognising in particular the benefit of the exchange of good practises.<sup>5</sup> A deepening of this method which creates a structured process, including monitoring and evaluation, based on common principles, joint concepts, reliable and comparable statistics and realistic targets and using an integrated approach, is a good way forward as long as the principle of subsidiarity is fully respected.

### ***Common principles***

- ***Income support sufficient to avoid social exclusion***

UEAPME supports the idea of a minimum income schemes in the spirit of the two council recommendations from 1992<sup>6</sup> but insists on the fact that should not restrain the Member States’ prerogatives to decide for themselves on the levels and composition of income support and the development of policies adapted to their particular national situation. At the same time, while everybody agrees that providing these people with a minimum liveable social income is understandable from a social welfare point of view, it is difficult to argue that it has a direct link to strategies encouraging individuals back into work. In fact it is widely recognised that if welfare benefits are too generous they can act as disincentive to people getting back into work. This should be part of the flexicurity debate at national level under the modernisation of social protection systems. The principles of active availability for work or for vocational training are key for a real integration.

Unfortunately, once again the document of the Commission is very unbalanced. In fact it does not make a single reference to the need of the long term financial sustainability of support measures for the people far from the labour market. The costs of the social protection system, (including the social services of general interest) should not increase more than the GDP.

- ***Link to the labour market***

As employment is the main safeguard against social exclusion, the link to the labour market is particularly important for the active inclusion of disadvantaged groups. Consequently it is crucial to get people furthest from the labour market into jobs by

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<sup>4</sup> [http://www.ueapme.com/docs/pos\\_papers/2007/071018\\_cross\\_key\\_challenges.pdf](http://www.ueapme.com/docs/pos_papers/2007/071018_cross_key_challenges.pdf)

<sup>5</sup> [http://www.ueapme.com/docs/pos\\_papers/2006/060404\\_inclusion\\_final.pdf](http://www.ueapme.com/docs/pos_papers/2006/060404_inclusion_final.pdf) and

[http://www.ueapme.com/docs/pos\\_papers/2005/OpenMethodCoordination.doc](http://www.ueapme.com/docs/pos_papers/2005/OpenMethodCoordination.doc)

<sup>6</sup> 92/441/EEC and 92/442/EEC

several means and in particular by making work pay. Therefore craft, small and medium sized employers concur with the Commission on the necessity to review the incentives and disincentives to work, deriving from inadequate tax and benefit systems.

As disadvantaged people are most of the time not as productive as other employees when (re)starting a job, which is also linked to their skills level, member states should grant companies some financial incentives to give them a job opportunity. Concerning the demand side the document mentions the expansion of the social economy and the development of new sources of jobs. In this context, we would like to recall the major role played by the craft sector through apprenticeship for the integration of disadvantaged groups in the market economy. Inclusion of people excluded from the labour market can only be done among others by bringing them adapted skills and qualifications.

UEAPME also agrees that the EU Flexicurity principles can support the active inclusion of disadvantaged groups because Flexicurity should be conceived as a political strategy able to address the need to improve the competitiveness of the European economy while at the same time to preserve its social dimension.

Effective active labour market policies are an indispensable tool against long-term unemployment. It is likely that many of the “excluded” people are long term unemployed people lacking the skills required on the labour market.

Active labour market policies cover a variety of instruments such as public employment services with personalised accompaniment of unemployed people, work incentives, training and skills improvement, or special assistance for disadvantaged groups, topics particularly relevant for this category of persons. However, in order to truly reflect the flexicurity spirit the aspects of education and training and labour market regulation need to be on an equal footing with social protection, which is not the case in this Commission’s proposal. In particular the existence of excessive employment protection’s legislations poses a problem as there needs to be the right balance between giving those furthest from the labour market the chance to get back on the labour market while at the same time assuring the employer sufficient flexibility in case of difficult integration and dismissal necessity.

In any case, it should not be and cannot be the sole responsibility of employers to deal with that question. The willingness of the employer to integrate disadvantaged groups into the company needs to be accompanied by the strong support of social actors mainly at local level and by well targeted activation measures.

While acknowledging the role of the social economy, it bears the risk to create artificial jobs and to lead to an unfair competition for Craft and SMEs which provide the same services without subsidies, and which also try to actively contribute their part in integrating the furthest from the labour market.

- *Link to better access to quality services*

European Social Partners agree that “High-quality public services play an important role in the development of effective labour markets and competitive economies. Cost-effective social protection systems; efficient public employment services, the quality of education in publicly-funded schools and universities; the availability of affordable

and quality care services; and the effectiveness of public networks are all examples of how public services can underpin the competitiveness of the economy and help increase employment rates. There is a role for both public and private sectors in the provision of public services, with decisions being taken as close as possible to the point of delivery and underpinned by cost-effective private or public investments.”<sup>7</sup>

Therefore UEAPME shares the opinion that the quality, access and affordability of social services of general interest needs to be assured in particular for disadvantaged groups. However, it is necessary to make a clear distinction between social services and economic services of general interest.

### *EU financial instruments*

UEAPME stated already previously that the new PROGRESS programme could help to develop inclusion policies, in particular in supporting innovative measures and fostering the exchange of practices. However in addition to Progress, one should not overlook the opportunities offered by the ESF for the investment in people in the area of education and continuous training measures contributing to social cohesion.

This position was restated together with the other European Social Partners when calling upon Member States to “make effective use of existing financial instruments, notably the European Social Fund, to promote and fund policies aimed at the integration of disadvantaged people in employment”.<sup>8</sup>

## **The possibility of further initiatives of the social partners**

### At national level:

Many national social partners are already very active in this field. Based on the experience gained from its project undertaken in 2000, on the topic of integration of disadvantaged people in the construction sector, UEAPME believes in the usefulness of the exchange of good practises between different national social partners.<sup>9</sup>

### At EU level:

UEAPME would like to recall that the integration of people furthest from the labour market is primarily a responsibility of the Member States. However, UEAPME as one of the European interprofessional social partners is committed to a follow up of the joint work “key challenges facing European labour markets: a joint analysis of European labour markets”.

To that end UEAPME is also committed to maximise the full potential of European labour markets, with a special attention paid to the access to training and learning needs of disadvantaged groups.

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<sup>7</sup> [http://www.ueapme.com/docs/pos\\_papers/2007/071018\\_cross\\_key\\_challenges.pdf](http://www.ueapme.com/docs/pos_papers/2007/071018_cross_key_challenges.pdf)

<sup>8</sup> [http://www.ueapme.com/docs/pos\\_papers/2007/071018\\_cross\\_key\\_challenges.pdf](http://www.ueapme.com/docs/pos_papers/2007/071018_cross_key_challenges.pdf)

<sup>9</sup> The main outcomes was summarised in the “UEAPME’s Integration Charter in the Building Sector” which defines the respective roles and ways in which each party will achieve effective partnerships for the reintegration of these categories of people on the labour market.

## **Conclusion**

- UEAPME supports the principle of social cohesion across Europe
- UEAPME underlines that employment remains the main safeguard against social exclusion, but job creation requires a business friendly environment
- While the first role of a company is to act economically, SMEs are also well recognised social actors deeply rooted in the local community
- The role of crafts and micro enterprises in integrating disadvantaged people has been totally overlooked by the Commission
- the Commission communication does not sufficiently take into account the economic dimension of social cohesion
- European Social Partners have recently considered this topic in their joint analysis on the key challenges facing European Labour markets and will continue in the follow-up actions
- Craft, small and medium sized employers see the OMC as an useful tool notably for the exchange of good practises at European level
- UEAPME agrees with the principle of minimum income schemes if the form and level are decided at national level
- Craft, small and medium sized employers concur with the Commission on the urgent necessity to review the incentives and disincentives from tax and benefit systems.
- UEAPME agrees that the EU flexicurity principles support the active inclusion of disadvantaged groups if the four principles are balanced
- Last but not least, it should not be and cannot be the sole responsibility of social partners to deal with the integration of disadvantaged groups
- Therefore quality, access and affordability of social services of general interest needs to be assured, in particular for disadvantaged groups

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