



POSITION PAPER

1 December 2008

RECOMMENDATION ON ACTIVE INCLUSION OF PEOPLE EXCLUDED FROM THE LABOUR MARKET

Executive summary

BUSINESSEUROPE agrees with the Commission's approach in setting common principles for member states to encourage the active inclusion of people excluded from the labour market.

BUSINESSEUROPE agrees with the emphasis on sufficient income, inclusive labour markets and access to services, as the key areas in which common principles can guide member states to make efforts to reform their social protection systems. BUSINESSEUROPE welcomes the recognition by the Commission that many issues in this field are the competence of the member states and the elaboration of broad common principles at European level should allow adaptation to national contexts.

European employers are committed to ensuring that the full potential of the labour market is mobilised, particularly in order to combat unemployment and social exclusion and deal with demographic change. In addition it is important that member states ensure the sustainability of public finances, through reform and adaptation of social protection systems.

BUSINESSEUROPE also makes reference to the European social partner negotiations on an autonomous framework agreement on inclusive labour markets, as a commitment by European employers to take action in the area of active inclusion.

I. Introduction

1. On 3 October, the European Commission published a Communication and a Recommendation on active inclusion of people excluded from the labour market. The purpose of the Recommendation is to set a number of principles for member states in order to encourage action in three areas: sufficient income, inclusive labour markets and access to quality services. The overall objective is to combat poverty and social exclusion. Principles are set in the areas of, for example, education and training, identification of needs of those people not currently on the labour market, reviewing of incentives and disincentives, the social economy and coordinated services.

2. This follows a two stage consultation in 2007, in which BUSINESSEUROPE pledged its support for the elaboration of common principles, as long as these were not prescriptive and allowed for member states to adapt them to their national situation.

II. General remarks

3. BUSINESSEUROPE welcomes the Commission's Recommendation on active inclusion of people excluded from the labour market. European employers are committed to mobilising the full potential of the labour market, to increase employment across the EU and to provide a workforce well equipped for today's labour market.

4. The issue and causes of social exclusion are multifaceted, however it is clear that for those able to work, active involvement in the labour market is the best guarantee against social exclusion.

5. As highlighted by the Commission, there is a need for consistency with the Lisbon Strategy, in terms of linking active inclusion to the jobs and growth agenda and to coordinate active inclusion and employment strategies.

6. BUSINESSEUROPE agrees that the most appropriate way to ensure member state action in this field, is through the elaboration of a recommendation on common principles in the three key areas of sufficient income, inclusive labour markets and access to services. Common principles in these areas should act to motivate and support member states in their reform efforts. European business is pleased to note that the Commission has adopted broad common principles, which will allow the member states to adapt them to their own national situation.

7. Employers agree fully with the need to recognise the subsidiarity principle in this field, as well as the different situations in member states, particularly, as is highlighted, in defining the level of income support and the necessary policy mix to achieve the objectives of active inclusion.

8. We also fully agree with the need to take into account budgetary constraints, particularly concerning public finances, when devising work incentives and cost-effective poverty alleviation strategies. Particularly in this era of demographic change, the pressure of an ageing population on public finances must be borne in mind. Member states need to adapt and reform social protection systems in order to ensure that they remain sustainable for current and future generations.

9. In its capacity as European social partner BUSINESSEUROPE has committed to taking action in the area of active inclusion and for this reason has commenced negotiations with European social partners on a framework agreement on inclusive labour markets. This follows on from the European social partners' 2007 joint analysis of key challenges facing European labour markets. The joint analysis included recommendations for member states to develop active labour market policies aimed at early activation of the unemployed, as well as promoting integration of disadvantaged groups in the labour market. Social partners have a key role to play in providing practical action-oriented guidance in this field and to increase awareness and understanding of the need to maximise Europe's labour force potential.

10. In this context, it is recognised that many other actors aside from social partners also contribute to active inclusion, including public authorities, local authorities, NGOs and individual companies as well as individuals themselves.

III. Specific remarks

Adequate income support

11. BUSINESSEUROPE agrees that the 1992 Recommendation on common criteria concerning sufficient resources and social assistance in social protection systems is a good basis for further work. It is now the responsibility of member states to deliver on the principles set out in the 1992 Recommendation and to continue exchanges of experience and peer review work through the Open Method of Coordination.

12. In order to make full use of Europe's labour force potential, employers share the recognition that the right to sufficient resources should be dependent on active availability for work or training for those who are able to work. Participation in education as well as training should be based on the specific needs of the individual and the labour market. For those who are able to work, income support should not be unconditional. To this end, social benefit systems should be oriented towards providing incentives for entering the labour market.

Inclusive Labour markets

13. European companies are fully committed to the notion that people who need support must receive help to enter or re-enter and stay in employment. This is important in mobilising the full potential of the labour market.

14. In order to enhance the employability of people excluded from the labour market, BUSINESSEUROPE also fully supports the emphasis on education and training, lifelong learning, and adaptation of education and training systems to fit with today's labour market.

15. As highlighted in the recommendation, the design of tax and benefit systems is very important, in encouraging more people onto the labour market. In this respect, it is necessary to break down the disincentives to participation, for example through conditionality of benefits. The common principles must allow member states to look at ways of motivating those who are able to work to actively seek a job.

16. The notion of 'quality jobs' at European level should be used carefully. Firstly, regarding pay, the subsidiarity principle applies and there are differences between member states that must be respected. Regarding working conditions, health and safety and non-discrimination, it is important to note that there is already EU legislation on such matters, which ensures adequate rights for employees across the EU.

17. To improve labour market integration of low-skilled people in suitable jobs, market-based employment opportunities should be promoted, especially through lower labour costs. It should be noted that although the social economy can create opportunities for the most disadvantaged people who are excluded from the labour market, this should certainly not lead to an artificial creation of jobs. The social economy should only be used to provide a stepping stone to market based employment opportunities for those people at a disadvantage, in a transitional period

Access to quality services

18. BUSINESSEUROPE fully supports access to quality services, as an integral element of active inclusion strategies. Since such services are provided at national level or even often at regional or local level, the broad principles set out in the recommendation should allow member states to adapt them to their particular situation. One element that could be further emphasised in the common principles is the need for modern and efficient services, in order to guarantee quality.

19. Some services, such as employment and training can provide direct assistance in terms of facilitating return to the labour market and integration and retention on the labour market.

20. Other services indirectly complement the process of active inclusion, for example social and health services and childcare. The latter is also particularly important in ensuring work-life balance, which is very much linked to inclusion in the labour market.

21. Another point which could be emphasised is the freedom of member states regarding the way in which services are provided, including allowing for private sector involvement, if this is chosen.

Conclusion

BUSINESSEUROPE is pleased to note that the remarks made in response to the consultation on active inclusion of people furthest from the labour market have, in general, been taken into account in the Commission's Recommendation.



The elaboration of common principles is a good instrument to encourage member state action in the area of active inclusion and the Recommendation presents a real step forward in this respect. A good instrument

Member states are now called upon to take action to ensure that those who are not active on the labour market, but who are able to work, are provided with the necessary assistance and incentives in order to take up work. The objective must be to move those who are capable of working off social benefits and into a job, thereby fulfilling their potential and the overall potential of the labour market.