



“The voice of SMEs in Europe”

Press Release

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Tripartite Social Summit: SMEs call for a sensible approach to “flexicurity”

Brussels, 20 October 2006. Flexibility is not an end in itself, but a necessary means for European small businesses to remain competitive in a changing economic environment, according to UEAPME, the European SME employers’ organisation. Speaking on behalf of UEAPME at the informal Tripartite Social Summit on “Managing change through flexicurity” organised by the Finnish Presidency of the EU today (Friday), Mr **Jussi Järventaus**, from the Federation of Finnish Enterprises, highlighted the most crucial and urgent issues for SMEs in order to successfully cope with change and create jobs in Europe.

- Flexibility is crucial for SMEs and should be promoted in all of its forms. Small businesses require internal flexibility, i.e. adjustable arrangements for working hours, part-time work and overtime; external flexibility, with more relaxed rules on “hiring and firing”; and functional flexibility, that is to say the possibility to differentiate wages for low skilled jobs. The concept of “job security”, on the other hand, should shift towards the concept of “employment security”: in a modern, service-driven economy, workers are bound to relinquish the idea of keeping the same job through their whole professional career.
- Labour costs should be reduced and social protection systems urgently modernised. There is an urgent need to cut non-wage labour costs for low wages. The reduction of work taxation is also highly necessary to increase the financial benefits for low-income households. These combined measures should make job creation more attractive for employers. Active labour market policies should be completed by a thorough revision of the criteria for social benefits: unemployed or inactive people must be encouraged to re-enter the job market. “Work should always be more attractive than social benefits. Measures on labour costs and social security would greatly contribute to combat undeclared work, one of the most worrying concerns for SMEs because of the unfair competition it creates”, said Mr Järventaus.
- There is a need to revise labour market regulations in order to improve its functioning: most of the existing rules are not adapted to the current economic and social reality. “The main consequence of such an outdated and rigid set of laws is a well known paradox: high unemployment rates, particularly for some categories of workers, coexist with a lack of qualified workforce in certain regions and sectors. This is particularly worrying for small businesses”, continued Mr Järventaus.
- Increasing support for lifelong learning to tackle the lack of adequate skilled workforce is a central concern for small businesses. SMEs are investing time and energy on vocational training and “on the job” training, but they should be further backed in their efforts, for instance through fiscal incentives and various other forms of investments.

“Supporting entrepreneurship and creating a business-friendlier environment for SMEs through ‘flexicurity’ is the cornerstone of a successful ‘growth and jobs’ strategy. UEAPME, as European social partner, will actively participate in the current joint analysis of the challenges of the labour markets and in the definition of the main components of a sensible and realistic ‘flexicurity’ approach”, concluded Mr Järventaus.

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EDITORS’ NOTE: UEAPME is the employer’s organisation representing crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 81 member organisations, which represent crafts and SMEs across Europe, covering over 11 million enterprises with 50 million employees. UEAPME is a European Social Partner.

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