

Employment Observatory

MISEP POLICIES No. 62

Summer 1998



Employment & labour market

Employment & social affairs



European Commission

Developments at a Glance

- Belgium:** Active, precisely defined firms in the region of Flanders can now participate in a measure, issued in December 1997 by parliamentary decree, that enables the investment costs of firms subject to taxation to be taken into account with respect to commercially-used real estate property taxes. – A proposal for a decree that was approved by the Walloon government in March 1998 provides for the creation of a Walloon employment observatory in order to create a permanent, prognostic analytical tool and instrument for the evaluation of employment promotion measures. – The Chamber of Representatives approved in February 1998 a draft reform bill that should make it easier for youths fulfilling part-time compulsory education to access apprenticeships in professions exercised by wage-earning employees. – In its first annual report, the High Council for Employment, established by law in 1995, presented suggestions for the promotion and improvement of occupational integration, entrepreneurial spirit, adaptability of work organisations and equality of opportunity. – In order to make the creation and promotion of independent enterprises easier (for the most part SME), a framework law was enacted in February 1998, in which the provisions regarding support for exports, promotion of risk capital and simplification of the administrative environment are also defined.
- Germany:** The Employer Information Service (AIS), introduced in March 1998, now gives employers the opportunity to select via the internet potential employees from the entire pool of jobseekers registered at the employment office. – With the aim of providing protection for employees during periods of leave of absence from their jobs, the law on protecting flexible working-time regulations under social law came into effect on 1 January 1998. In addition, maintaining jobs and recruiting unemployed workers shall be stimulated through the further development of the partial retirement law. – The “Federal Employment Assistance Scheme for Long-Term Unemployed”, administered by the Federal Employment Service with the aim to reintegrate the long-term unemployed into permanent employment, will be extended until 2001 with an annual budget of 750 million Marks.
- Greece:** Job creation and the improved (re)integration into employment of the hard-to-place unemployed represent the main goals of the subsidy programme for 1998. – A pilot programme for occupational integration has been started in order to promote the reintegration of persons who have lost their jobs because of firm closure or staff cuts.
- Spain:** The reorganisation of the training contracts aims, among other things, to improve the legal basis of contracts and to ensure a clearer linking of the contracts to their intended purpose of vocational training and occupational integration. – The Second National Vocational Training Programme (1998–2002), passed by the Council of Ministers in March, is intended to ensure the consolidation of an integrated vocational training system as well as to secure the quality of training and ensure a specific range of training for occupational reintegration. – The National Action Plan for Employment for 1998, adopted by the Council of Ministers in April, is directed at – among other, diverse goals – an intensification of active employment policy, with particular attention to newly created, stable jobs.
- France:** On the basis of a commitment made by the ANPE in its second Progress Contract for achieving improved support for the unemployed in their job-search and reintegration, a wide range of new measures and services is being worked out nation-wide.
- Italy:** With the transfer of functions and tasks to the regions as well as a simplification of both administrative operations and decision-making and review processes, extensive institutional changes within the Ministry of Labour will be brought about in the near future under the framework of the “Bassanini Reform”. – Because teleworking is spreading at a fast pace and because a binding collective agreement with regard to remuneration still does not exist, the Ministry of Labour has pointed to the need to regulate this form of work as quickly as possible. – Taking account of the outcomes of and experiences with previous legislation, a new immigration law recently came into force that shall define the guidelines of Italian immigration policy for the coming years. – An agreement reached between Confindustria (the most important Italian employers’ association) and trade unions about agency work can serve in future as a basis for negotiations at the company level on questions of remuneration and the implementation of specific measures. – Because no legal requirements exist up to now for job-sharing currently in practice among particular groups of workers, the Ministry of Labour has recently tried to contribute to clarification of this work relationship. – In order to push ahead the employment of unemployed job-seekers and to create incentives for persons seeking work and training, an experimental initiative to revise the unemployment register for youths has been introduced in seven provincial labour directorates. – The “Paper on Economic and Financial Planning” put forward by the Prodi government is aimed at reducing unemployment in 1998 through the extension of already existing schemes as well as the creation of new schemes.
- Netherlands:** Through an equal partnership in cooperation between the public employment service and the service enterprises Start and Vedor, 30,000 jobseekers shall be placed in jobs per year and specific bottlenecks in the labour market shall be cleared. – In order to make it easier for recipients of social assistance to take up self-employment, the government plans to improve the applicable conditions in force for taking up self-employment. – A study on the employment of long-term unemployed in job pools, carried out in 1997 by the research institute NIA/TNO, has shown that the majority of about 23,000 participants were happy with both the content and conditions of their jobs. – In the event that agreements over a fixed number of Work-Experience Placements will be affected by the 1998 round of collective bargaining, the local communities have declared themselves willing to pay a wage-cost subsidy. – The strategy for harmonisation of supply and demand and for realisation of plans to place jobseekers, introduced by the public employment service in 1997, will be continued in 1998 with an allowance of 1,070.6 million NLG made available by the Minister for Social Affairs and Employment.
- Portugal:** In order to safeguard and improve the efficiency of the social insurance system, and on the basis of measures that were worked out by the “White Paper Committee” set up in 1998, the government put forward further reform proposals in Parliament with regard to the national budget for 1998. – The operating network of advisory centres for firms (CFE), which provides support in setting up, restructuring and liquidating firms, has been on a trial basis in two cities since March 1997 and has now been extended to all of Portugal.
- Finland:** In order to ensure social equality and integration for ethnic minorities, a working group under the Ministry of Labour has introduced a system of monitoring racism and ethnic discrimination that is based on cooperation. – In view of future, serious changes to come in the age structure of the working population, the measures of the new National Programme for Older Workers in 1998 are aimed especially at encouraging employers to utilise to their advantage the collected knowledge of older persons. – Within the framework of the conditions for subsidised employment that were modified in early 1998, firms will in future receive allowances when they recruit unemployed jobseekers with a permanent work contract and improve their occupational skills within the firm.
- Sweden:** In the course of further decentralisation of active employment policy, pilot projects which have just recently been started by the government are intended to strengthen the influence of the local authorities in the realisation of active employment policy. – With the aim of maintaining an environmentally sustainable society, and with the help of a strategy submitted by a government labour market committee, environmental policy aspects of state labour market policy shall be included in business and regional policy. – The Swedish government has allocated 100 million SEK in order to offer 1998 summer holiday job opportunities, and thereby work experience, to young people in upper secondary school who have not been able to find holiday work themselves. – Jobseeking artists and potential employers shall be brought together with the help of the “Picture and Artist Data Bank”, which was introduced on the Internet in April 1998. In addition, employers can now make entries on examination papers for college and university students via the Internet “Job Bank”. – On the basis of telephone interviews with employers, the research establishment of the labour market administration analysed which recruitment channels employers use to fill vacancies and what proportion of these vacancies are filled through passive recruitment.

inforMISEP Policies appears four times a year in English, French and German. It can be ordered free of charge from:

I.A.S. – Institute for Applied Socio-Economics
Novalisstrasse 10
D-10115 Berlin
Phone +49-30-28 00 85-0
Fax +49-30-28 26 37 8
e-mail eurocontact@ias-berlin.de

We will send you *inforMISEP Policies* in the language of your choice.

Please see the back cover for information about other products of the European Employment Observatory.

EMPLOYMENT OBSERVATORY Policies



No. 62, Summer 1998

The "Policies" bulletin is compiled on the basis of information provided by national correspondents. It is published in English, French and German. The "Focus" part is conceived and edited by the secretariat of the European Employment Observatory. The opinions and analyses contained in this section do not necessarily reflect the opinions or views of the European Commission or the correspondents. Signed articles are the sole responsibility of the author(s).

CORRESPONDENTS

Belgium: Joseph Remy (Ministère de l'Emploi et du Travail)

Denmark: Karen Thrysoe (Arbejdsministeriet)

Germany: Jochen Jahn (Bundesministerium für Arbeit und Sozialordnung), Detlef Hein (Bundesanstalt für Arbeit)

Greece: Ekaterini Kritikou (Ministry of Labour)

Spain: Delmira Paz Seara Soto (Ministerio de Trabajo y Asuntos Sociales)

France: Marie-Christine Petitguyot (Ministère de l'Emploi et de la Solidarité), Claudine Elhaik (Agence Nationale pour l'Emploi)

Ireland: Frank Doheny (Department of Enterprise, Trade and Employment)

Italy: Mariarosaria Damiani (Ministero del Lavoro)

Luxembourg: Jean Hoffmann (Administration de l'Emploi)

Netherlands: Martin G. Blomsma (Ministerie van Sociale Zaken en Werkgelegenheid)

Austria: Silvia Angelo (Bundesministerium für Arbeit, Gesundheit und Soziales), Gudrun Nachtschatt (Arbeitsmarktservice)

Portugal: Victor Viegas (Ministério do Trabalho e da Solidariedade)

Finland: Ahti Avikainen (Ministry of Labour)

Sweden: Anna Odhner (Arbetsmarknadsdepartementet), Ragnar Gussing (Arbetsmarknadsstyrelsen)

United Kingdom: Liz Tillet (Department for Education and Employment), Peter Sydserff (Employment Service)

EUROPEAN COMMISSION

Armindo Silva (DG V/A/2)

Secretariat of the European Employment Observatory:

I. A. S. Institute for Applied Socio-Economics
Novalisstrasse 10, D-10115 Berlin

Tel. +49-30-28 00 85-0, Fax +49-30-2 82 63 78

E-mail: eurocontact@ias-berlin.de

Administrative director/publication manager:

Angelika Zierer-Kuhnle

Scientific programme manager: Frank Stille

Translation: Max Guggenheim (French);

Andrew Watt (English)

Layout: pinkun satz, Berlin

Printing: Druckerei Conrad, Berlin

MISEP

"Policies" and the Four Pillars of the Luxembourg Guidelines for 1998	4
Overall Developments	
Belgium	
First Report of the High Council for Employment	5
Spain	
1998 National Action Plan for Employment Passed	7
Italy	
The Bassanini Reform: On Redefining the Institutional Framework for Labour Matters	8
Italy	
New Government Programme for Employment	9
Portugal	
Reform of the Social Insurance System	9
Finland	
Proposed Improvements in the Monitoring of Racism and Ethnic Discrimination	11
Sweden	
Labour Market Policy in Sweden – New Pilot Projects	12
Placement and Vocational Guidance	
Germany	
Employer Information Service – a New Employment Office Service	13
France	
New Tools and Services	13
Netherlands	
Joint Venture in Reintegration Activities	15
Netherlands	
The Public Employment Service in the Market	16
Sweden	
Job-Seeking Artists and Examination Papers via Internet	17
Sweden	
Employers' Recruiting Methods	17
Job Creation	
Belgium	
Flanders Region: Reduction in Real Estate Tax as an Employment Promotion Measure	19
Belgium	
Framework Law for the Promotion of "Independent Enterprises"	19
Netherlands	
Extended Opportunities for Beneficiaries to Enter Self-Employment	20
Netherlands	
Agreements on Work-Experience Placements	21
Sweden	
SEK 100 Million for Work in the School Holidays	21
Training	
Belgium	
Reform of Industrial Apprenticeship	22
Spain	
New Regulations on Training Contracts	22
Spain	
Second National Vocational Training Programme	23
Finland	
Employment Subsidy for On-the-Job Training	24
Special Categories of Workers	
Germany	
Extension of the Federal Employment Assistance Scheme for Long-Term Unemployed	25
Greece	
Subsidy Programmes for Young People, Long-Term Unemployed and Disabled	25
Greece	
Pilot Programme for Occupational Integration	25
Italy	
An Organisational Law for Non-EU Immigrants	25
Italy	
European Initiative for Unemployed Youth	27
Finland	
National Programme for Older Workers	27
Working Time	
Germany	
Regulations on Flexible Working Time to Enjoy Better Protection under Social Law	29
Italy	
Job-Sharing in Italy	29
Miscellaneous	
Belgium	
Wallonia: Employment Observatory Established	30
Italy	
Teleworking: Opportunity or Risk?	30
Italy	
Agency Work in Italy: First Significant Developments	31
Netherlands	
Members of Labour Pools Satisfied with the Content of their Jobs	31
Portugal	
Advisory Centres for Firms	32
Sweden	
Labour Market Policy Programmes to be Eco-tested	32
FOCUS	
Evaluating Active Labour Market Measures for the Long-Term Unemployed	34

“Policies” and the Four Pillars of the Luxembourg Guidelines for 1998

The four “pillars” of the guidelines for 1998

1. Improving employability
2. Developing entrepreneurship
3. Encouraging adaptability in businesses and their employees
4. Strengthening equal opportunities policy

The Presidency Conclusions of the Extraordinary European Council Meeting on Employment held in Luxembourg on 20 and 21 November 1997 contain the employment policy “guidelines” for 1998. They encompass 19 separate policy areas and are grouped in four main lines of action (“pillars”). In this introduction, the national measures presented in this issue of “Policies” are situated within the context of these four “pillars”.

The classification of the various reports to the “pillars” differs markedly from case to case. A number of the reports from the Member States provide background information on a broad spectrum of themes (background reports). Other national reports deal with topics that are not explicitly mentioned in this form in the four “pillars”. This is the case, for example, with reports dealing with the public employment service (non-pillar-specific reports). Another type of contribution summarises important reports and documents dealing with employment policy and refers not just to one, but to several or all of the pillars (pillar-overarching reports). And finally, we have contributions that exhibit a direct reference to one of the “pillars” (pillar reports).

Background reports

From Belgium, we have a report on the setting up of an employment observatory in Wallonia, and an Italian report describes the new organisational law on immigration from non-EU countries. A contribution from Finland describes the proposals made by a working group established by the labour ministry to counter racism and

ethnic discrimination. From Portugal, we have an overview of the requirements made of the White Paper to be drawn up on the reform of the social insurance system.

Non-pillar-specific reports

Two Italian reports summarise the opportunities offered and the risks posed by telework and significant new developments in agency work. One of the Swedish contributions describes the recruiting methods used by employers. As far as the public employment service and job placement is concerned, a German initiative is presented in which employers can select suitable applicants via the Internet; this is complementary to the already existing vacancy-information service available on the Internet. One of the Dutch contributions deals with efforts to raise the efficiency of the public employment service regarding reintegration measures in the Start and Vedor programmes. A second report gives information on the quality of job pools, while a third deals with ongoing developments within the public employment service in the direction of greater orientation towards the market in order to meet new challenges. Finally, one of the Italian reports deals with the Bassanini reforms, which involve a fundamental restructuring of central and local government tasks, and which aim to simplify administrative procedures.

Pillar-overarching reports

The High Council in Belgium has presented its first annual report on employment and labour market trends, as required by law. The report is structured on the basis of the four “pillars” of the guidelines and provides an overview of many of the policy areas included in the four pillars with respect to the Belgian situation. An outline is given of Spain’s National Action Plan, an outcome of one of the decisions taken in Luxembourg. One of the Swedish reports describes recent developments in Swedish labour market policy, which have focused on a process of decentralisation and

greater emphasis on pilot projects. A case study of the experiments under way in Skåne, a local authority area in southern Sweden, is presented by way of example.

Pillar reports

As in the last issue, most of the measures reported on that can be classified directly under one of the pillars relate to the first pillar. Attempts to improve employability focus on intensifying efforts in the areas of education and training. From Belgium, we have a report on the reform of industrial apprenticeships, from Spain, on the changes introduced to training contracts and the National Vocational Training Programme, and from Finland, on the link between subsidised employment and the obligation of firms to improve the vocational skills of those recruited.

The goal of improving employability is also being pursued by means of other measures, however. In Greece, for example, active measures have been taken to ensure occupational integration in companies facing closure and to directly counter youth and long-term unemployment and unemployment among the disabled. In Germany, too, funding has been increased once more for wage subsidies for the reintegration of the long-term unemployed. In France, the public employment service (ANPE) has committed itself, within the framework of the second Progress Contract with the government, to improve occupational reintegration, primarily by redesigning and expanding support services. Experimental initiatives in selected regions to reduce youth unemployment are described in one of the Italian reports. In the Netherlands, within the framework of the Jobseekers Employment Act (WIW), local authorities grant wage subsidies to employers offering employment to the long-term unemployed and thus improving their chances of gaining work experience.

Sweden, finally, has adopted a strategy enabling young people to get a taste of the world of work by means of holiday jobs; the aim is to enable

“Policies” and the Four Pillars of the Luxembourg Guidelines for 1998

them to establish contacts that will make it easier for them to find a job subsequently. In addition, since 1 April 1998, artists have had a better chance of finding work thanks to the creation of a picture and artist website on the Internet. A similar Internet service exists for students. A national programme has been implemented in Finland with the aim of increasing participation rates among the elderly by encouraging them to remain in working life.

A number of other measures come under the second “pillar”, developing entrepreneurship. In Belgium, manu-

facturing, construction and haulage companies located in Flanders can reduce their real estate tax dues if they invest in such a way as to increase or maintain employment. Belgium also offers a whole series of measures in support of small and medium-sized enterprises, with particular help provided for new business start-ups. In Portugal, advisory centres are to be set up throughout the country in order to help companies with problems encountered during start-up, restructuring and liquidation; this has been done with explicit reference to the second “pillar”, especially the policy area

“making it easier to start up and run businesses”.

The policy area “modernising work organisation”, as an element of the third “pillar”, is the background for two of the measures reported on. In Germany, a law on social protection for flexible working-time regimes came into force on 1 January 1998, the aim being in particular to establish the necessary statutory framework for agreement on working-hour accounts. In Italy, finally, the labour ministry is attempting to overcome the regulatory deficiencies that exist in the area of job sharing.

Overall Developments

Belgium

First Report of the High Council for Employment

The High Council for Employment (*Conseil Supérieur pour l'emploi*) was established by article 14 of the law of 22 December 1995 on measures implementing the multi-annual plan for employment (cf. iMi 52). The competences of the High Council are technical and consultative in nature. Its mission consists primarily of following up employment promotion measures and the specific employment policy pursued and of examining proposals for job-creation measures. The High Council is composed of eight federal and six regional experts and expresses its opinions independently.

Article 41 of the above-mentioned law of 22 December 1995 stipulates that the High Council is to draw up an annual report on employment and employment trends.

In its first report, presented at the end of January 1998, the Council de-

cidated to present as broad an overview as possible of the labour market. The aim was to touch on all aspects of employment, whereby in its first report it proved impossible to go into detail on all matters.

Its introduction in the report underlined that its contents were merely advisory in nature: “It is evident that the government and the social partners bear responsibility for setting out the path to be followed in leading to an effective response to the challenge of employment”. In this respect it is necessary “to implement durable solutions that are socially responsible and conform to market conditions, forming a part of a coherent policy framework”. The European Union, the report continues, is increasingly performing the function of catalyst in arriving at a coordinated approach to employment policy. The statement by the High Council fits into this framework, and is presented along the guidelines set out at the extraordinary meeting of the European Council in Luxembourg.

Report by the High Council for Employment

1. Improving employability

School education

A large proportion of the Belgian labour force is highly skilled. More than 26% of the population aged between 25 and 53 hold a higher education diploma, compared with a European average of 20%. On the other hand, the proportion of the labour force lacking an upper secondary education certificate is also above average: 40% compared with 26%. The aim must therefore be to improve this second parameter, foremost by improving technical secondary education. Education structures also need to be rethought, for example, by introducing modules. The High Council also called for dual training and industrial apprenticeships to be developed. It urged employers not to recruit overqualified workers to fill their vacancies.

Further training and occupational integration

Firms spend 1.2% of payroll on training their workers. Around 40,000

Overall Developments

people participate in the system of paid training leave (BIR B, II, 1.6). These figures are far lower than in neighbouring countries. The High Council calls on all those concerned to bring about an improvement in this situation, with special attention being given to the low-skilled. It is frequently the case, for example, that continuing training is reserved for those employees who already have high qualifications.

The report notes that the risk of getting caught in the “unemployment trap” is higher in Belgium than elsewhere. Particularly affected are heads of households, single persons, the elderly unemployed and, more generally, those accepting part-time work. At the request of the federal government, the High Council is to analyse this problem in greater detail.

Target groups

A range of federal and regional measures exist to promote the occupational integration of various target groups. In a general way, the Council calls on the authorities to avoid overlapping and to ensure that measures implemented by different public bodies – and in some cases, on the same administrative level – do not neutralise each other. It calls for a general strategy to promote occupational integration in both the public and the private sectors. The reinsertion of people from target groups often occurs by way of work experience. It is necessary, the report concludes, that employers play an active role in this overall approach and that they are encouraged to do so by the provision of suitable financial incentives.

2. Developing entrepreneurship

Employment and labour cost trends

In 1997, the Belgian employment rate was 56.3%, that is almost four percentage points lower than the average for its neighbouring countries. Between 1987 and 1997, the total number of people in employment increased by 3.4% in Belgium, compared with a rise of 4.4% in the three neighbouring countries. This lack of employment growth is due entirely to public sector employment, which declined by 4.5% in Belgium, whereas,

largely influenced by developments in France, it rose by an average of 3.5% in the three neighbouring countries. Employment in companies rose by 5.2% in the ten-year period, compared with an average of 4.6% for Belgium's neighbours.

The High Council sees a link between this relatively favourable trend and labour cost developments, which “have scarcely changed in Belgium in recent years”, so that “for the business sector as a whole, the costs of labour in Belgium are no higher than the average for the neighbouring countries”.

Within the private sector, it emerges that the volume of work in industry has held up rather well compared with Belgium's neighbours (–2.4% compared with –8.2%). The expansion of market services, on the other hand, has been markedly slower (+8.5% compared with +12.6%). It seems that the explanation is that “labour costs in the service sector have risen at the same pace as in industry, whereas productivity growth there has been substantially weaker than in industry”.

The High Council is to analyse, within the framework of the evolution of sectoral collective agreements, whether the growth of labour costs across sectors and enterprises is sufficiently flexible to ensure that the differences in productivity of labour of different qualification levels is appropriately translated into the remuneration of labour services and whether wage trends take sufficient account of productivity trends, particularly in marketed services.

The tax burden and reducing employer contributions

The tax burden in Belgium, at 54.8%, is about 7.7 percentage points higher than in the neighbouring countries. This difference reflects the higher level in Belgium of the fiscal and parafiscal burden on labour as a factor of production. This implies that the overall fiscal burden must be reduced with a view to raising the employment level. This can be achieved by means of reducing employer social insurance contributions, whereby it must be ensured that firms use the reduction for employment purposes rather than for

increasing wages. Employer contributions represent 22.1% of total labour costs in Belgium, compared with an average of 18.7% in the three neighbouring countries.

Reducing the fiscal burden is, however, subject to a number of restrictions. First and foremost, it is not possible to separate the problem of the fiscal burden from the size of the national debt and the burden of servicing it. Moreover, in line with the Stability and Growth Pact, the government deficit must first be brought down to a level that is sufficiently low in order to ensure that cyclical shocks can be absorbed without problems. Finally, the reduction of the fiscal burden must not be allowed to threaten the financial solidity of the social security system. In view of all this, it is recommended that the measures taken to reduce the cost burden on labour as a factor of production should be neutral in their effect on the budget.

In addition, it is vital that an alternative mode of financing be developed for the social security system. The High Council argues for a “fixed charge per job, which varies according to the priorities of employment policy”. It insists on the necessity of offering a “clear multi-annual perspective”, i.e. the need to offer employers guarantees on which they can rely.

The High Council will also examine the possibilities of revising tax rates and parafiscal charges for low-wage labour in order to widen the difference to unemployment benefit levels.

Responding to new needs

In recent decades, society has experienced major changes, which have created new needs and enabled new employment opportunities to be developed. According to the report, the initiatives in this area have encountered two types of difficulty: structuring supply and the solvency of demand. The High Council plans to continue its work by examining a number of different approaches (participation of users, intervention by the authorities, subsidising supply, etc.). Such jobs in the service sector must be genuine jobs, because they require qualifications. The “collective benefits of

these services in terms of social cohesion and avoiding exclusion" need to be recognised. Attention also needs to be paid to measures to ensure that "the developments in this sector do not reinforce gender segregation on the labour market".

Administrative simplification

While the report notes that administration and control are necessary, "it must be avoided that the obligations imposed restrict the growth opportunities of firms, particularly SMEs and new companies".

3. *Encouraging adaptability*

Redistributing work and working-time reduction

The range of measures permitting workers to reduce their working hours or to take a career break is relatively broad in Belgium; most measures are non-obligatory and are based on incentives.

The reduction in overall or weekly working time has been "a constant process since the start of this century". This process will continue in future, provided that work organisation is altered, such as disassociating individual working hours and firms' operating hours. Nevertheless, the experts on the High Council take the view that this collective reduction has had little impact on employment: generally, it has been offset by productivity growth. Moreover, the coming reduction in the size of the population of working age leads to forecasts of skill problems and a lack of qualified labour. Specifically, the High Council believes that it is only possible to reduce working time, while creating jobs and not retarding growth, under two conditions: a flexible measure that adapts to the specific realities of enterprises and sectors, and the absence of any increase, direct or indirect, in the unit labour costs. Under the prevailing circumstances, the report concludes, it does not appear possible to impose a substantial, obligatory and linear reduction in working time.

On the other hand, the High Council is very favourably disposed towards individual working-time reduction schemes. It argues that access to career breaks must be facilitated, part-

time retirement promoted, and incentives must be offered for part-time work.

Stimulating adaptability in businesses

The High Council argues for a more flexible regulation of working time. One third of the Belgian labour force works in atypical working schedules, a figure that is slightly higher than that recorded in neighbouring countries. Even so, "legislation is characterised by complex procedures and numerous exceptions". It should be reviewed and simplified.

4. *Strengthening the policies for equal opportunities*

Between 1970 and 1997, female participation rates rose from 40% to 57%. Although the gap between male and female participation rates has been substantially reduced, the figure for women remains 14 percentage points below that for men. "The authorities should pursue an equal opportunity policy that serves to eliminate the differences between men and women with regard to both employment and unemployment rates and that causes the systematically inadequate or excessive representation of women in certain professions and sectors to disappear". In addition, the authorities should be able to support initiatives permitting working life and family life to be more easily reconciled. Finally, particular attention should be paid to those who, following a break in their occupational biography, seek to re-enter the labour market.

presented by the Minister of Labour and Social Affairs in Brussels.

The Spanish government has declared the drawing up of the plan and strict adherence to the agreements reached at the Extraordinary Summit Meeting on Employment held in Luxembourg to be among the most important axes of its employment policy for 1998. In this, it is counting on full support from all ministerial departments, Autonomous Regions, the social partners, and other organisations and bodies that have made an effective contribution to drawing up this plan.

Employment stability and job creation

The National Action Plan is to be implemented within a framework characterised by lasting economic stability and economic growth that have been achieved after making great efforts to overcome earlier macroeconomic disequilibria. To this end, the economic policy of the government had to take account of two central axes: fiscal consolidation and the liberalisation of markets for goods, services and other production factors.

Although economic growth is a necessary condition for job creation, it is vital to ensure that this growth is transformed into the creation of as many jobs as possible. With this in mind, in 1996 and 1997 an intensive social dialogue was initiated in Spain, and the agreements reached within the framework of this dialogue have helped to ensure that current economic growth has been characterised by an intensive creation of stable employment and "good jobs" (cf. iMi 59, p. 6).

The current situation

In recent years, the rate of job creation has increased in Spain: in 1997, there was a growth of almost 3%. Although this represents the highest rate in the EU, the Spanish labour market is still characterised by the following features:

- the unemployment rate among the under-25s amounts to 39%;
- the unemployment rate among women is 28.4% (compared with 16.2% among men);

Spain

1998 National Action Plan for Employment Passed

On 2 April 1998, the Council of Ministers adopted the National Action Plan for Employment. On 15 April it was

Overall Developments

- the long-term unemployed account for 54.7% of total unemployment (44.2% for young people and 59.8% for women);
 - the employment rate of the population aged 16 to 64 is 49% (among women: 34.3%);
 - the participation rate is 61.9% (among women: 48.0%);
 - part-time employment accounts for 33.2% of the total;
 - seasonal work is increasingly affecting central areas of the Spanish economy;
 - there are substantial differences between the labour market situations in the different Autonomous Regions.
- increasing employment stability and reducing the incidence of fixed-term employment;
 - decisive support for stable forms of part-time employment contracts;
 - selective reduction in indirect labour costs for specific categories of workers;
 - reorganisation of working time within collective bargaining and of the contents of the collective agreements on the annual calculation of working time and the reduction of overtime in order to promote employment;
 - promoting the effective integration of women into the labour market, for their participation rates remain below the EU average. In this context, the barriers to the realisation of genuine equality of opportunity are to be removed;
 - consolidating an active policy for the disabled with the aim of preventing the occupational and social exclusion of this target group;
 - improving the public employment service and its mediation capacities on the labour market through decentralising and personalising its administration, in order to improve contact to employers and employees.

Guidelines of the plan and general aims

In order to ensure that the plan makes the desired progress, the policy of macroeconomic stability and structural reforms, in conjunction with the implementation of appropriate employment policies within the framework of the social dialogue, must be continued. Among the fundamental guidelines underpinning the plan, the following deserve special mention:

- continuing and intensifying the social dialogue, especially with regard to the fulfilment of the collective agreements of 1997 and the institutionalised dialogue with the Autonomous Regions;
- decisive intensification of the active employment policies, with particular attention to the creation of new jobs and the dissemination of an entrepreneurial culture, particularly at local level;
- providing impulses for an entrepreneurial culture, particularly in small and medium-sized enterprises. The support provided for “first-time recruitments” by small firms, professionals and the self-employed contributes to raising the rate of job creation;
- developing the new National Vocational Training Programme agreed on by the General Council of Vocational Training with the Autonomous Regions and the social partners (see the article on p. 23 of this edition of “Policies”);

work for a more effective structuring of working hours in Spanish society.

For the realisation of all of these guidelines and objectives, the role played by the Structural Funds, and in particular the European Social Fund, is of central importance.

Implementing the plan

In attempting to reach these goals, Spain starts from a less favourable position than the other EU Member States, although, in general terms, macroeconomic stability has been achieved, which – together with the process of social dialogue – will promote genuine convergence with the other members of the EU.

The development of the plan should be the result of a cooperation between the government, ministerial departments, the Autonomous Regions and local bodies, alongside social dialogue with the social partners.

Around ESP 955 billion have been earmarked to develop and implement the measures and policies set out in the plan.

The guidelines of the National Action Plan for Employment can be translated into three basic objectives.

- Initiatives for one million (992,000) unemployed persons: employment and employability initiatives (training or orientation), corresponding to the needs of Spanish society and to the agreements reached at the extraordinary meeting of the European Council on employment at Luxembourg.
- Starting up a “Plan for the support of first-time employment”, so that the self-employed and professionals receive sufficient incentives to recruit their first employee (in Spain, there are around 2.5 million self-employed, of which 1.9 million have no employees).
- Initiating an adequate regulation of stable part-time employment on a voluntary basis, in order to create opportunities to better reconcile personal or family life and working life and to offer a suitable frame-

Italy

The Bassanini Reform: On Redefining the Institutional Framework for Labour Matters

The implementation of two laws introduced by the Minister for Public Affairs, Bassanini (Laws no. 59/1997 and 127/1997), will lead to an in-depth reform of the institutional framework of the Ministry of Labour in the coming months. The reform will consist of an institutional decentralisation of the tasks and functions of the Ministry of Labour. The essential aim of the first law is to transfer tasks and functions to the regions and local authorities with a view to reforming and leaning down the public administration. The second law concerns the sim-

plification of administrative operations and of decision-making and review processes. The state (Ministry of Labour) will fulfil the role of general manager, sponsor and coordinator, while the regions and local authorities will assume responsibility for tasks and functions in the areas of placement and active labour market policy. In accordance with Decree-law no. 469 of 23 December 1997, the state will retain responsibility for the following individual areas:

- control of non-EU immigrant workers and monitoring of authorisation procedures for work abroad;
- mediation in labour disputes (for individuals and groups);
- resolution of disputes arising out of collective agreements that have national significance;
- coordinated and integrated management of the Labour Information System;
- links to international bodies and coordination of EU relations.

Under the terms of the decree-law, the regions will take on a range of responsibilities in the area of placement. These include:

- standard placement, compulsory placement, placement in agriculture and the acting professions, and placement of non-EU workers, homeworkers and domestic help;
- preselection of workers and matching of labour supply and demand;
- measures to advance the match between labour supply and demand, especially with respect to employment of women.

The regions will carry out the following functions in the area of active labour market policy:

- development of projects to employ drug addicts and ex-convicts;
- initiatives to re-employ workers who have been laid off and to reintegrate disadvantaged groups;
- development, planning and monitoring of periods of work experience for training and orientation and of employment grants;
- development, planning and monitoring of socially useful work;
- administration and technical monitoring of the “mobility lists”.

The Ministry of Labour will deal with the problem of (temporary and structurally determined) excess staff levels “in expectation of a systematic revision of the instruments to cushion the social effects of measures” (Art. 3). The regions, however, will not be entirely excluded from the process, because they will be responsible, in cooperation with the ministry, for reviewing both claims for extraordinary wage compensation and notifications of lay-offs.

Decree-law no. 469 additionally defines the status and functional area of employment agencies authorised by the ministry to match labour supply and demand. Among other commitments, such employment agencies agree to give the public service access through networking to their data on labour supply and demand. These data are collected, archived and distributed in consideration of the terms of the recent legislation on protection of the individual and of personal data (Law no. 675/1996). In order to protect the users of the placement service and the reputation of the company carrying out this activity, the law stipulates that an employment agency must provide details of its legitimacy in all correspondence and notices to third parties, including advertisements and press communications. It should also be noted that a company will only be granted a licence if it concerns itself exclusively with placement activities. The licence, which must be issued within 150 days of submission of the application, is valid for three years and can be renewed for the same duration. At present (March 1998), 20 companies have been issued with a licence to hire out labour. Some of these are known internationally (e.g. Manpower, Kelly Services). The granting of a licence depends, among other things, on the professional competence of the company, which rests in turn on the management, orientation and training of its personnel.

The framework of intervention for the Employment Information System (SIL) has also been defined. Its impact is not only important at the level of information, but also as regards political/administrative functions and links to other organisations that are active in the area of labour statistics. In light

of the latter, especially, employment agencies and companies licensed to match labour supply and demand are authorised to use databases and avail of the network services of the SIL by concluding an ad hoc agreement with the Ministry of Labour. These agreements may also be concluded by the regions and local authorities.

Italy

New Government Programme for Employment

The new “Paper on Economic and Financial Planning” (*Documento di programmazione economica e finanziaria – Dpef*) presented by the Prodi government aims in particular this year to reduce unemployment – especially in the Mezzogiorno. The main aims of the paper are 1) to further develop various existing instruments to combat unemployment and 2) to develop new instruments. In addition, the experts of the Ministry of Labour have developed an action plan for employment (*Piano di azione per l'occupazione*) in “concerted action” with the social partners, laying down the aims and strategies to which the government has committed itself for the coming years. Under the plan, the use of instruments such as apprenticeships, work experience, job integration schemes and agency work is to be reinforced.

Portugal

Reform of the Social Insurance System

On the basis of Ministerial Decree no. 22/96 of 9 March 1996, a White Paper Committee on Social Security was set up in response to the adjustment of the

Overall Developments

Measures to guarantee the economic sustainability of the system	<p>adhering to the Basic Law as regards the financial responsibility of the state</p> <p>more flexible regime for retirement ages</p> <p>improving the procedures for failure to pay contributions</p> <p>revision of the rules for the self-employed</p>	<p>reintroduction of a contribution ceiling</p> <p>creation of a second compulsory pension scheme</p> <p>setting a limit on benefit levels</p> <p>reducing the substitution tax</p>
Measures to raise the efficiency of the system	<p>dividing up the current unified social contribution (<i>Taxa Social Única</i>) into separate contributions for the various sectors of the social insurance system</p> <p>rationalisation and simplification of the current contribution and benefit regulations</p> <p>optimising the IT-system</p> <p>increased and more precisely defined participation by the social partners and civil society as a whole</p> <p>taxation of sick pay and unemployment benefit on the basis of the income tax rates (<i>Imposto Sobre Rendimento Singular – IRS</i>)</p>	
Measures to render the system more equitable	<p>setting the minimum pension level on the basis of the duration of contributions</p> <p>applying selective criteria and means testing for all social security benefits</p> <p>restructuring social benefits on the basis of the principles applying to minimum social benefit (<i>Rendimento Mínimo Garantido</i>)</p> <p>preventing abuse of the rules for the self-employed</p>	<p>progressive increase in the reference period used to calculate pension entitlements to the entire working life</p> <p>recommendations for an evaluation of the fiscal deductions applicable to pension entitlements</p>

social insurance system which is necessitated by the new economic and social challenges facing the country at the end of the 20th century and by the problems of financing such systems.

The time period initially allotted to the commission for it to accomplish its tasks was 18 months. The commission decided, however, to produce a Green Paper containing a preliminary version of the planned White Paper, which was to be put up for public debate in the course of Summer 1996. Given that it seemed sensible to extend the public debate and, moreover, the debate had revealed the need to deal in greater detail with a number of points, the commission informed the government of its willingness to continue with its activities. As a result its mandate was extended to the end of 1997 by virtue of Ministerial Decree 134/97 of 12 August 1997.

The committee was composed of 17 members, including university professors and experts in the field of social security.

For various reasons, any reform of the Portuguese social security system

must take account of a number of specificities. These include:

- long periods during which a marked increase in the number of pensioners was to be observed, despite a practically non-existent guarantee period for pension entitlements; pensions fell to a low level, without, however, reaching the fixed minimum contributions;
- the excessive number of different contribution rates;
- the fact that the state itself has damaged the system by failing to adhere to the laws on the financing of social insurance for those not paying compulsory contributions and those of equal status and the law on social measures;
- the way in which the social partners participate in administering the system, which has proved inappropriate.

Very different views of the relative importance of these various aspects were taken by the commission members, making it difficult to achieve a consensus on the reform measures needed.

Table 1 summarises some of the most important proposals made in the White Paper.

Given the fact that – as expected – it was not possible to reach agreement on the measures to be adopted, an alternative reform proposal was put forward, the aim of which was to optimise the system and to enable those affected to participate more fully.

On the basis of the White Paper, the government put reform proposals to parliament within the framework of the government budget for 1998. Of particular importance in this context is the social security reform proposal, which involves both setting up a working group in which all the parliamentary parties are to be represented and establishing the necessary regulatory machinery.

Finland

Proposed Improvements in the Monitoring of Racism and Ethnic Discrimination

A working group set up by the Migration Division of the Ministry of Labour has prepared a proposal for a system of monitoring racism and ethnic discrimination. In February 1998, the working group suggested that the post of the Ombudsman for Aliens be transformed into a post as ombudsman for discrimination or minority affairs. It also proposed that comprehensive attitude studies, a reform of the compiling of statistics, and more efficient monitoring of racism and discrimination at employment offices and occupational safety inspectorates be implemented.

The working group proposed that the responsibility for the monitoring be shared by a cooperation network consisting of the responsible ministries, local governments and civic organisations.

The main proposals of the working group

The duties of the Ombudsman for Aliens should be extended to cover the supervision of the implementation of the principle of non-discrimination as regards all ethnic minorities. The powers of the Ombudsman should be increased, as should his or her rights of access to information.

The Ministry of Labour should monitor the status of migrants and persons belonging to ethnic minorities in the employment service and collect information on how common discrimination is and how it manifests itself.

The occupational safety inspectorates should consolidate their inspection activities and pay special attention to the situation and rights of migrants and other minorities.

Systematic collection and analysis of information constitute an important part of the monitoring. Thus, there is a need for an assessment of meas-

ures, combined with legal and other counselling given to the victims of racism and discrimination. This task should at first be entrusted to a civic organisation. By current estimation, this requires the creation and financing of an appropriate position valid for one year.

Local governments should consider the need to take measures against racism when making migration policy programmes. These measures should also involve a monitoring of racism and discrimination within the municipality concerned.

The recommendations made by the working group also include several suggestions for conducting attitude studies addressed to the entire population as well as to different localities and groups. The working group also suggests that research related to ethnic social relations and particularly to racism and ethnic discrimination and to the monitoring of these phenomena should be permanently integrated into the research programme of the Academy of Finland.

Statistical coverage of the economic and social situation of migrants should be expanded.

The activities of the working group were based on the comprehensive government Programme on Migration and Refugee Policy of 16 October 1997, which emphasises, among other things, the importance of action by the authorities against racism and ethnic discrimination.

Government Programme on Migration and Refugee Policy

The aim of the programme is to promote the integration into Finnish society of migrants intending to reside permanently in the country. The objective is a society where ethnic equality and the right of migrants to maintain and develop their own religion and culture are a reality. The two starting points for official integration policy are migrants' own responsibilities and their equality in society. On this basis, the programme drew up an integration policy for migrants on the national, local and individual level. Opportunities for migrants to participate and exert influence in various areas, in particular in the planning and

implementing of services that are aimed at migrants, will be increased.

Equality can be attained if migrants are given a chance to study the language of the country, to get information and instruction on how the society functions, and to supplement their educational qualification and vocational skills. The government intends to expand services that promote the integration of migrants.

A proposal for a law on the reception of asylum seekers and on integration of migrants will be placed before parliament in Spring 1998. It will include subproposals for integration plans, integration support/benefits and the duties of public authorities concerning reception and integration.

The government aims to give all adult migrants in need of language training and so forth a chance to participate both in education specifically for migrants, offering them orientation into Finnish society and working life, and in basic and complementary vocational training. Adult migrant education is to be financed and arranged in the same way as adult labour market education. A 40-week curriculum has been arranged for all refugees accepted by Finland and some other newcomers.

The government Programme on Migration and Refugee Policy will be implemented gradually and financed mainly out of the central government budget.

As regards the reception of refugees, certain municipalities have committed themselves to the reception of refugees and to providing specific services that take into account the refugees' needs. These municipalities have made the necessary preparations (e.g. planning and in-service training), reserved adequate rented housing for the refugees, and arranged guidance and support services, interpretation, introductory classes at comprehensive schools for children, and social and health services. The refugees are entitled to one year of full-time migrant training, which includes language and social studies, as well as to vocational guidance and work training provided by the public employment service. After this migrant training, refugees have the opportunity to enter voca-

Overall Developments

tional training that suits their personal abilities. Special measures to promote the refugees' own culture and native language are also available, especially for children and adolescents.

On 6 February 1997, the Council of State approved a decision on government measures to promote tolerance and prevent racism. This decision in principle obliges the entire ministerial administration to act against racism and to promote tolerance.

Sweden

Labour Market Policy in Sweden – New Pilot Projects

In Sweden, labour market policy is mainly implemented by a single authority, the National Labour Market Administration. This authority consists of a central body, the National Labour Market Board, 21 regional county labour boards and 360 local employment offices located all over Sweden in each municipality.

This does not mean, however, that labour market policy is highly centralised and controlled by using detailed regulations. On the contrary, the administration of labour market policy in Sweden has in recent years become increasingly decentralised, using management by objectives, a process that is still under way. Government and parliament set the overriding goals and policy priorities for the National Labour Market Administration. These goals are transformed and broken down to operational or performance targets at regional and local levels within the administration. The results or performances of the employment service are followed up through statistical analysis of different criteria, through frequent reports from the authority and through a continuous dialogue between the labour ministry and the different levels in the administration.

The purpose is to increase local influence and to shape a policy as close as possible to the individual, in order to meet the individual's needs and requirements and to adapt measures to the conditions on the local labour market. In order to further develop a more decentralised labour market policy, the government has recently introduced different kinds of pilot projects with the aim of increasing local influence on the implementation of labour market policy.

In 1997, the municipalities were, given the opportunity to take part in a pilot project to increase local cooperation between the municipalities and the public employment service (PES). The government signed an agreement with 28 municipalities. The agreement implies that the public employment service and the municipalities, in cooperation, were able to use public funds for labour market policies in a rather innovative way. The implication of this is to find new methods and a mix of schemes that have not yet been explored because of previous regulations. The project should run during 1997 and for some municipalities during 1998.

Those municipalities who participated in the project had to achieve the overall objectives for labour market policy set by parliament and the government. Some municipalities also stipulated their own objectives, such as reducing the unemployment rate for target groups.

According to a study carried out by the Swedish National Audit Office, in most of the municipalities, the different projects were concentrated on individuals who had great difficulties on the labour market, such as youths and long-term unemployed. In some cases, however, the projects were directed to individuals with better labour market chances.

The average costs of participating in a measure within the pilot scheme were, in general, lower than for traditional labour market measures. Measures within the pilot scheme also had a larger segment of work, and a mix between work and education was more common than in traditional labour market measures.

The chances of obtaining a job after having completed a measure within the pilot project were higher than for the rest of the country. The Swedish National Audit Office, the organisation that evaluated the project, concluded that the good result achieved by the municipalities shows how important it is to tailor measures to individuals' needs and local conditions.

The government has recently decided that Skåne, a county in the south of Sweden, is to host a pilot scheme during 1998 and 1999. The experiment is an attempt to increase local influence within labour market policy. The project will give the county labour market board the opportunity to use public funds to develop the mix of existing schemes and to pathfind new labour market schemes that will increase the employability of participants.

Skåne contains both urban areas with a high unemployment rate and regions with low unemployment rates. However, for the county as a whole, the unemployment rate is higher than the average for Sweden. Furthermore, Skåne is the location for one of six territorial employment pacts.

The experimental work implies that Skåne does not have to achieve the requirement of a certain volume of labour market measures during 1998 and 1999. There do exist, however, political ambitions to complete the measures taken up in the fight against unemployment through an objective for employment in Skåne.

At the end of this experimental period, the employment rate in Skåne should have reached the average for Sweden. The government will terminate the experiment if the evaluations show, that the results are not positive.

The experimental period will be evaluated continuously by the Swedish agency for administrative development and the institute for labour market policy evaluation. During the experimental period, a working group within the Ministry of Labour will continuously follow up and analyse the experimental work.

Placement and Vocational Guidance

Germany

Employer Information Service – a New Employment Office Service

Since March 1998, employers have been able to use the Internet to select job applicants registered at an employment office. This “Employer Information Service” (AIS) supplements the Situation Vacant Service (SIS), which has been publishing vacancies registered with an employment office on the Internet since the beginning of this year.

The AIS system offers extremely innovative perspectives to employers, because the new “information highway” provides round-the-clock access from one’s desk to the entire manpower potential registered with the employment service. The prerequisite is that the jobseekers agree to the publication of their data. The Federal Employment Service (BA) is thus able to speed up the placement process and further improve its quality through targeted services. The BA achieved almost 3.4 million placements in 1997, though this figure does not include the employment relationships created with the help of the SIS. A further increase is expected from the introduction of the AIS system.

The capacity of the placement officers, which has been freed up as a result of these services, is now to be used for more targeted placement proposals and aggressive acquisition of vacancies using the entire range of instruments provided for in the Labour Promotion Reform Act.

France

New Tools and Services

The French public employment service, the ANPE, has committed itself in its second Progress Contract with the government “to improve the ways it helps people to look for and find work”, in particular by restructuring and developing “its individual or collective occupational reintegration services”.

Although in 1997 just 6% of jobseekers took advantage of ANPE services, there are high expectations for the agency. For this reason, it was vital in 1998 to embark on a restructuring of services, so as to permit an enrichment of the range of services offered.

The aim of these new measures is to respond to the needs of as many jobseekers as possible by:

- developing instruments and services that are adapted to the expectations and needs of jobseekers;
- furthering internal implementation and suggestions;
- promoting the self-evaluation and self-determination of jobseekers;
- ensuring a rapid response by means of tools placed at the disposal of jobseekers and of “workshops” that are open almost permanently.

It is upon this basis and in accordance with the principles applying to the supply of services that a new range of national tools and services has been constructed. It is composed of three series of elements.

1. Tools placed at the disposal of jobseekers

A substantial proportion of ANPE services is provided in the free-access zone. The organisation, guidance and instrumentation of this zone are decisive for the results that are measured in units.

The most self-sufficient jobseekers must be allowed to find the answers they seek directly in the free-access

zone, or at least be able to go part of the way under their own steam.

The questions frequently posed by jobseekers include: How do I write a good CV? How do I choose which advertisements to respond to? How do I respond to job advertisements? How do I write an application letter? How do I identify my knowledge and skills? Where can I get information on occupations and employers? How do I choose an employer? How do I contact an employer by telephone? What are the best interview techniques? How do I argue that I am the best candidate? How do I negotiate with a future employer? Where can I get information about an employer? How can I overcome obstacles? What is the best way to make a speculative application? How do I make the best use of my connections? How do I look for work in Europe? How can I find a training opportunity? How do I draw up an occupational career project?

Such questions must receive an immediate answer. This can occur with the help of:

- tools (Minitel, software for drawing up CVs, photocopier, telephone, notice board with job and training offers);
- self-service information, a service that is to be enriched by the following elements:
 - “Information leaflets” on the labour market;
 - “advice leaflets” providing a guide on how to use a tool for a documentary source (Kompass, ROME, offers, telephone etc.);
 - “action guides”, which provide job-seekers capable of autonomous job search activities with basic information; they are distributed by the staff of the free-access zone for use on the premises or outside the employment office;
 - the “know more dossiers”, which are distributed by the staff of the free-access zone for use on the premises, and which provide more detailed information on

Placement and Vocational Guidance

topics sketched out in the “action guides”, such as interview techniques, CV, application letters, speculative applications, connections, information from the press or looking for work in Europe.

2. Three types of service within the framework of intermittent support

In order to provide as many of ANPE clients as possible with the answers they expect, the organisation of “intermittent support” is of decisive importance. Intermittent support is a service level in which it is particularly important for quality, quantity and speed of service provision to be combined, and it is to be further developed in local employment offices by progressively implementing individual interviews, workshops and evaluations.

Interviews

This service can be provided on an ad hoc basis or within a programmed service. Interviews are particularly well-suited to respond to the following situations:

- the first vocational interview, held on registering unemployed, aims to define the job search more precisely, in most cases to initiate a first concrete action and to determine, where appropriate, the date of the next contact;
- the follow-up interview aims to renew the dialogue with jobseekers following a period determined by the local employment office;
- the contact-establishing interview aims to ensure that the jobseeker fits the criteria agreed upon with the employer, and also to help the jobseeker to ensure that his or her application is successfully completed.

Workshops

Modular individualised workshops (such as individualised job search workshops) are open more or less permanently and offer support from an adviser. Their organisation and programme are adapted to local needs and are currently the most effective response to jobseekers' needs.

Besides job-search techniques, the jobseeker can find in workshops the urgent support he or she needs in or-

der to present him-/herself to an employer, as well as the support necessary to clarify his/her project to (re)gain employment and to successfully find work. Workshops can perform the following tasks:

- identifying one's strengths and job-search difficulties;
- bringing one's skills to the fore;
- targeting potential employers;
- drawing up a CV;
- making a speculative application;
- writing a letter in response to a job advertisement;
- looking for work using one's connections;
- preparing for a recruitment interview;
- looking for training in order to realise one's career project;
- identifying personal strengths with respect to one's career project;
- looking for information on a given occupation;
- verifying the pertinence of one's career project;
- drawing up an action plan to implement one's career project;
- using job advertisements;
- organising job search activities;
- telephone conversations with employers;
- choosing one's “look”;
- familiarisation with recruitment tests;
- success during the probation period;
- setting up a company or becoming self-employed.

Access to the workshops is free; participation can be initiated by an adviser or the jobseeker's own initiative. Individuals participating on their own initiative are to be offered the best possible conditions. The publicity work of the employment office, the organisation of notice boards and even the names given to the workshops are important elements in the efforts to make jobseekers aware of the workshops and overcome their “distance” to them.

Two leaflets will help jobseekers:

- “The new publicity work of the employment office”, a brochure distributed by the Regional Directo-

rate of the ANPE in accordance with the schedule for the restructuring of local employment offices;

- a short guide entitled “Notice boards: how to use them”.

Evaluations

Evaluations are developed in the context both of services rendered to jobseekers and services to employers.

What is to be evaluated, and to what end? Evaluation must be differentiated depending on whether the aim is to verify that a jobseeker meets the criteria of a job offer, whether an inventory of the skills of the jobseeker is to be made in order to determine his/her job search targets or whether the jobseeker's preferences and potential are to be determined in order to draw up a career project.

3. Guidance

Guidance by employment office staff aims to define an individual reintegration project, ensuring the success of job search activities and, where necessary, follow-up work after recruitment.

According to the definition adopted by the ANPE, “guidance towards employment” is characterised by the following features:

- a named staff member as partner, for this is indispensable for individual guidance;
- regular contacts (at least twice for month) between this staff member and the jobseeker;
- the voluntary participation by the jobseeker and the formalisation of two-way commitments between the adviser and the jobseeker;
- a fixed duration (between three and six months);
- joint identification of the targets to be reached in the course of the guidance period.

A number of local employment offices have already begun to implement guidance measures. These are based either on internal solutions, recourse to an outside service provider or cooperation with partners. The offices will be observed by three project groups, whose conclusions will enable the organisational points that are decisive

for the success of the guidance to be determined, the list of guidance duties assigned to a service provider to be validated, and the key points that need to be agreed upon with a partner.

During the second half of 1998 the new guidance services, which are currently in the experimental phase, will be extended to other offices; in the meantime, local agencies have recourse to the existing services, which meet a number of the characteristics of guidance. The services include the following:

For the "successful job search" service:

- individual guidance for employment (*Accompagnement Personnalisé pour l'Emploi* - APE): proposing individual guidance that enables a jobseeker to structure job search activities and to overcome initial difficulties in employment;
- job search circles: to enable participants to find employment within the shortest possible time;
- job search clubs: to help their voluntary members to draw up a plan for intensive prospecting of companies in order to receive job offers.

For the "employment access project" service:

- Further Orientation Module (*Module d'Orientation Approfondie* - MOA): its aim is to offer those excluded for an extended period from the labour market the opportunity to draw a résumé of their personal and occupational situation and thereby recreate a dynamic conducive to defining a path towards reintegration in the labour market.
- From diploma to employment: drawing up a career project on the basis of skills acquired in both the university and one's personal environment; validating this project through practical work experience.

Netherlands

Joint Venture in Reintegration Activities

The Public Employment Service (PES), Start and Vedior have signed an agreement on combining operations aimed at promoting employee-related inflow, throughflow and outflow in a joint company called ASV Diensten BV. Start has a 51% share in this company, while the PES and Vedior each have 24.5%. In the coming months, ASV Diensten will start operating from its head office in Gouda, following approval from the Ministry of Social Affairs and Employment (SZW) and the relevant competition authority. The central administration of the PES and the boards of directors of Vedior and Start have already reached agreement, as have the works councils involved.

The PES in the Netherlands has a staff of around 8,000 that endeavours to help jobseekers and employers and attempts to clear bottlenecks in the labour market. The PES has a network of 220 job centres and 60 vocational training centres, spread throughout 18 regions.

Start Holding BV is one of the biggest full-service labour market intermediaries in the Netherlands and holds second place in the Dutch employment agency market. Apart from filling temporary jobs, Start also offers services such as career intervention, pool management, training, recruitment and selection, and secondment. Every day, approximately 60,000 people work via the Temporary Job Division, while a total of almost 70,000 persons work via Start as a whole. The company itself employs 3,500 internal staff members. Start has a network of 600 branches in the Netherlands and also operates in Germany, the Czech Republic, Italy and Spain.

Vedior Nederland (350 branches) offers a complete package of services in the area of flexible labour and personnel management. The company, whose operating companies are Vedior, Dactylo, Vedior Van Eijk, Vedior

Projecten, Compuhelp, Societas, and a 50% participation in Teleprofs and Mailprofs, is part of Vedior NV, a services group listed on the Amsterdam stock exchange. Vedior NV operates employment agency services in seven, and cleaning services in five European countries. Approximately 110,000 agency workers work per day via more than 1,250 employment agencies.

The collaboration, which is founded on equality, is a result of earlier agreements reached between the three parties in two areas: finding employment on an annual basis for 30,000 jobseekers registered with employment agencies and setting up projects designed to clear specific bottlenecks in the labour market. They also agreed to carry out a study on the possibility of working together in the commercial services sector. Last September, the three partners agreed in principle on a basis for the new company.

The PES, Start and Vedior are combining all their inflow, throughflow and outflow-related operations in ASV Diensten. The PES' aim is to make a clear distinction between its publicly financed mediation tasks and its other activities. By working with private intermediaries, the PES can offer a full-service package of labour market services, contributing to their public function. Start and Vedior expect the new company to further reinforce their position in the Dutch labour market. As separate businesses, they will continue to concentrate on providing temporary and replacement staff and secondment services in addition to other flexible employment services.

ASV Diensten is the first joint venture in the Netherlands to offer an integral package aimed at inflow, throughflow and outflow activities in the labour market. ASV's main aim is to increase the employability of employees and jobseekers and to restrict the financial damage caused to companies and the government by the outflow of employees to social security benefit offices.

In this context, the company will offer services to employers, social services and implementation bodies. These services will include outplace-

Placement and Vocational Guidance

ment and career intervention, project and contract training, career choice and career recommendations, on-the-job training, pool management, mobility centres and employment projects for specific target groups. The scope and national coverage will make it possible for ASV Diensten to tackle regional and sectoral bottlenecks more effectively.

ASV Diensten, with 250 branches and a staff of about 1,000, most of whom formerly worked for Start Diensten, expect a turnover of around NLG 300 million in 1998. Prospects for the future are very positive.

ASV Diensten will have a three-person management team headed by general director J.W. van der Stam, former director of Start Diensten. The other members are Mrs. D. Bosvelt, from Vedior Nederland, and J.L.J. Swinkels (temporary), from Arbeidsvoorziening. The supervisory board will, for the time being, consist of three members.

Netherlands

The Public Employment Service in the Market

The three core tasks of the Dutch Public Employment Service (PES) are placement services, opportunity enhancement, and information and advice. It is through these core tasks that the PES comprehensively serves both jobseekers and employers. For jobseekers, the PES represents a gateway to a job and also training, if the individual's education and training are not ideally suited to market demand. The PES supports employers by seeking and selecting personnel and by providing information and advice about labour market trends. These three core tasks differentiate the PES, as a public provider of placement services, from other employment mediators.

Cooperation

In order to achieve its aims as a public employment mediator, the PES is

working to harmonise supply and demand by:

- cooperating with sectors and industries in order to resolve and prevent bottlenecks when filling vacancies;
- cooperating with social security departments and benefits agencies to get people on unemployment benefit back into the labour market. This is being done through the Jobs and Incomes Collaboration (SWI) project;
- cooperating with the Start and Vedior employment agencies to fill vacancies through flexible work practices;
- cooperating with Vocational Training Centres, which play an independent role within the PES' organisation, and also with Women's Occupational Training Colleges and other educational institutes for educating and training jobseekers.

Contracts

In 1998, the Minister of Social Affairs and Employment is dividing his funds for the PES for the first time into a basic grant of NLG 500 million (for the provision of basic services) and a performance grant of NLG 570.6 million (for mediation services for unemployed people who are difficult to place and for efforts to find candidates for vacancies that are hard to fill). In so doing, the Minister is allocating to the PES the task of concentrating primarily on the difficult parts of the market.

Contracts have also been entered into with local authorities and benefits agencies. For the time being, these still relate to the compulsory purchase of services. However, this obligation is a subject of debate. The PES is therefore working to make itself more professional and effective, so that contract partners will want to select the PES in the future when they have the choice.

More and more local authorities are entering into supplementary contracts with the PES.

The challenges

The policy that was pursued by the PES in 1997 will be continued in 1998. Broadly speaking, it comprises bringing together supply and demand and

utilising mediation plans for people who cannot find a job themselves straight away.

The PES faces a number of new challenges in providing its normal services. There is, for example, a growing focus on employers and sectors with vacancies that are difficult to fill and on new target groups of jobseekers who are difficult to place - older workers, the disabled, and highly educated jobseekers. At the same time, these areas of attention represent challenges for the PES.

New tasks

Changes in legislation bring with them new tasks for the PES: the Disabled Persons Reintegration Act (REA), the Jobseekers' Employment Act (WIW), the Encouragement of Ethnic Minorities in the Workplace Act (SAMEN), the Flexibility and Security Act (F&Z), the Allocation of Workers through Intermediaries Act (WAADI) and the bill relating to the settling in of new arrivals.

The new tasks also include the actual implementation of the joint-service counter in the Jobs and Incomes Collaboration (SWI) project. At the end of this year, cooperative agreements will have to be entered into with local authorities and benefits agencies throughout the country. The SWI centres should be operational by the end of the year 2000. At that time, jobseekers - whether they are unemployed or not - can talk to the jobs centre and the benefits agency at the same service counter.

Services to employers

Bottlenecks in different sectors of the labour market demand satisfactory solutions. Together with the employers' organisations in the sectors concerned, the PES has formulated regional and national policies aimed at resolving bottlenecks relating to vacancies.

Employers also need information and advice about the labour market. The PES sees this as one of its core tasks. In 1998, some 510,000 employers are expected to make use of this public, and therefore free, service.

Employers do have to pay for commercial services such as search and

selection, advice about personnel and training, and outplacement. The PES is considering grouping these commercial activities into a new unit.

Services to jobseekers

The analysis of an individual's needs is one of the PES' basic services. This includes a review of the opportunities that a jobseeker has on the labour market and the services that will be offered.

Education and training represent an important element in the placement plan. In 1998, the PES' nationwide expenditure on education and training will be approximately NLG 210 million for services from Vocational Training Centres (CVs) and about NLG 300 million for services with other education and training providers. Between them, the CVs have nearly 7,500 training places available, and almost 38,000 people will be attending courses in 1998.

The long-term unemployed deserve to be given extra attention in view of the fact that their numbers are rising in relative terms. The PES' objective in 1998 is to help 59,000 long-term unemployed people back into work. This is 2% more than in 1997. The placement of ethnic minorities is increasing to 25,000 this year – a rise of 9%.

The target groups of people who are difficult to place also include older workers. The number of people over the age of 40 among the non-working jobseekers registered with the Public Employment Service is expected to climb by 16% in 1998. The PES will contribute to the broad-based discussion in society on the basis of a study of the position of older workers in the labour market, and it will also do what it can to combat age discrimination. The PES will scrap age requirements in job advertisements in cases where it is not relevant. The PES also wants to develop, through experimentation, a goal-oriented method to help older workers keep their jobs or find new ones.

Sweden

Job-Seeking Artists and Examination Papers via Internet

Picture and artist data banks

With the aim of creating a location at which artists and those interested in buying art-related services can meet, on 1 April 1998 the public employment service introduced the picture and artists data bank as a new service on the Internet.

With the help of this picture and artist data bank, potential customers have the opportunity of looking for artistic abilities among a large number of artists from all over Sweden. Data can already be accessed on 700 artists, represented through around 7,000 pictures on the Internet. Alongside reference pictures, information is provided on each individual artist.

For their search potential, customers can take either the name of an artist or an art form (painting, sculpture, drawing/illustration, graphic design, crafts, textile art, photography, video, installation and performance) as a point of departure. In addition, there are around 160 search keywords for various materials and techniques and 100 search words referring to potential working areas of the artists (e.g. "facade" or "underground station").

Artists looking for work who wish to present pictures in the picture and artist data bank can apply to the culture/media department of the employment office for information and an evaluation.

The URL of the picture and artist data bank is: <http://konstnarsbanken.amv.se>

Bank for examination papers

Potential employers can now make entries in the "job bank", a website set up by the employment offices with free space for entries. With the help of a codeword given upon using the site for the first time, the entry can be modified or removed at any time.

The reasons for offering this new service is the large number of students using the "job bank". Statistical studies reveal that 25% of those using the "job bank" are students, 31% unemployed and the rest (44%) in permanent or fixed-term employment.

Those using the service tend to be both young and highly qualified. Almost half of them (49%) have a university or college degree. More than half (52%) are in the 20–29 age group.

With 700,000 visitors a month, the "job bank" is now the sixth largest website in Sweden.

The URL of the "job bank" is <http://platsbanken.amv.se>

Sweden

Employers' Recruiting Methods

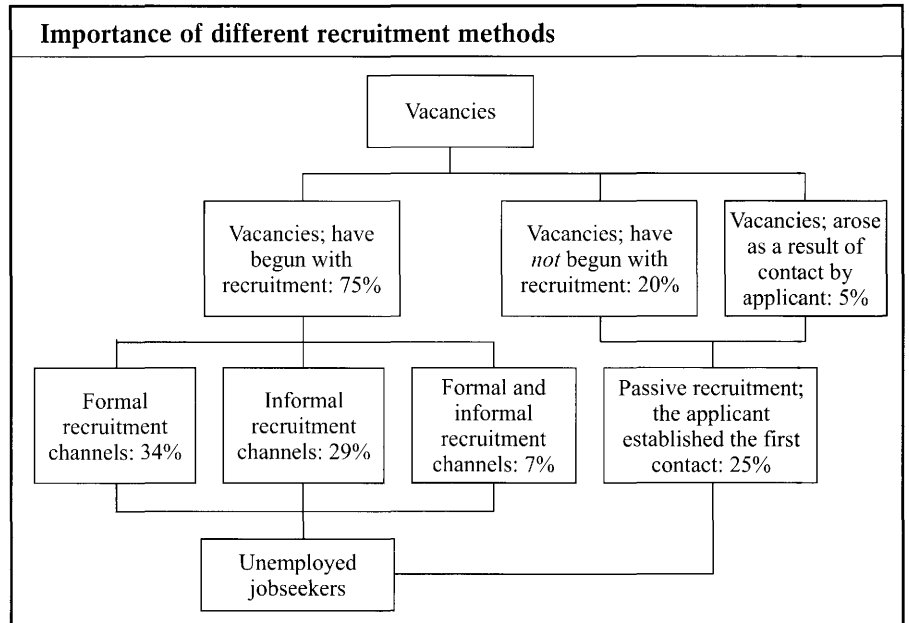
Given the large number of different ways in which both employers look for workers and jobseekers look for work, there exist a whole range of recruitment channels, each constituting a submarket on which employers and jobseekers meet. On the basis of telephone interviews conducted with employers, the research unit of the public employment service has analysed which search methods are used by employers and the importance of "passive" recruitment in filling vacancies.

In looking for workers, the employer can choose between formal and informal channels. Formal channels are job advertisements in newspapers, or the use of the employment office or private employment agencies. The employer uses informal channels, for example, when he or she turns to employees, friends or acquaintances, has recourse to applications made at an earlier date, or even perhaps directly approaches an individual thought suitable for the post. By contrast, in the case of "passive recruitment", no active search channel is used, because

Placement and Vocational Guidance

the applicant him-/herself establishes contact with the firm. A discussion on the working methods used by the employment offices, which was initiated on the basis of the results of this study, has thrown up a number of basic questions: Is it worthwhile for employment office staff to visit a large number of firms, and if so, in what way should the employment offices do so? The following results were revealed by the study:

- Passive recruitment accounts for around 25% of all recruitments. In other words, one in four employers had not yet begun to look for staff when the applicant contacted them. Most of them had, however, already considered recruiting staff, even if the applicant had not contacted them. Around 5% of jobs had been created on the basis of an applicant establishing contact with the firm.
- Around 29% of employers recruited labour exclusively using informal channels. A significant proportion of recruitments consisted of people who had previously worked for the firm. Excluding such re-recruitments, around 10% of recruitments occurred via informal search channels.
- Around 34% of recruitments resulted exclusively from formal search channels. For employers using formal channels, the employment offices were the means used most frequently.
- There is a strong correlation between the duration of the vacancy and the recruitment methods. Vacancies are filled most quickly by means of informal channels, followed by passive recruitments, whereas the use of formal channels takes longer.
- Direct contact with employers is a method frequently used by jobseekers to gain information on a job opportunity. Even in the case of employers who exclusively use for-



mal channels, more than one quarter of staff had obtained initial information on a post by means of direct contact with the employer.

- The recruitment methods used by an employer depend heavily on the contacts between the employees and the firm. If a jobseeker was previously employed in the firm, or has a contact with an employee in the firm, there is a significant increase in the probability that the employer will recruit using informal channels.
- The way in which the employer recruits can also be linked to the size of the company, the sector in which it is active and the qualification level of the employees concerned. For jobseekers, on the other hand, there exists a correlation between the duration of unemployment and the way in which they first obtain information on a vacancy.

The extent of passive recruitment and the importance of informal search methods for both employers and jobseekers indicate both that it is possible to accelerate recruitment processes within companies and that the net-

work of contacts that an unemployed person has to the labour market is of great importance for his or her chances of getting a job. These facts also suggest that the number of vacancies is far higher than the level suggested by newspaper advertisements and the vacancies posted by the employment office. For this reason, it is important that the employment offices allow time for establishing and maintaining contacts to employers. More intensive contacts can also constitute a form of search service, as they raise the chances of identifying vacancies and accelerating recruitment. Contacts with companies can also improve the chances of gaining employment for those jobseekers who do not have good labour market contacts. Even if the scope for intensifying contacts with employers may currently be limited, at the very least discussions are required on how this aim could be realised. Such a discussion needs to be conducted on the basis of the tasks that staff members currently perform and on the basis of the requirements made of the employment offices and the guidelines derived from the labour market policy orientation.

Job Creation

Belgium

Flanders Region: Reduction in Real Estate Tax as an Employment Promotion Measure

The decree issued by the Flemish parliament on 19 December 1997 on the reduction in real estate tax with a view to encouraging job-creating investment (Moniteur belge of 31.1.1998) permits firms in Flanders to deduct the value of investment that serves to maintain or create jobs from their real estate tax dues.

Conditions

All firms active in Flanders in manufacturing, construction or road haulage are entitled to be allocated an investment grant equal to the real estate tax on their real estate invested in Flanders and used by the firm for commercial purposes. Firms interested must submit an application to the Ministry of the Flemish Community by 30 June 1998.

This investment grant is available:

- provided the corporate taxpayer has invested the sum to which it is entitled under the measure in new plant or commercial buildings during the course of 1997;
- provided the workforce employed by the company in 1997 in Flanders has increased or remained constant compared with 1996.

Level of the grant

For each employee-unit employed in Flanders the grant amounts to BEF 20,000 for firms with less than 50 employees and to BEF 10,000 for all other firms. If the company has expanded its workforce, the grant is increased by BEF 5,000 for each additional job created in 1997 and by BEF 10,000 for each additional recruitment of a low-skilled long-term unemployed person during the year.

The total value of the grant may not exceed the value of the real estate tax to be paid by the company and is subject to a maximum ceiling of ECU 100,000.

Real estate tax

The real estate tax is to be taken to mean the total value of the real estate tax including the additional provincial and municipal charges owed by the firms for the fiscal year 1998.

The real estate tax is imposed on real estate (including plant and machinery) in which the corporate taxpayer has invested in Flanders and which is used for commercial purposes.

The measure applies not only to owner-occupied property, but also to rented or leased property. It also applies to the real estate tax due from the person renting out or leasing out the real estate concerned to the firm using it in Flanders, provided the tenant or leasing firm meets the employment conditions. In such a case, the owner of the real estate must pass on the reduction in the real estate tax dues under the measure to the tenant or leasing firm.

Application procedures

A decree of the Flemish government still must prescribe precisely what should be understood under the following concepts:

- construction industry and road haulage sector;
- low-skilled, long-term unemployed;
- personnel unit and the maintenance and creation of jobs.

The Flemish government decree will also set out the application procedures and the supervisory measures.

Belgium

Framework Law for the Promotion of "Independent Enterprises"

The framework law of 10 February 1998 on the promotion of "independent enterprises" (Moniteur belge of 21.2.1998) brings together a series of provisions whose aim is to promote the creation of companies termed "independent enterprises" in the title of the law, and which by and large consist of small and medium-sized enterprises (SME).

As far as the application of this framework law is concerned, SME are considered to be those firms:

- that do not employ more than 50 workers (annual average);
- no more than 25% of whose shares or capital or the associated voting rights are held by one or more enterprises, unless they themselves are SME;
- whose annual turnover does not exceed ECU 7 million and whose annual balance sheet does not exceed ECU 5 million.

The framework law goes on to define the requirements regarding basic managerial expertise and the professional skills of those planning to set up an SME. It also determines the overall framework for the training by means of which these "entrepreneurial skills" can be acquired. The framework law assigns new tasks to the Participation Fund, with the aim of strengthening the financial capacities of SME. Also included are provisions relating to support for exports, promoting risk capital and simplifying the administrative environment. This report, however, is limited to provisions of a social nature, of which there are three.

Paid training leave in SME

The aim of the system of paid training leave is the social promotion of full-

Job Creation

time workers in the private sector (cf. BIR B, II, 1.6). It involves the rights of absence from work while maintaining the normal pay entitlement for each hour spent in education or training (up to a given ceiling). The employer is reimbursed for these costs, including the associated social security benefits, by the Federal Ministry of Employment and Labour.

The framework law of 10 February 1998 provides for the possibility of introducing specific provisions in the paid training leave regime for workers in SME by way of a royal decree, as discussed in the Council of Ministers and subject to the recommendations of the National Council of Labour. These special rules will apply to all of employees working more than half of normal working hours and to vocational training periods pursued outside of working hours.

The worker will be entitled to a grant paid by the employer that is equal to the wage ceiling for the number of hours corresponding to the time spent in effective training. Social security contributions must be paid on this remuneration. The employer may, however, be reimbursed by the Ministry of Employment and Labour for half of the remuneration and for the social insurance contributions.

These rules and application provisions for workers in SME will remain in force for two years following their introduction.

Tax exemption for additional recruitment

During 1998, 1999 and 2000, enterprises employing less than 11 workers will benefit from a tax exemption of BEF 150,000 for each additional employee (full-time equivalent) employed in Belgium; their salary may not exceed a fixed limit to be set by royal decree. Additions to the workforce may not occur via the renewed recruitment of employees that had worked for the firm prior to 1 January 1998. The increase in the workforce must be maintained, otherwise the tax exemption is re-imposed in the form of correspondingly higher earnings or profits during the following fiscal period.

Improving the social status of business start-ups

For the self-employed and professionals setting up for the first time, the social insurance contributions will be reduced in the four quarters following the third year in which contributions are due – that is, during the first year of the normalisation of social security payments on the basis of the actually recorded earnings during the first three years of activity – by between BEF 2,000 and 5,000, depending upon the level of income in the first full year in which contributions were due.

In addition, the income paid by an active partner to his/her spouse also working in the company in 1994, 1995 and 1996 will be deducted from the earnings of the spouse for the purpose of calculating the contributions due for 1997, 1998 and 1999. The precise conditions and procedures will be determined by royal decree.

Netherlands

Extended Opportunities for Beneficiaries to Enter Self-Employment

In its recent policy document presented to Parliament (27 March 1998) and entitled “Guidelines of new initiatives regarding entry into self-employment by social security beneficiaries”, the government plans to improve the conditions for people on social assistance benefit (ABW) who wish to take up self-employment. Start-up capital will be raised from NLG 42,000 to a maximum of NLG 60,000, while the period for which income will be supplemented to the social assistance level will be extended from 18 to 36 months. The opportunities for recipients of unemployment (WW) or disability (WAO) benefits to become self-employed will also be improved.

As far as social assistance beneficiaries are concerned, the guidelines will be worked out in a proposal to amend the existing “Decree on social

assistance for the self-employed” (Bbz).

The proposals are based on the results of an effectiveness study entitled “Social Assistance and Self-Employment”, which was carried out by the B&A Group in 1997. The study concluded that the impact of Bbz was rather limited. However, when local communities support social assistance beneficiaries starting up a new business or offer financial help to existing businesses which have run into difficulties, this support has generally been effective. After 3.5 years (on average), 68% of the new self-employed were still running their business. This share was 77% for the existing companies which applied for Bbz support.

Another evaluation study on Bbz (also carried out in 1997) concluded that there were a number of disadvantages to the present regulation. It was demonstrated that many starters need support in the period immediately after they have entered self-employment. Very often, the maximum start-up capital under the Bbz (presently NLG 42,000) is too low. In addition, the duration of Bbz income support after business start-up (presently 18 months) was considered too short for a great number of the new self-employed.

It also became clear that many local communities are not familiar with the Bbz regulation and that their approach to Bbz differs notably. This applies especially to their judgement as regards the viability of a new business.

The government has proposed improving the Bbz regulation. Amongst other things, it would like to see the introduction of a preparatory phase before the actual start of the new business. During this phase, starters would continue to receive their benefit and would be relieved of the obligation to apply for jobs in the labour market. During the preparatory phase, they could also receive guidance/counselling and a loan for small investments or market research. As regards guidance/counselling after entry into self-employment, the local community social services body can make funds available up to a maximum of NLG 3,000.

The government policy document proposes that a project group – con-

sisting of representatives of central and local government – will develop proposals regarding the best organisational structure for the implementation of the Bbz regulation. This project group will be requested to investigate in particular whether the Bbz can be implemented by central local communities in the future.

In addition, the start-up regulations for recipients of unemployment benefits (WW) and disability benefits (WAO) will be improved. At present, those new entrants into self-employment who are still not making a profit after a year and a half have to face the choice between stopping or continuing their self-employment, while losing the right to WW or WAO benefit. The one and a half-year period will be extended on an experimental basis. It is also planned to offer recipients of WW the possibility of training to prepare themselves for self-employment, without losing their benefit income.

Netherlands

Agreements on Work-Experience Placements

Where representative bodies of employers and employees reach sectoral collective agreements on provision of a fixed number of Work-Experience Placements (WEPs) for long-term unemployed under the Jobseekers' Employment Act (WIW), the local communities will be prepared to pay a wage-cost subsidy of at least NLG 10,000 per WEP to the employer involved. The subsidy will increase to at least NLG 12,000 where the WEP is transformed into a regular job with an employment contract for at least one year after expiry of the wage-cost subsidy.

The above agreement was reached in March 1998 between the Ministry of Social Affairs and Employment (SZW), the Association of Dutch Local Communities (VNG), relevant rep-

resentative bodies of employers and employees, and the Central Board of the Public Employment Service (PES). The consultations between these parties resulted from agreements reached between the Minister of Social Affairs and Employment and the social partners in Autumn 1997 on the provision of jobs for the long-term unemployed under the (forthcoming) Jobseekers' Employment Act (WIW).

In order that collective agreements on WEPs could be reached (now and in the future), the social partners felt the need for more certainty regarding the level of the (WIW) wage-cost subsidy. The local communities (who implement the WIW) would like to see as many WEPs in the market sector as possible. Collective agreements are an important instrument to this end. All parties involved would like to see agreements on WEPs being concluded in the 1998 round of collective bargaining. Therefore, a settlement on the level of the wage-cost subsidy was reached. On the basis of this settlement, the social partners will advise their members to continue concluding collective agreements ("CAOs") on WEPs in the future.

It has been agreed with the Central Board of the Public Employment Service that the PES will play an active role as "agent and coordinator" regarding the implementation of the agreements. In doing so, the PES will anticipate as far as possible the needs of the regions. The PES will also begin to actively inform the local communities on sectoral agreements regarding WEPs. It is of the utmost importance that every region be given a clear and recognisable address for information, to which both the sectors and the local communities can turn with enquiries regarding the Jobseekers' Employment Act (WIW) and sectoral agreements and activities. This plan will be further developed by the PES and the local communities.

Sweden

SEK 100 Million for Work in the School Holidays

The Swedish government has allocated the public employment service SEK 100 million in order to offer young people in upper secondary school education job opportunities during the 1998 summer holidays. The funds are to be distributed to local authorities by the county employment offices, whereby particular attention is to be paid to those local authority areas in which a considerable proportion of young people were born outside Sweden and where many young people had been unable to find holiday work in the summer of 1997. Thus, the purpose behind this support measure is to create job opportunities for those youngsters who, for various reasons, are unable to find holiday work themselves. In addition, the possibility is to be created of offering a combination of training and work experience, or training opportunities alone. This is linked to the hope that, with the help of holiday work, the young people will gain experience with the world of work and be able to establish valuable contacts, facilitating their subsequent job search activities.

The support measure is to be used for holiday jobs that would not otherwise be performed. The public employment service (AMS) has emphasised that this support measure must not be allowed to retard planning for the provision of "regular" holiday jobs.

Overall responsibility for creating holiday jobs lies with the job placement committees, whereas the primary task of local authorities is to ensure that young people are placed in the jobs made available.

Training

Belgium

Reform of Industrial Apprenticeship

Industrial apprenticeship permits young people to learn a profession normally exercised by an employee. The method used is that of dual or alternating training, that is, the young person receives both practical training in the enterprise and complementary theoretical courses in an educational establishment. An industrial apprenticeship contract is concluded between the enterprise and the person undergoing training.

The system is organised at the sectoral level by bipartite apprenticeship committees. It is these apprenticeship committees that, in the sector for which each is responsible, draw up the conditions and procedures for the industrial apprenticeship. Thus, they determine, for example, the professions for which training may be organised, the remuneration of apprentices, apprenticeship rules, a model apprenticeship contract and models for the training programmes. It is also these apprenticeship committees that recognise enterprises as training establishments, in other words, grant them permission to train apprentices.

Industrial apprenticeship is targeted primarily at young people in part-time compulsory education (that is, between the ages of 15/16 and 18). However, with the agreement of the bipartite apprenticeship committee, industrial apprenticeship contracts can also be concluded with young people aged 18 or over.

While industrial apprenticeship is seen as a good system of training, it has not achieved the success anticipated in quantitative terms. Of the 10,000 young people in part-time education, just 800 received training under an industrial apprenticeship contract. In order to render the system more accessible, a bill amending the law of 19 July 1983 on apprentice-

ships in professions exercised by employees was drawn up; this bill was passed by the Chamber of Representatives on 19 February 1998.

The bill introduces six new features compared with the previous legislation:

- An auxiliary apprenticeship committee has been set up at the National Council of Labour (BIR B, II, 2.1.1). Its role will be to organise industrial apprenticeships in sectors that have not taken the initiative to create a bipartite apprenticeship committee. This means that the system of industrial apprenticeship will, in theory, be possible in all sectors of the economy. At the moment, there are only around 40 industrial apprenticeship committees. This is the principal factor explaining the limited use made of the industrial apprenticeship system.
 - In enterprises with between 20 and 50 employees, organisational procedures have been simplified.
 - It will be possible to fix by royal decree the mode of calculating the remuneration paid to the trainee by the enterprise.
 - A provision has been included permitting collective exemption from the age limit of 18 years for the conclusion of industrial apprenticeship contracts. This will make it possible to organise industrial apprenticeships for professions considered dangerous, in which the under-18s are not permitted to work.
 - The system will be rendered more transparent, more flexible and simpler. One set of apprenticeship rules will bring together all the provisions that need to be observed. The bipartite apprenticeship committees will, however, be able to modify them in order to adapt them to the realities of the area in question.
 - Period of notice will be made more flexible and it will be possible to prolong an industrial apprenticeship contract after an interruption.
- It is hoped that the bill will come into force at the latest in the second quarter of 1998, so that the new, fundamentally restructured system of in-

dustrial apprenticeships can be applied from the start of the 1998/99 school year.

Spain

New Regulations on Training Contracts

Royal Decree 488/1998 of 27 March 1998, which concretises Article 11 of the Workers' Statute in the area of training contracts, was published in the official gazette on 9 April 1998.

The new regulation is based on the Inter-confederal Agreement on Employment Stability signed on 28 April 1997 by the social partners. It replaces the provisions in force since 1993 on practical training and apprenticeship contracts, and incorporates the modifications derived from the labour market reform of 1997 (Law no. 63/1997 of 26 December 1997 on urgent measures to improve the labour market and promote permanent employment contracts).

The underlying aim is to improve the legal base for these contracts and to reinforce the link to the training and occupational experience aims they are to serve. In addition, collective bargaining has been assigned an extended role in defining the formalities and conditions of their utilisation. By these means, an impulse is to be given to the employability of young people and to the active role played by employers in training.

The new regulation exhibits the following central characteristics:

- It reinforces the emphasis on training in the contracts and assigns companies the responsibility for theoretical and practical training, guaranteeing a minimum of 15% of working time for theoretical training for apprentices.
- Utilisation of the contracts is to be increased by means of tax exemp-

tions and cuts in employer social security contributions.

- The conversion of such contracts into permanent contracts is to be promoted by crediting employers with their social insurance contributions and by tax exemptions.
- For the first time, social security protection is to apply to young people at work by expanding the protections offered against dangers and situations that can be safeguarded against and by including financial benefits in the event of temporary work incapacity due to general risks.

Two types of contracts have been re-regulated: work experience contracts and training contracts.

Work experience contracts (*Contratos en prácticas*)

The Royal Decree regulates the work experience contract in Articles 1 to 4 as follows:

- It can be concluded during the first four years after termination of corresponding studies; this period is extended to six years for the disabled.
- It can be concluded with medium or high-level graduates (persons with college diplomas, architects, engineers, etc.) or with technicians who have completed advanced vocational training.
- Remuneration is determined in accordance with the provisions of the Workers' Statute and must be at least equal to the national minimum wage. In the case of part-time contracts, remuneration is determined pro rata to the working hours agreed.
- The work experience contract must be concluded in writing. On termination of the contract, the employer must give the employee a certificate listing the duration of the work experience, the position or positions held, and the main activities performed.

Training contracts (*Contrato para la formación*)

The Royal Decree regulates training contracts in Articles 5 to 16 as follows:

- A training contract can be concluded with workers who do not possess the academic qualifications re-

quired to conclude a work experience contract in the occupation or job in question.

- A ceiling on the number of training contracts relative to the size of the staff may be set in collective agreements. The Royal Decree stipulates a maximum number of contracts relative to the size of the staff for those cases in which no such provision is made in collective agreements.
- The employer is obliged to provide the training and work appropriate to the aim of the contract. He must provide theoretical training, grant the necessary permission to receive such training and supervise the training process.
- The theoretical training must be of a professional character and must be closely linked to the theoretical components of the training modules of the "certificate of professionalism" for the occupation concerned or involved in the job to be performed.
- In no case may the time dedicated to theoretical training represent less than 15% of working time.
- Theoretical training can be provided in the enterprise, in training centres set up by the social partners or in training centres recognised by the public employment service.
- The training contract must be concluded in writing. On termination of contract, the employer is to issue the employee with a certificate setting out the duration of theoretical training and the level of practical training acquired. The employee may apply for the corresponding "certificate of professionalism" from the authority responsible.

Spain

Second National Vocational Training Programme

As a result of the agreements reached between the social partners and the

Autonomous Regions, the Agreement on Vocational Training signed by the social partners in December 1996 has led to the adoption of the Second National Vocational Training Programme (1998-2002) by the Council of Ministers.

The financial resources earmarked for the programme for 1998 amount to ESP 638 billion, which are contained in the corresponding budgets of national and regional governments. Of this sum, ESP 338.773 billion have been allocated for retraining and continuing training measures.

The Second National Vocational training Programme has the following aims:

- to consolidate an integrated vocational training system that will aid in the establishment of an active, effective, functional and territorial networking and cooperation of the national vocational training system;
- strengthening vocational training as an effective instrument in the struggle against unemployment and as a dynamic element in maintaining stable employment relations;
- ensuring the quality of training in order to effectively qualify young people and facilitate their insertion into the labour market;
- guaranteeing a specific range of training offers in order to permit the reintegration of adults facing difficulties in re-entering the labour market;
- extending cooperation between firms as "qualifying organisations", whereby work experience opportunities should be offered to those who have completed vocational training.

The programme consists of the following measures:

- consolidation of an authentic system of vocational training, one divided up into three sub-systems with the aim of raising quality: vocational training schools in the educational sphere, retraining courses for unemployed workers and continuing training courses for the employed;
- introducing a system of equivalencies and a recognition system;

Training

- creating an integrated national qualification system in order to introduce a coordinated and nationally applicable treatment of vocational qualifications throughout Spain. To this end, the National Institute of Qualifications is to be set up, within which an Employment Observatory will be created with the following functions:
 - establish procedures and coordination agreements in order to ensure a reciprocal flow of information;
 - programming the information on the evolution of the supply of and demand for labour disaggregated by profession and occupation, taking into account the technical and organisational effects on the labour supply;
- confirming qualifications acquired in accordance with the prevailing regulations in order to achieve greater transparency in the area of vocational qualifications;
- networking vocational training activities with the aims of an active employment policy and the struggle against unemployment;
- creating a closer link between the firm and training by re-regulating work experience and training contracts, which facilitate access to first employment;
- generalising the opportunity to gain work experience in firms by means of cooperation agreements. Such work experience is to be open not only to students emerging from the educational system, but also to unemployed persons undergoing a process of vocational training;
- developing an integrated information and career orientation system oriented – in conjunction with the educational establishments and in recognition of the prevailing corporate structures in Spain – especially towards small and medium-sized enterprises, so that the latter have the data relevant to their human resource policies at their disposal;
- steps within the training system to create a culture favourable to the quality of life at work, protecting the environment and preventing work-related risks;
- creating action programmes and training offers for groups with spe-

cial difficulties (women aged over 35 who want to re-enter the labour market, immigrants, etc.).

The following sections of the programme deserve special mention:

- Training in vocational training schools (educational system): adapting training programmes and the qualifications of adult workers to the needs of the labour market in order to promote effective integration.
- Vocational retraining (for the unemployed): the aim is to intensify collaboration with employers in order to accelerate reintegration.
- Continuing further training (for the employed):
 - improved professionalisation and integration with the other subsystems of vocational training;
 - introduction of certificates for further training courses, with an emphasis on validating and accrediting the competencies and skills of adult workers in order to render them more mobile, prevent unemployment and consolidate their employability;
 - to promote careers advice services and sectoral programmes containing integrative offers of continuing training;
 - increasing participation in training schemes for those groups of workers at greater risk of employment instability or exclusion (women aged over 45, workers on part-time contracts or with low skills, the self-employed and agricultural workers).

Finland

Employment Subsidy for On-the-Job Training

The conditions for subsidised employment in Finnish enterprises changed at the beginning of 1998.

As a rule, enterprises may be granted an employment subsidy if they reach a permanent employment con-

tract under the Employment Contracts Act with an unemployed jobseeker assigned by the employment office. The enterprise is also obliged to upgrade the occupational skills of the jobseeker where they are insufficient upon recruitment in accordance with a written scheme adopted by the employment office.

Training provided in connection with subsidised work aims at updating, deepening and expanding the skill and knowledge of the unemployed person. This, in turn, helps enterprises to obtain skilled labour.

In subsidised work, upgrading of skills takes place mainly in connection with practical job tasks at the working place. The enterprise has to ensure that a person placed in subsidised work receives sufficient guidance. The employer shall appoint a person who guides/instructs and supervises the new employee. On-the-job training can be supported by means of externally purchased training. The enterprise can purchase training, for instance, from vocational institutions, vocational adult training centres or other training providers.

The enterprise, together with the jobseeker who is to be placed in subsidised employment, must draw up a written plan for on-the-job training, which is to be annexed to the application for the employment subsidy. The employment offices monitor the implementation of the on-the-job training plan, for instance, by subsequently requesting information from the employer.

An enterprise may also be granted an employment subsidy for a fixed-term employment contract, provided that it either:

- reaches an apprenticeship contract with an unemployed jobseeker assigned by the employment office,
- provides preparatory work related to the service package for the purpose of increasing the employment opportunities of difficult-to-place unemployed,
- recruits a long-term unemployed person as a substitute under the Act on the Job Alternation Leave Experiment, or
- recruits a long-term unemployed person for forest improvement work.

Special Categories of Workers

Germany

Extension of the Federal Employment Assistance Scheme for Long-Term Unemployed

This scheme, in existence since July 1989 and aiming to reintegrate the long-term unemployed into permanent employment, is to be extended until the year 2001. The three-year extension is accompanied by further funds of DM 750 million per annum to combat long-term unemployment. In addition, left-over funds from 1996 and 1997 amounting to DM 277 million are to be released. Thus, the Federal Employment Service, the implementing body for this scheme, will have access to over DM 1 billion in 1998. This means that around 65,000 long-term unemployed can be reintegrated into employment this year with the help of wage-cost subsidies.

Employers who recruit long-term unemployed on permanent employment contracts are entitled to a wage-cost subsidy, which is staggered in relation to the duration of unemployment, that is, they receive:

- a subsidy of 60% for the first six months and 40% for the second six months where the recruit had been unemployed for between one and two years;
- a subsidy of 70% for the first six months and 50% for the second six months where the recruit had been unemployed for between two and three years;
- a subsidy of 80% for the first six months and 60% for the second six months where the recruit had been unemployed for over three years.

Greece

Subsidy Programmes for Young People, Long-Term Unemployed and Disabled

Taking into account the employment guidelines developed by the European Union and the results of the social dialogue in Greece, special emphasis will be placed on anticipating and combating the special problems facing certain categories of the population, such as young people, the long-term unemployed and the disabled.

In order to achieve these aims, the subsidies programmes for 1998 have as their main target job creation for and the employability of the above-mentioned groups.

These programmes have been adopted within the framework of a policy of reducing unemployment and converting the passive measures for combating unemployment into active policies for supporting employment.

Two main objectives have been set: the employability of young people aged between 20 and 27 and of the long-term unemployed aged between 28 and 65.

After three months' registration with the OAED (public employment service) for young persons and six months' for the long-term unemployed, they become holders of a card that gives them the right to a job, work experience or training. Unemployed persons must endeavor to obtain employment themselves. Priority is given to work experience and to the creation of favourable conditions for the application of active employment policies in combination with the programmes linking training and employment.

Greece

Pilot Programme for Occupational Integration

A pilot programme to encourage re-integration into the labour market has been launched, targeting those laid off either because of total closure of their firm or because of staff cuts due to restructuring, after negotiation between the social partners. The programme involves further training, self-employment, training/retraining and employment in firms willing to participate. It entails an integrated approach which creates favourable prospects for full reintegration into the labour market, while ensuring financial support for 37 months.

This measure is a key means of linking employment and training, while at the same time helping to combat the problem of mass redundancies. It also incorporates early retirement measures for those who are close to retirement age when they are made redundant.

To give some concrete examples, the above-mentioned measures were applied in the case of the Greek company "Piraiki.Patraiki" for 400 redundancies, in the "Soffex" company for 670 redundancies and, with the most significant effects, in the case of the "Good year" factory.

Italy

An Organisational Law for Non-EU Immigrants

A new immigration law – which has been needed for some time – recently came into force in Italy. The previous law dated back to 1990 (Law no. 39, known as the Martelli Act) and had

Special Categories of Workers

catered for a different phase of the immigration process, which we could define as the "initial settlement" for the majority of the groups of foreigners that came to Italy (with the exception of a few particular earlier groups of immigrants, such as Filipinos, Cape Verdians and Ethiopians). The new law, by contrast, caters for a stage of the immigration process which can be characterised as a "stabilisation phase". This is why it was necessary that the law be organisational in nature, so that it deals with the most important aspects of immigrant integration in the sense of assimilation. The law is a combination of various extremely interesting regulations that will determine the broad outlines of immigration policy in Italy for the coming years. The effects of and experiences with previous legislation (e.g. the temporary Dini Decree-law) were taken into account in its conception.

The new law stipulates that a strategy paper (*documento programmatico*) is to be prepared every three years, which describes the steps and measures the Italian state intends to take in the area of immigration. These may involve agreements with the countries of origin or cooperation with other EU countries, international organisations, community bodies and non-governmental organisations. The paper is also to define the general criteria for controlling immigrant flows into the national territory and is to indicate the public measures seeking to facilitate both integration in the host country and reintegration in the country of origin. Ordinances defining the maximum number of foreigners who may be admitted to the territory of Italy for purposes of (dependent, seasonal or independent) work are to be passed annually within the framework of this three-year programme.

In defining these quotas, consideration must be given – as stated explicitly in the law – to both family reunification and urgent humanitarian demands that call for temporary protective measures in cases of conflict, natural disasters or other emergencies (think of the exodus of Somalians, Albanians and Kurds in the recent past). Here, too, legal immigration into Italy is dependent on possession of a valid document describing both

the purpose and the conditions of residence in Italy and attesting "the availability of sufficient means for the duration of residence" (including the means of return to the country of origin, with the exclusive exception of residence permits for purposes of work).

Some important new regulations concern the periods of validity and types of residence permits. The period of validity must remain within the following limits:

- three months for business and tourism;
- six months for seasonal work or nine months for certain sectors that demand a longer time period;
- one year for participation in a prescribed training course or for study (in the case of training lasting several years, the permit may be renewed annually);
- two years for self-employment, open-ended dependent employment and family reunification;
- "the appropriate duration in the other cases permitted by this law or the implementing regulations" (Art. 5).

It is also to be noted that a permit for purposes of study or training can, within the framework of the annually defined maximum quotas, be converted into a permit for purposes of work.

Another interesting new regulation concerning employment is the introduction of a residence card (*carta di soggiorno*). If the above requirements are fulfilled (valid residence permit, adequate income for the applicant's own livelihood or to provide for family members), this residence permit can be issued to foreigners who have been living in Italy for at least five years. An application may also be submitted for the applicant's spouse (living in the same household) and young children. The residence card has unlimited duration. Persons in possession of this document may, amongst other rights, "carry out any permitted activity, with the exception of those activities expressly prohibited for foreigners or reserved for Italian nationals by law" (Art. 7) (these would include, for example, employment in the public service).

Immigration quotas for non-EU countries, which were used as the basis for appropriate agreements, can be laid down on the basis of ad hoc ordinances through the system of annual quotas. Foreigners who intend to emigrate to Italy in order to engage in dependent (including seasonal) employment may, on the basis of these agreements, be registered in special lists indicating their vocational qualifications. The law also provides for the possible compilation of a computerised annual register listing the supply of and demand for foreigners for dependent employment.

There is a further possibility for Italian (or legally resident, foreign) employers intending to enter into a fixed-term or permanent employment relationship with a person living abroad. In this case, they must submit an application for a work permit (naming the new employee) to the local Labour Ministry office responsible for the region concerned. The application must be accompanied by an appropriate document describing the housing circumstances of the foreign worker. The local office then issues the permit, taking into account the restrictions imposed by the above-mentioned immigration quota and having investigated the conditions created by the employer. These may not be inferior to those laid down in the collective agreements for the type of job concerned. A regulation seeking to protect foreign workers guarantees that, in the case of job loss, they may be included in the placement lists until the expiry of the residence permit or for a minimum of a full year (unless the residence permit was issued for seasonal work).

Special regulations will be introduced for Italian nationals (or foreigners with a residence permit) intending to stand surety for immigrants in order to enable them to enter the labour market. Thus, the regulations will stipulate how to maintain a directory of those authorities and organisations that are entitled to stand surety. The maximum number of times these bodies can stand surety in one year will also be defined. It should be remembered in this context that numerous Catholic organisations (e.g. Caritas and the Community of Saint Egidius)

and associations run by other religions (Federation of Evangelical Churches) have been working for the integration of immigrants for many years. Thus, it can be expected that they will seek to stand surety for a number of immigrants in order that immigrants can enter Italy.

As regards seasonal work, there is an interesting new regulation stipulating that seasonal workers who are already in Italy and who have fulfilled the conditions for residence are given precedence over "new immigrants" for a return to Italy the following year. In addition, it is possible to convert a residence permit for seasonal work into a residence permit for (fixed-term or open-ended) dependent employment.

Self-employment is covered by various regulations. Foreigners who intend to engage in industrial, professional, craft-related or commercial activities in Italy must prove 1) that they have sufficient means to carry out the proposed activity and 2) that their living conditions are adequate, that they have an annual income from a "legitimate source" (Art. 24) and that they have suitable surety from an organisation or an Italian national or foreigner with a valid residence permit for the territory of Italy. Having verified the above requirements and having received the various authorisations required by the law, the diplomatic representation or consulate will issue an entry visa for self-employment, explicitly naming the activity for which the visa was granted.

This law is interesting for a number of reasons: because it introduces elements of greater flexibility both as regards immigration and integration into employment and because it is – as mentioned at the beginning of this article – finally an organisational law. It covers various issues, such as family reunification, minors, health aid, the right to schooling and practising a vocation, intercultural education, housing and social welfare. It also includes regulations against discrimination and provides for the creation of special bodies (the National Fund for Migration Policy and the Committee for Integration Policy) to facilitate integration.

Italy

European Initiative for Unemployed Youth

Each Member State, in consequence of the Luxembourg summit meeting of the EU heads of state on 21 November 1997, has agreed to implement measures that facilitate the recruitment of unemployed jobseekers and that create incentives for persons seeking employment and training opportunities. An experimental initiative to decrease unemployment among young people aged between 18 and 25 has been started in this context in Italy. The experimental phase will concern the following provincial labour directorates: Arezzo, Padua, Lecce, Piacenza, Potenza, Salerno and Reggio Calabria. The experiment will be of particular interest for around 20 placement offices. The unemployed participants will take part in an interview targeting the following priority groups:

- unemployed persons who have been registered for over six months and have had no contact with the placement office for over a year;
- unemployed persons who have been out of work for over six months and are approaching the age of 25;
- unemployed persons who have not been on a waiting list for long and are aged under 18.

At the end of the interview, an individual plan for the search for employment and training will be prepared, which will offer concrete points of departure for the short-term integration of the unemployed person. After a period of between 13 and 20 weeks, the unemployed person must report again to the local employment office so that it may be ascertained whether the interview and individual plan have been of concrete assistance as regards jobsearch (possible employment or training opportunities, obstacles, etc.).

Finland

National Programme for Older Workers

Finland's new labour policy is investing more in efforts to maintain working capacities. Effort is also being put into boosting initiative on the part of the unemployed – for instance, by skill profiling and expanding job-search training. The aim is for the unemployed to identify their strengths, obtain new skills as required and learn to market their know-how to potential employers. It is particularly important and challenging to encourage older people to stay in working life. Another key element is to encourage employers to make good use of the benefits that age and experience confer.

Background and aims of the National Programme for Older Workers

The prime motivation for the new National Programme for Older Workers (1998–2002; see iMi no. 58) is the major changes that will take place in the structure of the Finnish workforce in the next few years: about 170,000 more people will join the 50–64-year age group, while at the same time, the age group in most demand, the 25–49s, will decrease by 150,000. The employment rate among older people is low and they face strong pressure to take early retirement. If the ageing of the workforce is not turned into a strength, the economy and individual businesses could suffer serious costs.

The National Programme for Older Workers derives from a Government Resolution dated 6 February 1997, and is based on the proposals of a special committee called IKOMI, which was set up to study ways of raising the employment potential of older people. The programme has this aim, together with the prevention of disability and early retirement. Implementation will involve some changes in legislation and various analytical, training and pilot projects.

This year the National Programme for Older Workers will focus mainly on the media: a PR campaign is being prepared and information measures

Special Categories of Workers

are already under way. In May, there will be a special campaign aimed at employers. One of the aims of the information drive is to disseminate the latest research findings about the strengths of older people and the factors that affect working capacities and conditions. At the same time, it will be stressed that action to reduce the disadvantages of an ageing workforce and to maintain working capacities is worthwhile both for the economy as a whole and for individual businesses. The positive aspects of ageing will be highlighted, and, hopefully, attitudes will be changed, ensuring that the know-how and experience of as many older people as possible are fully utilised in working life.

Institutions and working groups involved

The Ministry of Social Affairs and Health bears most of the responsibility for the project, but the Ministry of Labour and Ministry of Education are also playing key roles. Other institutions involved are the Ministry of Trade and Industry, the central labour market organisations, the Association of Finnish Local and Regional Authorities, the Social Insurance Institution, the Institute of Occupational Health and the pension companies. An advisory board representing all of the bodies involved will oversee and monitor implementation of the programme and prepare any further measures considered necessary. The board will be helped by working groups within the ministries and by a separate media section.

Present situation and timetable

Several measures aimed at improving the status of older jobseekers fall with-

in the Ministry of Labour's purview, the most important being:

- Official labour policy was overhauled as of the beginning of 1998.
- The pilot project in 1996-1997 to chart the services needed by ageing long-term unemployed was expanded to cover the whole country from the beginning of 1998, and they now form part of the normal service range at employment offices.
- Ways of encouraging self-employment among older people are being promoted at employment offices and Employment and Economic Development Centres.
- The number of older people starting adult labour market training and subsidised employment will be increased substantially.
- Individually tailored training methods closely linked to working life will be tried out.
- More use of the job alternation leave and part-time supplement systems will be encouraged.
- Flexible working-time arrangements and workplace development measures will be used to promote the employment of ageing workers.
- Vacancies that are suitable for combining part-time work and part-time pension will be increasingly posted at employment offices.
- A survey of discrimination against older people in recruitment will be launched at the beginning of 1998. The forms age discrimination takes and the effectiveness of legal provisions against it will be studied.
- The aim of the change in the law on codetermination that came into force in 1997 is to focus attention on

the special needs of older workers in corporate personnel and training planning.

- Interaction between different age groups in the workplace is being encouraged.
- Local ideas and cooperation and forms of combined support will be used to create new, permanent job-creation potential.
- The personal expertise and activities of the unemployed will be exploited in developing new service options.
- As part of a comprehensive training approach, the labour administration will be training its own staff in ageing-related questions during the spring of 1998. Special officers will be appointed at Employment and Economic Development Centres and employment offices, and instructor training will start as soon as possible. In Autumn 1998, a seminar on the theme of ageing will be arranged for government officers dealing with the long-term unemployed.
- The special strengths that advanced age and experience bring will be made the subject of debate and information. The target is to make full use of 'experience capital'.
- The social partners, training and research institutes and consultants will work together to find good working-life and management practices that will help in taking age issues into account in management.
- The media will be enlisted in ensuring that measures under the programme are implemented.

Working Time

Germany

Regulations on Flexible Working Time to Enjoy Better Protection under Social Law

Following its ratification by the upper and lower houses of the German parliament, the law on protecting flexible working-time regulations under social law came into force on 1 January 1998, thus improving the legal framework for agreements on working-hour logs. Under previous law, compulsory insurance and contributions were dependent on an employment relationship consisting of real work output against a wage. However, under various models based on working-time logs, employees who do not work for a certain period of time still receive a wage, earned through actual output before or after the period of leave. It was possible to accumulate hours in this way under the Elderly Employees' Part-Time Employment Act, for example, for a period of five years (under a special regulation extending the general social security legislation).

Above and beyond this framework, the new law now also guarantees statutory health, home-care, pension and unemployment insurance for employees on leave, with the obligation to pay social security contributions on earnings being extended from work performed in advance to the subsequent period of leave. The parties to the agreement are obliged to provide for the eventuality of employers becoming insolvent, so as to protect the long-term working-time logs. In addition, there is a guarantee that credits for statutory pension insurance which are still valid will lead to a pension increase in the case of death or a reduction in earning capacity. Drawbacks for the employees are also avoided in health and unemployment insurance.

In addition, the application of the Elderly Employees' Part-Time Em-

ployment Act (see BIR 1997, D-vii.8) will be simplified and its duration of validity extended, resulting in incentives to maintain jobs and recruit unemployed workers:

- The distribution period provided for in the Elderly Employees' Part-Time Employment Act will be extended from five to ten years in areas with collective agreements.
- The basic precedence of the collective agreement will be maintained; at the same time, however, it will be made clear that the bargaining parties may include in the collective agreement a clause allowing for internal agreements.
- Should the parties to the agreement make use of this clause allowing for internal agreements, all areas – whether bound by the agreement or not – will be treated equally. This means that internal agreements on partial retirement can be concluded even in areas within the framework of the existing collective agreement that are not bound by the agreement.
- In areas where collectively agreed regulations on distribution of working hours have not been met or are not usually met (freelance workers), internal or individual agreements on partial early retirement are permitted. Thus, the possibilities for firms to freely conclude agreements on block models for a distribution period of up to three years (previously one year) within the framework of partial early retirement have been extended. In addition, the law contains further new possibilities for partial early retirement: small firms with up to 20 employees may now also fill resulting vacancies with trainees. In addition, the period of validity of the Elderly Employees' Part-Time Employment Act has been extended by three years. Support is now provided for partial early retirement that commenced before 1 August 2004.

There is considerable interest in partial early retirement. Over 90 collective agreements on partial early retirement have been concluded to date (cf.

iMi 60, p. 28), while over 5.6 million workers are employed in the areas concerned. New legal developments can be expected to give further impetus for even greater acceptance of and recourse to partial early retirement.

Italy

Job-Sharing in Italy

Job-sharing (working in pairs or sharing one job) is a particular type of employment contract whereby two or more employees work “in solidarity” to achieve the required output. In general, job-sharing offers the advantage of higher productivity and labour intensity and, in particular, the possibility for the worker to organise his/her free time (family requirements, learning, etc.) and working time in a beneficial and appropriate way. Although job-sharing is not regulated in Italy as yet, this does not hinder its use – at least for a few specific groups of workers. The Ministry of Labour recently tried to help clarify the situation by stopping up the current gaps in the law (cf. Directorate General for Labour Relations Circular no. 43). There are not yet any statutory regulations or general principles as regards employment contracts that explicitly or implicitly preclude the possibility of entrusting a single-waged job to two or more workers; neither are there any stipulations at the collective bargaining or company level. Thus, the definition and potential modification of concrete aspects of the employment relationship – e.g. the distribution of working hours – are left to the collective bargaining autonomy of the parties. Consequently, every worker is remunerated according to the actual volume of work performed.

As regards insurance for the future (old-age, disability and dependent survivors' pensions, sick pay), these workers are treated the same as employees on part-time contracts.

Miscellaneous

Belgium

Wallonia: Employment Observatory Established

On 5 March 1998, the Walloon government passed at the first reading a proposal for a decree establishing a Walloon employment observatory. This is to provide the region with a permanent tool for the analysis of the regional labour market.

More specifically, the observatory will have the following three objectives:

- providing information on labour market trends to political decision-makers, socio-economic actors and other concerned groups;
- creating an analytical forecasting tool enabling the demand for labour and for specific qualifications to be anticipated at the macro level;
- providing secure guidance for evaluation procedures of the various measures implemented to promote employment and reduce unemployment.

In this regard, the employment observatory will play an important role in evaluating measures implemented in Wallonia within the framework of the National Action Plan for Employment.

The Walloon employment observatory has been conceived as a system linking diverse structures and several partners. The function of scientific advisor will be performed by the observatory council, to consist especially of six representatives of Walloon and French-speaking universities. The council will give its opinion in complete independence. Managerial functions will be performed by a steering committee composed of the ministries and administrations concerned. The executive function will be performed by the research and statistics department of the Ministry of the Walloon Region.

The first multi-annual programme of observatory activities is currently

in preparation. It will bring together a number of leading partners, including the regional public employment service (FOREM), the Directorate General for the Economy and Employment (Ministry of the Walloon Region), the research and statistics department, the subregional committees for employment and vocational training, professional associations and the temporary employment sector.

Italy

Teleworking: Opportunity or Risk?

Teleworking is becoming increasingly common, both in a few large concerns (especially in the data-processing and communications sectors) and in the small-scale service sector. This is a type of work that modifies the traditional dimensions of space and time through the use of electronic data-processing and/or telematics. A number of parties are thus pointing to the need for regulation of teleworking – a kind of work that is particularly appreciated in view of the current lack of employment opportunities – so that it can represent a real chance for the worker and not a risk or negative factor. A range of issues are named in this regard: the protection of a number of basic rights for the worker, such as the right to information, i.e. so-called “computer sociability”, and the right to the inviolability of the home. “Computer sociability” is to be understood above all as the interactive link with the employer’s (or client’s) office and with all users of the system. A related issue is the right to a link with the company’s union representatives (*Rappresentanze Sindacali Aziendali* – RSA) and with the professional associations of self-employed teleworkers. “Computer sociability” is important

for the enhancement of vocational knowledge, for career opportunities, for relations with organisations, associations and trade unions, for safeguarding one’s own rights, for the elaboration of collective agreements (in fact, still in the embryonic stage), etc. An additional problem is the confidentiality of the teleworker’s communications in exercising these rights. Teleworking leads to far-reaching changes in work organisation and labour relations. On the one hand, the teleworker remains closely involved in the production process through data-processing and telematic technology; on the other hand, working outside the firm does not give the teleworker greater independence, because he or she is unable to escape the control of the employer. This special situation can aggravate a weak social position and increase the risk of isolation from other categories of employees in the enterprise. Thus, teleworking can open up possibilities to evade prevailing legislation on occupational health and safety, leading to the emergence of less well-protected groups of workers and the nullification of the basic rights of the individual.

Despite all these problematic issues, various forms of teleworking are emerging (e.g. remote work, working at home, and dependent and semi-dependent employment, not including entrepreneur or freelance teleworkers, who perhaps require less protection in this context). Another interesting aspect, yet to be fully defined, concerns the change between work on company premises and teleworking; it is clear that mechanisms must be investigated at the normative (legislative and collective agreement) level, in order to avoid teleworking being given the same status as “finite” employment, which factually reduces career opportunities and the possibilities for stabilising the employment relationship. Because one of the main determinants for the weak contractual and socio-economic position of semi-dependent workers is the lack of job security, a right to renewal of the collaboration contract might be intro-

duced if a client repeatedly uses independent teleworking at regular intervals to avail of the same services. In the absence of collective agreements defining certain parameters, minimum indexes should be fixed for remuneration, in order that the principle of adequate payment be observed (Art. 36 of the Constitution). This should occur after the opinions of the opposing parties have been obtained through the tried-and-tested practice of "concerted action" between the trade union federations. Finally, it should be noted that this new type of work could resolve the problem of finding employment for numerous categories of people: women working in the family context or caring for older, ill persons, etc.; students; persons with walking or other disabilities, etc. Seen in this way, teleworking remains a remarkable opportunity, which, however, must be regulated as quickly as possible.

appears to have been reached in other countries.

The number of temporary employment agencies recognised by the Ministry of Labour and thus listed in the relevant directory amounted to 26 in April 1998 (also see iMi 61, p. 9). The interest in agency work found, for example, in public administrations in the wider sense (Chamber of Commerce Federation, community-owned firms, etc.) should be noted. This can be understood as a response to the need for flexible personnel.

Netherlands

Members of Labour Pools Satisfied with the Content of their Jobs

Members of labour pools were generally satisfied with their job content and their working conditions. In fact, they appeared to be even more satisfied with their work than the average employee. However, they responded less positively with respect to the level of their (statutory minimum) wage and their future perspectives. These findings can be inferred from a study by the NIA/TNO research institute on the employment of members of labour pools ("De arbeid van banenpoolers"). The study was financed by the Ministry of Social Affairs and Employment.

The Regulation on Labour Pools ("BP regeling") was introduced in the early 1990s, creating subsidised employment for the very long-term unemployed (>3 years) at a great distance from the labour market. The regulation expired on 1 January 1998 and was replaced by the Jobseekers' Employment Act (WIW). All participants in the labour pools scheme (some 23,000) were then transferred to forms of subsidised employment under the WIW.

The research was conducted in 1997. Under the Regulation on Labour Pools, the long-term unem-

ployed were employed with a local Labour Pool Organisation. This organisation implemented the regulation under the authority of a local community. The organisation placed participants in additional employment in the public and non-profit sector, thereby receiving some financial compensation ("inleenvergoeding"). The types of activities included: caretaker/janitor, administrative support, gardener, street cleaner, kindergarten teacher, bus driver, etc.

The reason the research was initiated was that little was known about job content, working conditions or counselling/support for members of labour pools. It was known only that absenteeism figures were relatively high and that the percentage flowing into regular employment was low. The research was based on talks with 125 members of labour pools, 126 employers who created additional jobs for the target group and 10 representatives of Labour Pool Organisations.

Members of labour pools did earn the statutory minimum wage. Under certain conditions, in order to stimulate their flow into regular employment, they could also gain work experience in the market sector. Since the introduction of the WIW in January 1998, placements in the market sector are generally permitted.

Of the labour pool members interviewed, 50% were satisfied and an additional 31% were even very satisfied with their job. This job satisfaction was especially related to job content (61%), relations with clients or patients (52%) and relations with colleagues and/or supervisory staff (34%). According to the researchers, one of the most important success factors behind the labour pools was that they tailored employment to the needs of the target group. This probably explains why so many participants responded that they were satisfied with their job.

When asked about less positive aspects of their jobs, about one third were not able to give an immediate answer. More than 20% spontaneously mentioned the level of the salary, 14% were dissatisfied with the content of their job and 8% mentioned the lack of perspective with respect to

Italy

Agency Work in Italy: First Significant Developments

The Confindustria (the most important employers' association) and the CGIL, CISL and UIL unions concluded an agreement on agency work in April 1998. On this basis, negotiations can be carried out at company level on the issue of remuneration and on potential specific measures concerning the different areas. Thus, the ministry has demonstrated its will to defer responsibility for defining the parameters for the implementation of this new labour market policy measure to the parties concerned, instead of regulating from above by ordinance. The agreement lays down a maximum quota of 8% agency workers amongst the entire workforce on open-ended employment contracts. This share should satisfy the needs of enterprises, considering that a quota of only 3%

Miscellaneous

regular employment and/or accumulating a pension.

Of the employers who created additional jobs for the target group, approximately 50% of the respondents estimated that members of labour pools were capable of entering regular employment; a quarter of the labour pool members were of the opinion that it should be possible for them to find a regular job. Most would like to flow into the regular labour market, although they would prefer to see their labour pool job transformed into a regular job with a higher wage and better prospects. The Labour Pool Organisations, the employers and the participants all indicated that the potential of outflow possibilities was under-utilised. They were also all of the opinion that a different, more motivated approach by the labour pool members could have been instrumental to this end.

The research further shows that labour pool jobs were in most cases (82%) newly created positions. The remaining cases (12%) were related to "old" jobs which had disappeared in the process of rationalisation but returned as a subsidised, additional labour pool job.

Asked why they took on board a seconded labour pool member, 36% of the employers said "because they are inexpensive employees", 29% argued that it relieved work pressure on their own staff and 27% created an additional job "for social reasons". Mostly the employers consider and treat the labour pool employees like their own regular employees.

Portugal

Advisory Centres for Firms

By virtue of Decree-law no. 78-A/98 of 31 March 1998, the network of advisory centres for firms (*Centros dos Formalidades das Empresas* - CFE) that had been set up in March

1997 as a pilot scheme in Lisbon and Porto was extended to cover the whole of Portugal.

The aim of the centres is to provide advisory and information services and to help firms during start-up, restructuring and liquidation phases. In terms of the employment guidelines for 1998 agreed upon at the extraordinary meeting of the European Council in Luxembourg, the centres come under the second "pillar", that of developing entrepreneurship.

Each centre is established on the basis of proposals by the Minister of the Economy by a joint decree issued by the minister in charge of the relevant offices and the civil service minister.

The establishment of a CFE requires an application to be submitted to the economy ministry by so-called host or reception bodies; as a rule, they consist of public organs and institutions, employers' federations, chambers of trade and industry, and professional associations. These can be considered as host institutions provided they have the premises and technical equipment required to run a CFE, are prepared to dedicate suitable staff to information and advisory services, have an administrative structure and are willing to pay a proportion of the running costs. Reception institutions merely provide the technical equipment necessary to operate the CFE.

Each advisory centre is linked to the following institutions:

- an office of the National Register of Legal Persons (RNPC);
- a solicitor's office;
- an external office of the Directorate General for Taxation (DGCI);
- an Office for the Support of the Commercial Register (GARC); and
- a branch office of the regional centre for social security (CRSS) responsible for the area in which the CFE operates.

Additional public or private offices may be set up on CFE premises, and each CFE may establish branch offices; this occurs on the basis of a joint decree by the ministries of finance, justice, the economy, and labour and social solidarity.

Sweden

Labour Market Policy Programmes to be Eco-tested

Not only labour market policy effects, but also environmental considerations are to be taken into account when labour market programmes are decided upon. Two questions are to be asked as a matter of course: whether the programme helps to achieve environmental targets and whether the policy programme is compatible with such targets.

The public employment service (AMS) is convinced that it can contribute in this way to ensuring that economic development in Sweden is sustainable. It has presented its strategy proposals in this area to the government.

AMS strategy includes close cooperation between the employment service and other national authorities with environmental responsibilities, such as the National Environmental Protection Agency, NUTEK (the National Board of Industrial and Technical Development), county administrative boards, and municipal environmental and health protection committees.

As a first step towards integrating labour market and environmental policy, the AMS proposes to lay down guidelines for the county labour boards. It also intends to appoint a central project group entrusted with the tasks of supporting and observing progress towards a sustainable Sweden within the domain of the employment service.

At present, environmentally oriented measures mainly occur under the Employment Development Scheme (ALU). Replies to a questionnaire sent to Sweden's county labour boards by the AMS show that the extent of these measures varies considerably from one county to another. Several counties, however, estimate that between 10 and 30 percent of their projects have an environmental focus.

In a number of counties environmentally oriented measures also occur in the form of public temporary employment in silviculture, nature conservancy and landscape conservation. Projects of this kind are often rated as highly successful from the viewpoint of both employment and the environment. This programme, however, being comparatively expensive, is of relatively limited scope.

In certain counties, environment-oriented training activities also occur in the context of employment training, for example, in the case of training programmes for prospective environmental information officers, environmental controllers and waste management personnel.

In addition, several projects within the EU's Objective 3 have environmental components of different kinds.

Virtually all the county labour boards feel that there are several areas in which labour market policy inputs contributing to a sustainable society can be augmented. Areas of this kind include silviculture, nature conservancy and water conservation, maintenance of the soil and water inventories, recycling, energy recovery and alternative (ecological) farming.

The AMS underlines, however, that the success of the proposed measures will hinge on the following important prerequisites:

- the present "quantitative requirements" concerning the number of persons taking part in labour market policy programmes must allow scope for quality and a forward-looking focus in the programmes,
- simplification of the regulatory measures applying to the policy programmes,

- wider scope for local initiatives through a more flexible deployment of resources.

The AMS is also submitting to the government an internal environmental policy for the employment service itself. As part of this internal environmental policy, all personnel will undergo basic training in environmental studies within the next three years. In addition, environmental considerations will be applied to the procurement of materials, goods and services.

Travel and mobility allowances for jobseekers – a major ingredient of AMS spending – also come under the environmental policy. For example, job application journeys by jobseekers looking for work outside their home area will in future have to rely more on public transport.

Rough currency conversion rates

One European Currency Unit (ECU) was roughly equivalent to the following amounts of national currencies (18 June 1998):

Belgium	BEF	40.85
Denmark	DKK	7.54
Germany	DM	1.98
Greece	GRD	337.39
Spain	ESP	168.04
France	FRF	6.64
Ireland	IEP	0.79
Italy	ITL	1,951.04
Luxembourg	LFR	40.85
Netherlands	NLG	2.23
Austria	ATS	13.93
Portugal	PTE	202.79
Finland	FIM	6.02
Sweden	SEK	8.77
United Kingdom	GBP	0.66

FOCUS

The "Focus" part of inforMISEP "Policies" is conceived by the secretariat of the European Employment Observatory. The opinions and analyses contained in this section do not necessarily reflect the opinions or views of the European Commission or the correspondents. Signed articles are the sole responsibility of the author(s).

Evaluating Active Labour Market Measures for the Long-Term Unemployed

*Nigel Meager**

Introduction

European countries spend significant sums on active labour market policies (ALMP) targeted at (long-term) unemployment. Recent years have seen the European Commission, the OECD and many governments advocating a shift from passive policies (i.e. unemployment benefits and income support) to active measures. Across the EU (see European Commission 1997), spending on active measures as a proportion of total labour market policy expenditure increased from 27% to 36% over 1985–95. At the same time, however, there has been growing scepticism about the effectiveness of the traditional tools of ALMP (supported by a wealth of evaluation studies with unimpressive results; see, for example, Lange & Shackleton 1994).

This article draws on a recent review by the author for the ILO (Meager & Evans 1998) to describe recent developments in active measures for the long-term unemployed (LTU), and considers the extent to which such developments are justified in the light of evaluation evidence.

Trends in active measures for the LTU

At a broad level, looking at the orientation of ALMP, a distinction can be made between¹:

- demand-side approaches, which increase labour demand or bias that demand (e.g. towards the re-

cruitment of the LTU) either directly (through job creation) or indirectly (through incentives to employers).

- supply-side approaches, which improve the employability of the LTU by increasing their skills, their ability to access jobs, their jobsearch motivation or their willingness to take jobs.

There has been a shift, since the mid-1980s, in the balance between demand- and supply-side measures, growing disillusionment with traditional job-creation and subsidy schemes, and increasing emphasis on supply-side measures (although in some countries, such as the UK, there has been a recent reintroduction of traditional demand-side measures, albeit in a more targeted fashion²).

In so far as the demand-side approach has remained important in some countries, there has been a move away from mass job-creation schemes, with a greater element of targeting (on particular client groups), and a growing emphasis on indirect approaches to job creation (through incentive- and subsidy-based schemes).

Recently, a changing balance can also be observed on the supply side. In the 1980s, vocational training dominated many countries' approaches. Under recent scepticism about the effectiveness of training schemes (reflecting budgetary concerns and evaluation results showing poor performance on the reintegration chances of the LTU), the balance has, however, shifted in many countries towards an emphasis on jobsearch support, counselling and advice.

Associated with these trends is a greater 'individualisation' of meas-

ures and tailor-made approaches addressing the specific needs of individual jobseekers. A common feature is a growing role for individual case-workers who devise 'individual action plans' involving a mix of specific interventions (jobsearch support, vocational training, work experience, help with social problems, etc.) at different times and in different combinations.

Recent years have also seen a proliferation of local, community-based and 'intermediate labour market' initiatives, as alternatives to the traditional centralised mass schemes for the LTU. Some countries, particularly the UK and Scandinavian countries, have also seen a growing emphasis on 'activation', incorporating both incentive- and sanctions-based approaches.

Preventive strategies: early identification and action

Most active measures aim to reintegrate the LTU into the labour market. There is, however, growing interest in preventive approaches, with intervention before individuals be-

* The author is employed as a researcher at the Institute for Employment Studies at Sussex University in Brighton, Great Britain. This Focus article is based on a study, carried out by the author and C. Evans for the International Labour Office, Geneva, entitled "The Evaluation of Active Measures for the Long-Term Unemployed". Employment and Training Papers Nr. 16. Geneva: ILO.

1 Similar distinctions are made in Gaß et al. (1995). See also Werner (1996).

2 This trend is being extended in a major way by the Labour government, whose 'New Deal' is an ambitious mix of traditional demand-side measures, including employer subsidies and job-creation schemes, and supply-side actions including training and jobsearch support.

come LTU (and begin to lose work attachment, skills and motivation).

The main objection to early intervention is the risk of deadweight costs (in many countries, most unemployed entrants leave unemployment within a short period³). It is even possible that early intervention could have negative effects, if people who would have found a job quickly remain out of the labour market longer than otherwise.

At what point in an unemployment spell do the benefits of intervening outweigh the deadweight costs? As noted in OECD (1994), there is little empirical evidence, although many countries offer low-cost advice and job information to the short-term unemployed, introducing more intensive and costly measures as unemployment duration increases. Such approaches, however, assume there is no reliable way of identifying beforehand individuals with a high risk of becoming LTU. An alternative view stresses that individual characteristics influence the chances of becoming LTU, and that policies should use these characteristics to trigger 'tailor-made' interventions, rather than rely on unemployment duration to generate a 'standardised' intervention. Such targeting requires, however, an effective mechanism to identify 'at risk groups'. Our review suggests little evidence that an effective early identification process can be found, although progress has been made in 'profiling' initiatives in Australia, Canada and the United States⁴. Even if such models can identify 'at risk' individuals, they do not, however, indicate what kinds of services such people require. There are, moreover, significant ethical and legal constraints on the use of personal characteristics such as age, sex or ethnic origin to allocate resources to the LTU.

How much effort should be invested in improved 'early identification' techniques depends on the process by which people become LTU. The academic literature contains an unresolved debate on the relative impor-

tance of 'heterogeneity' (i.e. the unemployed with 'undesirable' characteristics are successively filtered out in the recruitment process) and 'state dependence' (i.e. unemployment itself leads to further unemployment, as employers use unemployment duration as a recruitment screen, and/or unemployment leads to deterioration in skills and motivation)⁵. Early identification is more appropriate in the former case, whilst 'blanket' measures triggered by duration thresholds are appropriate in the latter (see Elias 1996). Despite two decades' research, economists have been unable to show convincingly which effect dominates. Early U.S. research favoured heterogeneity⁶, whilst European research (e.g. in the UK: Lynch 1989; Narendranathan & Elias 1993) indicated a role for both factors. Further U.K. studies⁷, however, indicated stronger evidence of state dependence, and then most recently the balance of evidence has again swung to heterogeneity. This is, however, difficult to square with evidence from employer surveys⁸ indicating that employers do take account, when recruiting, of unemployment history.

The jury is still out on this debate, and therefore also on the case for early identification approaches. We are, however, a long way short of developing practical and acceptable techniques of early identification, and it is likely that the common strategy, with increasingly intensive measures introduced at each threshold of unemployment duration, will continue.

Macrolevel impacts

Before looking at the effectiveness of individual measures, it is worth briefly considering the important question of whether such measures add up to a 'zero sum game' at the macro level. Some economics literature suggests, often on theoretical grounds, that active measures have little impact on aggregate unemployment. Rather, high and persistent unemployment reflects demand deficiency and/or structural and technological

changes that disadvantage certain groups. Clearly, even on this view, supply-side measures may address elements of (long-term) unemployment by reducing mismatch between the skills and characteristics of the unemployed and those desired by employers. Unless, however, the measures enable the unemployed to fill otherwise unfilled vacancies, or to fill them faster than otherwise, there is no net increase in jobs, merely a redistribution from the short-term unemployed (or new entrants) to the LTU. Even in this case, however, such redistribution (leading to a reduction in average unemployment duration) may be a legitimate policy target, yielding social and economic benefits through a smaller hard core of severely disadvantaged LTU. A second argument is that if the LTU are labour market 'outsiders', with little impact on the unemployment/inflation trade-off, then job-creation measures favouring them are consistent with a policy stance aiming at non-inflationary growth.

Without reviewing the literature in detail⁹, the cross-national evidence on whether active labour market measures affect unemployment levels and the share of long-term unemployment is mixed. Econometric analysis across 19 countries (OECD 1993), for example, suggests that where the degree of labour market

3 In the UK, for example, of new claimants entering unemployment in 1994-95, 52% left the register within three months, while 67% left within six months.

4 A useful review of recent work in this area can be found in Eberts & O'Leary (1997).

5 The debate and recent evidence are well summarised in Hasluck et al. (1996).

6 The relevant theoretical literature includes Heckman (1978), and early U.S. empirical work includes Ellwood (1982), Chamberlain (1985) and Lynch (1985).

7 See, in particular, Jackman & Layard (1991), but also Narendranathan & Stewart (1989); Layard et al. (1991) also argue strongly that there is significant evidence of state dependence.

8 Atkinson et al. (1996), Colbjørnsen et al. (1992), ESRI (1991), Gazier & Silvera (1993), Meager & Metcalf (1987), Ronayne & Creedon (1993).

9 Many of the papers in Snower & De La Dehesa (1997) address this debate.

policy activism is higher, long-term unemployment is lower (the findings of Layard et al. 1991 and Zetterberg 1993 are similar). Such analyses are not unproblematic, however. First, there is a question of causality (Grubb 1994); the ratio of 'active' to 'passive' labour market expenditure is pro-cyclical (passive expenditure has an automatic component, rising in recession), and such results may simply mean that in times and places of high unemployment, governments spend relatively more on unemployment benefits. A second problem is that such findings are not always replicated. Forslund and Krueger (1994), for example, found that ALMP variables were positively associated with aggregate unemployment. At best, therefore, it would seem that the debate on the overall macroeconomic impact of ALMP remains unresolved.

Evaluation findings on active measures: what works?

In this section, we review the findings of empirical evaluations of active measures for the LTU, drawing on around 100 studies of schemes across a range of countries (reported in Meager & Evans 1998), as well as previous internationally comparative reviews (see, for example, OECD 1992 and Fay 1996). Inevitably, certain countries are over-represented (particularly those in Northern Europe, North America and Australia, which have a tradition of ALMP and policy evaluation), as are certain types of measures (there are relatively few evaluations of guidance, counselling and jobsearch initiatives, of more innovative individualised approaches, or of small-scale, local initiatives). In reviewing the evidence on individual measures, we focus on common findings, although one feature of this work is the contradictory conclusions emerging from evaluations of similar schemes.

To examine the different types of active measures and combinations adopted in practice and the evaluation results on these measures, it is helpful to go beyond the simple de-

mand/supply side dichotomy set out earlier. The categories presented below¹⁰ cover the main types of active measures which have been implemented in recent years, and this classification provides a framework for comparing the impact of the different approaches according to the evaluation evidence¹¹.

Employer subsidies

These demand-side measures tackle job creation indirectly through subsidies or other incentives to employers to encourage them to recruit the LTU.

The evidence suggests that subsidies to employers to recruit the LTU:

- are relatively high cost per participant and (especially) per net job created;
- often have high deadweight effects;
- have high displacement rates of private-sector activity (at least where the schemes are large scale); and
- often have significant substitution effects in favour of the LTU (this may, however, be desirable; in the U.K. Workstart pilots, for example, redistribution was claimed as the main objective – see House of Commons 1996, p. 27).

Nevertheless, it is clear that such schemes can play a positive role in the ALMP portfolio. Thus, evidence from the UK (Atkinson et al. 1996) and the Netherlands (de Koning & Gelderblom 1990; de Koning et al. 1992; de Koning & van Nes 1989 and 1990; de Koning 1993; de Koning 1995) suggests that subsidies targeted at the most disadvantaged groups for whom other measures have proved ineffective can improve re-employment chances. A further finding is that such schemes (by bringing the LTU into contact with employers) can positively influence employer attitudes (Atkinson & Meager 1994). Some studies suggest that provision of continued advice and support and targeted training during and after the subsidy period also increases scheme impact

(O'Connell & McGinnity 1997). More selective and targeted use of subsidies reduces deadweight (the most disadvantaged are the least likely to be recruited without a subsidy) and displacement effects.

Finally, it is worth noting (again Dutch and British studies cited above illustrate this) that local variations in scheme implementation appear to affect outcomes. This merits further research; there is little hard evidence on implementation processes or on what constitutes transferable 'good practice' (e.g. in the way a scheme is marketed and delivered to employers by local PES offices).

Direct employment/job-creation schemes

These initiatives create employment for the LTU as a bridge between unemployment and the regular labour market. They offer work experience, with participants undertaking socially useful activities, and we can distinguish between:

- traditional approaches, creating short-term jobs in the public or quasi-public sectors for the LTU; and
- small-scale, locally based schemes generating employment in the 'intermediate labour market', often via 'community businesses' set up for this purpose.

In practice, the distinction between the two are mainly their scale and the actors involved. In both cases, they aim not to displace private-sector activities; in both cases also, this can be hard to ensure.

Looking first at traditional job-creation measures, evaluation findings for large-scale job-creation measures are mixed. There are often

10 This typology draws on similar classifications found in the literature. See, for example, Gregg (1990), Disney et al. (1992), and Erhel et al. (1996).

11 We have not considered evidence from the 'transition economies' of Eastern Europe, partly because of the paucity of existing literature on this region, but also because ALMP remains under-developed in these countries (where passive expenditure predominates) – OECD (1996).

poor results in countries with long-standing, mass schemes (e.g. relief work in Sweden, ABM measures in Germany, the Community Programme in the UK in the 1980s, TUC in France), with significant displacement effects in some cases (Skedinger 1995; Forslund & Krueger 1994) and little long-term impact on re-employment or earnings in others (Bellmann & Lehmann 1990; Bonnal et al. 1994; Payne et al. 1996). On the other hand, there are studies (e.g. from Austria, Ireland and the Netherlands) recording significant positive impacts (Lechner et al. 1996; Biffel et al. 1996; Breen 1991a, 1991b; de Koning et al. 1994).

It is difficult to identify the factors leading to some job-creation measures being more successful than others, but evaluation studies suggest the following are relevant:

- the extent to which the schemes offer work activities similar to those on the open labour market;
- whether the schemes simply offer work experience or whether other forms of support are included (e.g. periods of on- or off-the-job training or support for social and family problems and/or remedial education in literacy, numeracy, etc.);
- the extent to which the scheme is targeted. Schemes including short-term unemployed participants run greater risks of deadweight (and of perverse employment effects, through scheme participants being held off the labour market);
- the relationship with the benefit system. Compulsory schemes may generate cycles of participation, where people participate simply to ensure benefit eligibility (the Swedish example appears to illustrate this case);
- the duration of the scheme. Stable, long-lasting schemes are more likely to evolve cost-effective projects. There is a risk, however, that participants become 'stigmatised' in employers' eyes and that repeated participation itself becomes a dimension of social exclusion;
- the scale of the scheme. The larger the scheme, the harder it appears to be to offer genuine work to participants without displacing private-sector activity.

Turning to the newer 'intermediate labour market' schemes, many of the features contributing to successful job-creation measures are incorporated in these locally based schemes, although the literature contains few rigorous evaluation studies of these (despite many descriptive accounts claiming high levels of effectiveness). A further difficulty is that this type of measure covers many types of initiative, whose features are often specific to local or national circumstances, making it hard to draw common conclusions (examples of such initiatives are given in Meager & Evans 1998).

Looking at those evaluations that do exist, however (e.g. of the *Sozial-ökonomische Beschäftigungsprojekte* in Austria; Biffel et al. 1996), the findings appear sufficiently positive, in terms of employment probabilities and income levels, to justify further experimentation with such schemes. The case is stronger if the other benefits often claimed are also valid, such as: low exchequer cost, positive externalities due to their embeddedness in local communities, the 'realistic' nature of the work experience offered, and their incorporation of elements from other active measures (such as vocational training and self-employment support). Research to date, however, raises important questions about deadweight, substitution and displacement effects; there is a pressing need for further, in-depth evaluation of these effects. A key issue is scale; existing evidence suggests that such schemes offer a useful but modest local contribution to tackling LTU. It is less clear, however, whether they can be translated to a larger scale and whether 'smallness' is a key element of their success.

Vocational training-based schemes

These supply-side measures account for a high proportion of ALMP expenditure. They may be off-the-job

and classroom based and/or may involve on-the-job training in a work placement. Their underlying principle, however, is the notion that training the LTU will increase their employability.

The emerging view in the evaluation literature is that training schemes for the LTU have not lived up to expectations. As many studies show (including those in countries such as Germany and Denmark, where the quantity and quality of general workforce training is high – see Bellmann & Lehmann 1990; Disney et al. 1992; Hübler 1997; Rosholm 1994), they often appear to make little difference to the participants' employment or earnings chances.

Some caution should be exercised, however, in drawing strong negative conclusions from this (as do Lange & Shackleton 1994 and Robinson 1996). First, we should note that the pay-off from training is likely to be a medium- or long-term one. Few studies consider scheme impacts over anything other than the immediate post-scheme period, but those that do, e.g. Harkman et al. 1996 (for Sweden) and Payne et al. 1996 (for the UK), indicate that the benefits are greater in the medium or longer term.

Second, the message from the short-term impact studies themselves is mixed: even in Sweden, with increasing pessimism regarding the effectiveness of training schemes, several studies record significant and positive impacts (Harkman et al. 1996; Axelsson 1992; Björklund 1991; Korpi 1992). In other countries (Austria, Ireland and the Netherlands stand out), positive impacts on job-finding chances (and in some cases, earnings) are observed, and it seems that smaller-scale schemes, targeted on particular groups and/or on particular skills and occupations, have the greatest impact (the positive evaluation findings of the Training Opportunities Programme in the UK in the early 1980s are commonly cited as an example – see Payne 1990).

A further research conclusion is that training the LTU has a greater effect when customised to the specific needs of employers, especially where the training is delivered in conjunction with practical work experience (see Payne et al. 1996 for the UK).

Counselling, advice, jobsearch support, etc.

Many countries have introduced counselling, advice and similar support measures to improve participants' employability. They may, for example, include training in job-search techniques or in how to present oneself to an employer. They may also aim to improve the 'motivation' and 'work attitudes' of the LTU.

Measures of this type are often attractive to policy-makers because of their relatively low per capita cost. This has been reinforced by positive assessments of such measures by academics and commentators. As Fay (1996) points out, however, it is not clear that the generally small impacts shown by the evaluation studies justify the high marks given to such initiatives. Modest results from job-search assistance and counselling initiatives taken on their own are not surprising. Many LTU face a range of personal, social and economic disadvantages and are looking for work in local labour markets facing job shortage. Their employment chances are unlikely to be transformed by short counselling interviews with a placement officer or by training in how to write a CV or present oneself to employers. The overall message from the evaluations is that counselling and jobsearch assistance are not a panacea for reintegrating the LTU, but may play a role within the overall policy portfolio and make a difference, at the margin, to the job-finding chances of a minority of the LTU. That potential is greater the more such assistance forms part of an individualised approach to support for the LTU. The apparent success of the Austrian *Soziale Kursmaßnahme* (Biffl et al. 1996) with multiply dis-

advantaged jobseekers partly rests on the individualisation of support offered, with advice leading to a range of potential interventions, including training, jobsearch assistance, 'motivation' courses and social support. Clearly, however, the more such support is 'tailor-made', the more costly it is. To this extent, some of the apparent cost advantages of these measures may be illusory.

Subsidised short-term placements with employers

Subsidised short-term placements with firms can be regarded as an extension of the traditional job-matching services which, through information provision and other broking activities, effect a better or faster match between employer requirements and jobseeker characteristics and reduce the frictional element of unemployment. Placements of this type go one step beyond this, aiming to give the LTU a better understanding of employer requirements and to update their experience of working life, whilst employers can try out LTU applicants, perhaps moderating their negative perceptions of such applicants.

Schemes offering short-term 'work trials' to the LTU, at no commitment and little cost, exist in several countries, but have not been extensively evaluated. One study of a Swedish project (Ackum Agell 1995) yielded poor results, however, although, where such placements were part of a package with training measures, outcomes were more positive. Evaluations of the U.K. Work Trials scheme, moreover, indicated extremely positive short-term impacts (White et al. 1997). Fuller assessment must, therefore, await further evaluation evidence. Given, however, the increasing recognition of the need for ALMP to be responsive to employer needs, such schemes are playing an increasing role in policy development. This is reinforced by evidence that employers attach importance to job applicants' possession of relevant recent work experience, and that employer perceptions

of the LTU are positively influenced by direct contact through participation in such schemes (Atkinson et al. 1996).

Incentives or subsidies to individuals

These supply-side measures¹² reduce the costs of finding, accepting or keeping a job and include:

- subsidies to the unemployed to cover the costs of job-related (re-) training or to offset the costs of finding or starting a job (e.g. travel and relocation costs);
- 'in-work benefits' for low-paid workers or for newly employed entrants from unemployment, aiming to mitigate the 'unemployment trap', whereby they face high marginal tax rates on entering work due to loss of benefit;
- subsidies to support unemployed people starting their own enterprises¹³.

Whilst most countries make provision for defraying the costs faced by the LTU in finding and taking up jobs (travel costs, interview costs), these tend to be small scale and hard to isolate from the overall infrastructure of support for the LTU, and there are few evaluations¹⁴. They are hard to compare with other active measures, since the subsidy is normally not paid to all individuals in the target group, but only to those engaged in job interviews or who have obtained work. Their apparent low cost per placement compared with training schemes etc. is not based on a strictly like-for-like comparison, and deadweight is likely to be high. The positive findings for such measures in the UK (Gardiner

12 In most cases, eligibility for such measures among the unemployed is widely drawn and often does not focus specifically on the LTU.

13 Such measures are also partly demand side in orientation, with individuals being subsidised to create their own jobs (ideally, jobs for others as well).

14 Research on the 'Travel to interview scheme' in the UK by Atkinson & Hillage (1991) showed a small positive impact on participants.

1997) result partly from this different basis of comparison.

Of more interest, however, is the growing range of initiatives tackling disincentives faced by the LTU in entering work (particularly low-paid or part-time work). Such initiatives, offering a short-term subsidy (or benefit continuation) to LTU taking up work, have also not generated a large evaluation literature. A study of the U.K. Jobstart scheme (which offered a subsidy to LTU taking low-paid jobs) indicated substantial deadweight, although this was concentrated amongst those previously on low benefit levels, suggesting that a more targeted or tapered subsidy might have had better results. Further findings on U.K. in-work benefit initiatives, summarised in Meager (1997), suggest that take-up is often low, with positive effects confined to specific groups (such as lone parents), and a tendency to replace the 'unemployment trap' with a 'poverty trap'.

Subsidies for the unemployed to enter self-employment have been extensively evaluated in many countries¹⁵, showing that:

- the most disadvantaged groups among the unemployed are under-represented among participants;
- deadweight cost is high, and whilst it can be reduced by targeting on more disadvantaged groups, this reduces survival rates and overall employment impact;
- subsidised businesses are concentrated in low-margin service-sector activities with low earnings, poor survival prospects and high displacement risk. The mode of payment of the subsidy makes a difference, however, and payment as a one-off grant to cover initial capital costs may be more effective in supporting viable businesses than payment as a regular allowance.

The importance of such measures (which peaked in the late 1980s) in the ALMP portfolio has declined, and some larger schemes (e.g. in the UK) have reduced considerably in size¹⁶. Given their low cost (the subsidy is related to benefit levels), they

are likely to remain as one strand of ALMP, but their potential for reintegration of the LTU appears small.

Measures aiming to 'activate' the unemployed

There is growing emphasis in some countries on 'activation' of the LTU, often through an element of pressure or sanctions on the jobseeker. Important examples¹⁷ are:

- pressure on 'reservation wages', by making unemployment benefit conditional on strict jobsearch criteria or time-limiting benefit receipt. This is complementary to tackling the 'unemployment trap', but functions by reducing the attractiveness of remaining on benefit rather than by increasing the attractiveness of low-paid jobs.
- 'workfare' approaches (rare outside the USA and Australasia)¹⁸, in which scheme participation is a condition for benefit. A concomitant is often that the state acts as 'employer of last resort' for those who fail to find jobs after a certain period.

Despite an increasing policy focus on this issue, there are few studies focusing on the activation element *per se*, although evaluations of other measures (e.g. the U.K. Restart scheme) provide indirect evidence that activation affects the impact of those schemes. Initial monitoring of the U.K. Project Work (workfare) pilots suggested, moreover, that compulsion had an impact on the unemployment register, but the effectiveness in terms of job-placement rates was very low.

In the lack of firm evaluation evidence, therefore, we would note the following points arising from a wider consideration of research on the motivation and behaviour of jobseekers and employers:

- despite the large theoretical literature, empirical evidence on links between unemployment levels and benefit/income replacement ratios is limited and inconclusive (Atkinson & Micklewright 1991); although OECD (1994) present evi-

dence for a long-term relationship across countries;

- duration of benefit payment appears to be more significant than its level (Atkinson & Micklewright 1991; Layard et al. 1991), although the evidence is mixed and heavily influenced by U.S. experience;
- there is evidence (Layard et al. 1991; Jackman 1995) that benefits administration (eligibility requirements, disqualification rules, etc.) has an impact, with stricter benefit regimes lowering aggregate unemployment. It is unclear, however, how large such effects are and whether they result from more effective jobsearch or from people dropping out of the labour market altogether;
- sociological studies show little evidence of the LTU's jobsearch intensity being significantly influenced by the benefits system (Galie & Vogler 1994; Benoit-Guilbot 1994).

Equity considerations limit the extent to which an activation strategy can be extended in many European countries, particularly since those who fail to find a job during the benefit period simply transfer to another form of income support and since 'activation' may have the perverse impact of increasing numbers of unemployed dependent on passive social payments, further distancing them from the labour market.

Also unclear, moreover, is how far the evidence supports the introduction of 'workfare' models. There is

15 See Meager (1996) for summaries of these evaluations.

16 There has been an expansion of such schemes in Germany, however, as part of the strategy to combat unemployment and encourage new enterprises in eastern Germany.

17 For further discussion of the notion of 'activation' and the balance between sanctions and incentives, see European Commission (1997).

18 Some commentators have described traditional ALMP as it is implemented in Sweden in terms of a 'workfare' model, although, as Robinson (1995) notes, this interpretation is debatable.

some debate over the extent to which Sweden, for example, achieved low unemployment because of this model or whether other aspects of economic policy and industrial relations institutions were equally or more important. Scandinavian evaluation results do not allow us to distinguish the effects of 'compulsion' from other aspects. Further, it can be argued that if effective reintegrative measures for the LTU could be designed and implemented, compulsion would be irrelevant; reluctance to participate in schemes may simply reflect scepticism about their effectiveness and a fear of stigmatisation.

Evidence from comparative evaluation studies

Most ALMP evaluations concentrate on single schemes in isolation, and it is difficult to compare their findings. There are, however, a few studies which rigorously compare the impact of a range of measures on a particular target group. O'Connell and McGinnity (1997), for example, test for the impact of a number of Irish schemes, and of particular interest is that their results give robust statistical support (in the Irish context) to many of the conclusions reached on the basis of individual scheme evaluations across countries. In particular, schemes with stronger 'market orientation' (e.g. training schemes involving private-sector placements with on-the-job elements) yield higher employment rates, longer job durations and higher earnings than do schemes with weak market linkages. Their results, however, do not militate against all schemes with weak market linkages, but suggest that they should be appropriately targeted (on the most disadvantaged groups) and be integrated with or lead to progression to schemes with a clearer market orientation.

White et al. (1997) similarly compare three approaches to reintegrating the LTU in the UK, showing strong and statistically significant employment impacts from all three schemes, compared with a control

group, with one scheme in particular (Work Trials – subsidised work placements) having significantly larger positive effects than the other two. Consistent with the Irish results, however, it is clear that Work Trials have strong 'market orientation' and that even where participants are not kept on by the participating employer, the experience stands them in good stead as a signal of 'employability'.

A study of ALMP initiatives in the new German Länder (Hübler 1997), adopts a similar methodology, with similar results. In particular, vocational-training provision sponsored by and taking place within firms has a greater employment effect than the other active measures examined. Short-time working and traditional job-creation measures do not positively affect reemployment chances (in some cases the effects are negative), whilst public-sector training measures have mixed results. The specific circumstances of eastern Germany preclude generalising from these results, however, and Hübler stresses that the results do not imply that the less market-oriented measures were ineffective from a long-term perspective of maintaining human capital or in light of their social benefits during a period of labour market transition.

Conclusions for policy

Overall, the evaluation evidence suggests that it is too early to write off active measures for the LTU as a 'zero sum game' (particularly when we take their redistributive benefits and longer term impacts on human capital into account). The message, rather, is that policy-makers should take more cognisance, in designing such initiatives, of the wealth of evaluation evidence from many countries about what works and what does not. Some of that evidence and its implications have been summarised in the present article. In particular, the following policy conclusions appear justified by the evidence considered.

Market orientation and the role of employers

Programmes closely linked to the regular labour market and involving jobs, training initiatives or work placements in firms seem to be most effective in improving the employability of the LTU. Research suggests, further, that employer behaviour is critical in determining the job-finding chances of the LTU and the impact of specific measures. In particular:

- employers do discriminate on the basis of applicants' unemployment experience;
- employers' views on LTU candidates are influenced by a perception that the experience of unemployment damages work attitudes and skills, rather than that such applicants are inherently 'unemployable'. This supports targeted early action, as opposed to the development of elaborate models to identify 'at risk' individuals;
- employers' views are influenced by direct experience of the LTU. This favours work placements, enabling employers to 'try out' the LTU at little cost or commitment and a widening of PES contacts to include employers who do not normally recruit from the LTU;
- employers are impressed, when considering LTU applicants, by evidence of recent 'real' work experience and relevant qualifications, rather than by participation in 'make-work' job-creation or general training schemes (compulsory participation in such schemes may further add to the negative 'stigma' in employers' eyes).

Jobsearch assistance and other supply-side measures

The positive effects of counselling measures may partly result from their also serving a 'policing' function of checking on jobsearch activity, benefit entitlement, etc., and may also reflect withdrawal from the labour market or placement into unsuitable short-term employment, with a small long-term employment

impact. The low cost of such schemes, however, supports their continued inclusion in ALMP as part of broader packages including training and work experience.

Targeting

Research suggests that targeted schemes (of all the major types) work better than mass 'one size fits all' schemes. In particular:

- some traditional measures (notably subsidies and job-creation schemes) are most effective when targeted on the most disadvantaged – e.g. the very LTU;
- training measures work best not only when targeted on specific groups, but also when the training is targeted to local labour market skill needs.

Scale of initiatives

Many measures with proportionately the biggest impact are not only targeted but also small scale. A measure which appears effective when evaluated in the form of a small-scale pilot or in the early stages of implementation may have very different outcomes when extended on a national scale, or once the key actors have adjusted to its existence and the incentive structures it sets up. Key issues here are:

- scale diseconomies, which may reflect 'saturation' of the target group (and increasing deadweight) or growing risk of displacement of market activity;
- effects of 'stigmatisation', as participation in large, long-standing schemes gives negative signals to employers.

Integration and packages of measures

Whilst the research is often pessimistic about the performance of some 'classical' measures, there is evidence that the combination of measures into integrated packages is often more effective. Thus job-creation schemes may be more effective when combined with (relevant) training provision or with support for social

and family problems and/or remedial basic education (literacy, numeracy, etc.). Similarly, training provision is more effective when combined with realistic work experience. Alternatively, integration may occur sequentially, and research suggests that integration 'pathways' are more effective than 'stand-alone' measures, particularly when customised to individual and local labour market needs (de Koning 1995 discusses this in the Dutch context).

'Activation'

Despite the trend towards 'activation', through shorter unconditional benefit periods, tighter eligibility criteria and compulsory participation in active measures, there is no conclusive evidence on the impact of this trend. Most academic discussion remains theoretical, and empirical evidence relies on comparisons between countries with different degrees of 'activation' in their policy framework. In such comparisons, it is difficult to allow for different social, institutional and political contexts.

Our review suggests little compelling evidence that benefit levels per se are a critical factor in reducing long-term unemployment. There is more evidence that the duration of benefits may be relevant, consistent with the view that an optimal regime consists of generous payments for a relatively short period of jobsearch, coupled with active 'policing' of jobsearch activity, followed by provision of a range of individualised active measures for those unable to secure employment during the benefit period. The issue of compulsion at this latter stage is a separate one, and we have also found no convincing evidence that compulsory participation improves the performance of active measures. The case for compulsion is that LTU who choose not to participate do so for reasons of lack of motivation or 'abuse' of the benefit system. In the latter case, there are cheaper ways to tackle benefit fraud than to construct an elaborate training and job-creation infrastructure. Additionally, compulsion may

further stigmatise the LTU, with employers aware that they participate in a scheme simply to secure benefit entitlement rather than through positive jobsearch motivation.

Intermediate labour market initiatives

Dramatic claims have been made for the potential of small-scale, community-based intermediate labour market schemes to tackle social exclusion and long-term unemployment, which are argued to offer:

- an environment which is close to 'real work', avoiding the stigma associated with traditional schemes;
- effective individual support for participants;
- wider community development and economic regeneration effects;
- cost-effectiveness compared with traditional training and job-creation schemes.

Whilst some promising evidence exists, there is little rigorous evaluation evidence on the performance and cost-effectiveness of such schemes (focusing on longer-term impacts, the extent of 'deadweight' and displacement effects, and how far schemes could be expanded in scale without eroding their impact).

References

- Ackum Agell, S. (1995): "Swedish Labor Market Programs: Efficiency and Timing." In: *Swedish Economic Policy Review*, Vol. 2, No. 1, pp. 65–98.
- Atkinson, A. & J. Micklewright (1991): "Unemployment Compensation and Labour Market Transitions: A critical review." In: *Journal of Economic Literature*, Vol. XXIX, No. 4, pp. 1679–1727.
- Atkinson, J. & J. Hillage (1991): *The Costs of Getting a Job*. Brighton: Institute of Manpower Studies.
- Atkinson, J. & N. Meager (1994): *Evaluation of Workstart Pilots*. IES Report No. 279. Brighton: Institute for Employment Studies.
- Atkinson, J., L. Giles & N. Meager (1996): *Employers, Recruitment and the Unemployed*. IES Report No. 325. Brighton: Institute for Employment Studies.
- Axelsson, R. (1992): *Arbetsmarknadsutbildningens privat- och samhällsekonomiska effekter*. Umeå University.
- Bellmann, L. & H. Lehmann (1990): "Active Labour Market Policies in Britain and Germany and Long-Term Unemployment: An evaluation." Paper presented to the European Association of Labour Economists conference. Lund.

- Benoit-Guilbot, O. (1994): "Introduction: Why are there so many Long-Term Unemployed in the EU?" In: O. Benoit-Guilbot & D. Gallie (eds): *Long-Term Unemployment*.
- Biffi, G., H. Hofer, & K. Pichelmann (1996): "Sozialökonomische Beschäftigungsprojekte und Soziale Kursmaßnahmen." In: Arbeitsmarktservice Österreich: *Ergebnisse der innovativen Arbeitsmarktpolitik*. Vienna: Wissenschaftsverlag.
- Björklund, A. (1991): "Labour Market Training: The Lessons from Swedish Evaluations." In: A. Björklund, R. Haveman, R. Hollister & Holmlund (eds): *Labour Market Policy and Unemployment Insurance*. Oxford: Clarendon Press, pp. 87-91.
- Bonnal, L., D. Fougère & A. Serandon (1994): "L'impact des dispositifs d'emploi sur le devenir des jeunes chômeurs: une évaluation économétrique sur données longitudinales." In: *Economie et Prévisions*, Vol. 115, No. 4, pp. 1-28.
- Breen, R. (1991a): *Education, Employment and Training in the Youth Labour Market*. Dublin: The Economic and Social Research Institute.
- Breen, R. (1991b): "Assessing the Effectiveness of Training and Temporary Employment Schemes: Some Results from the Youth Labour Market." In: *The Economic and Social Review*, Vol. 22, Nr. 1, pp. 177-198.
- Chamberlain, G. (1985): "Heterogeneity, omitted variable bias and duration dependence." In J. Heckman & B. Singer (eds): *The Longitudinal Analysis of Labor Market Data*. Cambridge: Cambridge University Press.
- Colbjørnsen, T., S.-A. Dahl & S.-T. Hansen (1992): "Landtidsarbejdsløshet. Årsaker, konsekvenser og mestring." In: SNF Report No. 8. Bergen. Stiftelsen for samfunns- og næringslivsforskning.
- de Koning, J. (1993): "Measuring the Placement Effects of Two Wage-Subsidy Schemes for the Long-Term Unemployed." In: *Empirical Economics*, No. 18, pp. 447-468.
- de Koning, J. (1995): "Strategies and measures to fight long-term unemployment: the Dutch Case." Paper presented to the LASA Genshagen seminar on "Long-term unemployment - a European problem". November 1995. Rotterdam: Netherlands Economic Institute.
- de Koning, J. & A. Gelderblom (1990): *Employment Effects of Reduced Costs of Low-Skilled Labour. Summary*. Rotterdam: Netherlands Economic Institute.
- de Koning, J. & P. van Nes (1989): *Evaluatie van de Wet Vermeend-Moor: plaatsingseffecten en uitvoeringspraktijk*. The Hague: Netherlands Ministry of Social Affairs and Employment.
- de Koning, J. & P. van Nes (1990): *Evaluatie van het CBB: Bereik en plaatsingseffecten*. Rijswijk: Netherlands Employment Service.
- de Koning, J. & P. van Nes (1991): "A quantitative approach to process evaluation: the case of the Vermeend Moor Act." *Environment and Planning C: Government and Policy*, No. 9, pp. 111-118.
- de Koning, J., J. Gravesteyn-Ligthelm, N. T'Hoën & A. Verkaik (1992): *Werkt de KRA? Rijswijk: Arbeidsvoorziening*.
- de Koning, J., J. Gravesteyn-Ligthelm & R. Olieman (1994): *AAJ: meer dan een aai*. Rotterdam: Central Bestuur voor de Arbeidsvoorziening.
- Disney, R., L. Bellmann, A. Carruth, W. Franz, R. Jackman, R. Layard, H. Lehmann & J. Philpott (1992): *Helping the Unemployed: active labour market policies in Britain and Germany*. Bonn/London: Anglo-German Foundation for the Study of Industrial Society.
- Eberts, R. and C. O'Leary (1997): "Profiling and Referral to Services of the Long-Term Unemployed: Experiences and Lessons from Several Countries." In: *inforMISEP Policies*, No. 60, pp. 32-39.
- Elias, P. (1996): "The Development and Structure of Long-Term Unemployment in Britain." Paper presented to the seminar on "Long-Term Unemployment - A European Problem", June 1996. Genshagen: Landesakademie für Struktur und Arbeit.
- Ellwood, D. (1982): "Teenage unemployment: permanent scars or temporary blemishes." In: R. Freeman & D. Wise (eds): *The Youth Labor Market: Its Nature, Causes and Consequences*. Chicago: Chicago University Press.
- Erhel, C., J. Gautié, B. Gazier & S. Morel (1996): "Job Opportunities for the Hard-to-place." In: G. Schmid, J. O'Reilly & K. Schömann (eds): *International Handbook of Labour Market Policy and Evaluation*. Cheltenham: Edward Elgar, pp. 277-307.
- ESRI (1991): *Survey of Employers' Perceptions*. Dublin: Economic and Social Research Institute.
- European Commission (1997): *Activation of Labour Market Policy in the European Union*. Trends, No. 28.
- Fay, R. (1996): "Enhancing the Effectiveness of Active Labour Market Policies: Evidence from Programme Evaluations in OECD Countries." In: *Labour Market and Social Policy Occasional Papers*, No. 18. Paris: OECD.
- Forslund, A. & Krueger (1994): *An Evaluation of the Swedish Active Labor Market Policy*. NBER Working Paper, No. 4802. Washington: National Bureau of Economic Research.
- Gallie, D. & C. Vogler (1994): "Unemployment and Attitudes to Work." In: D. Gallie, C. Marsh & C. Vogler (eds): *Social Change and the Experience of Unemployment*. Oxford: Oxford University Press.
- Gardiner, K. (1997): *Bridges from Benefit to Work: A Review*. York: Joseph Rowntree Foundation.
- Gaß, G., S. Krömmelbein & A. Schmid (1995): "Internationale Maßnahmen zur Bekämpfung der Langzeitarbeitslosigkeit." In: *WSI Mitteilungen*, No. 12.
- Gazier, B. & R. Silvera (1993): "L'allègement du coût salarial: a-t-il un effet sur l'embauche?" In: *Travail et Emploi*, No. 55, pp. 60-70.
- Gregg, P. (1990): "The evolution of special employment measures." In: *National Institute Economic Review*, No. 2.
- Grimes, A. (1996): "Unemployment: A Modest Proposal." In: *Economic Report*, Vol. 10, No. 6. London: Employment Policy Institute.
- Grubb, D. (1994): "Direct and indirect effects of active labour market policies in OECD countries." In: R. Barrel (ed.): *The UK Labour Market: Comparative Aspects and Institutional Developments*. Cambridge: Cambridge University Press, pp. 183-213.
- Harkman, A., F. Jansson & A. Tamás (1996): *Effects, defects and prospects - An evaluation of Labour Market Training in Sweden*. Working Paper No. 5. Arbetsmarknadsstyrelsen.
- Hasluck, C., P. Elias, A. Green & J. Pitcher (1996): *Identifying People at Risk of Long-Term Unemployment*. Report prepared for the UK Employment Service. University of Warwick, Institute for Employment Research.
- Heckman, J. (1978): "Simple stochastic models for discrete panel data developed and applied to test the hypothesis of true state dependence against the hypothesis of spurious state dependence." In: *Annales de l'INSEE*, Vol. 30, No. 1, pp. 227-270.
- Heckman, J. & G. Borjas (1980): "Does unemployment cause future unemployment? Definitions, questions and answers from a continuous-time model of heterogeneity and state dependence." In: *Econometrica*, No. 47, pp. 247-283.
- House of Commons (1996): *Employment Committee Second Report: The Right to Work/Workfare*. London: HMSO.
- Hübler, O. (1997): "Evaluation beschäftigungspolitischer Maßnahmen in Ostdeutschland." In: *Jahrbücher für Nationalökonomie und Statistik*, Vol. 216, No. 1, pp. 21-44.
- Jackman, R. (1995): *What can active labour market policy do?* Discussion Paper No. 226. London: Centre for Economic Performance, London School of Economics.
- Jackman, R. & R. Layard (1991): "Does Long-Term Unemployment Reduce a Person's Chance of a Job?: A time-series test." In: *Economica*, No. 58, pp. 93-106.
- Korpi, T. (1992): *Employment Stability Following Unemployment and Manpower Programs*. In: *Demography*, No. 72, Stockholm University.
- Lange, T. & J. Shackleton (1994): "A Critical Assessment of Active Labour Market Policies." Paper presented at the European Association of Labour Economists Annual Conference. Warsaw.
- Layard, R., S. Nickell & R. Jackman (1991): *Unemployment, Macroeconomic Performance and the Labour Market*. Oxford: Oxford University Press.
- Lechner, F., W. Reiter & A. Riesenfelder (1996): "Anforderungsgerecht: Ergebnisse der Evaluierung des Beschäftigungsprogrammes 'Aktion 8000'." In: Arbeitsmarktservice Österreich: *Ergebnisse der innovativen Arbeitsmarktpolitik*. Vienna: Wissenschaftsverlag.
- Lynch, L. (1985): "State dependence in youth unemployment: a lost generation?" In: *Journal of Econometrics*, No. 28, pp. 71-84.
- Lynch, L. (1989): "The youth labor market in the eighties, determinants and re-employment probabilities for young men and women." In: *Review of Economics and Statistics*, Vol. 71, No. 1, pp. 37-45.
- Meager, N. (1996): "From Unemployment to Self-Employment: Labour Market Policies for Business Start-Up." In: G. Schmid, J. O'Reilly and K. Schömann (eds): *International Handbook of Labour Market Policy and Evaluation*. Cheltenham: Edward Elgar, pp. 489-519.
- Meager, N. (1997): "Activation of Labour Market Policy in the UK." In: *Trends*, No. 28, pp. 69-75.
- Meager, N. & H. Metcalf (1987): *Recruitment of the Long-term Unemployed*. IMS Report No. 138. Brighton: Institute of Manpower Studies.
- Meager, N. & C. Evans (1998): *The evaluation of active labour market measures for the long-*

term unemployed. *Employment and Training Papers* No. 16. Geneva: ILO.

Narendranathan, W. & P. Elias (1993): "Influence of Past History on the Incidence of Youth Unemployment: Empirical Findings for the UK." In: *Oxford Bulletin of Economics and Statistics*, Vol. 55, No. 2, pp. 161-186.

Narendranathan, W. & M. Stewart (1989): *Modelling the Probability of Leaving Unemployment: Competing Risk Models with a Flexible Baseline Hazard*. Warwick Economic Research Paper, No. 375. University of Warwick.

O'Connell, P. & F. McGinnity (1997): *Working Schemes? Active Labour Market Policy in Ireland*. Aldershot: Ashgate Press.

OECD (1992): *The Long-Term Unemployed and Measures to Assist them*. Labour Market and Social Policy: Occasional Papers, No. 7. Paris: OECD.

OECD (1993): *Employment Outlook*. Paris: OECD.

OECD (1994): *The OECD Jobs Study: Evidence and Explanations; Part II: The Adjustment Potential of the Labour Market*. Paris: OECD.

OECD (1996): *Lessons from Labour Market Policies in the Transition Countries*. Paris: OECD.

Payne, J. (1990): *Adult off-the-jobs skills training: An evaluation study*. London: Policy Studies Institute.

Payne, J., S. Lissenburgh, M. White & C. Payne (1996): *Employment Training and Employment Action: an evaluation by the matched comparison method*. Research Series, No. 74. London: Department for Education and Employment.

Robinson, P. (1995): *The decline of the Swedish Model and the limits to active labour market policy*. Discussion Paper, No. 259. London: Centre for Economic Performance, London School of Economics.

Robinson, P. (1996): "The Role and Limits of Active Labour Market Policies." Paper prepared for conference on unemployment at the European University Institute, Florence, 12-13 April 1996. London: Centre for Economic Performance, London School of Economics.

Ronayne, T. & M. Creedon (1993): *When Skills are Not Enough: The Recruitment Practices, Views and Attitudes of Employers Re-*

garding the Long-Term Unemployed. Dublin: WRC Social and Economic Consultants.

Rosholm, M. (1994): *Effektivering af ATB m.v.* Centre for Labour Market and Social Research, University of Aarhus.

Skedinger, P. (1995): "Employment Policies and Displacement in the Youth Labour Market." In: *Swedish Economic Policy Review*, Vol. 2, No. 1.

Snower, D. & De La Dehesa (1997): *Unemployment Policies*. Cambridge: Cambridge University Press.

Storey (1994): *Understanding the Small Business Sector*. London: Routledge.

Werner, H. (1996): "Langzeitarbeitslosigkeit in Europa - Entwicklung, Ursachen und Strategien ihrer Bekämpfung." In: *IAB Kurzberichte*. Nürnberg: IAB.

White, M., S. Lissenburgh & A. Bryson (1997): *The Impact of Public Job Placing Programmes*. London: Policy Studies Institute.

Zetterberg, J. (1993): "Arbetsloshet, Arbetsmarknadspolitik och Loneförhandlingssystem." In: *Politik mot Arbetsloshet*, Betänkande av EFA, SOU 43. Stockholm.

European Employment Observatory



The aim of the European Employment Observatory is to promote the multilateral exchange of information on labour markets and labour market policies between EU Member States and to produce and disseminate quality analyses and research on relevant issues for employment and labour market policy.

The European employment strategy adopted by the European Council in Essen in December 1994 imposed new demands on the Observatory. In particular, it is expected to contribute effectively to the task of monitoring the progress of labour market reforms that are in line with the common strategic goals.

Following the changes introduced in 1996 to cope with these new challenges and tasks, the Observatory now consists of two networks – MISEP (Mutual Information System on Employment Policies) and SYSDM (System of Documentation, Evaluation and Monitoring of Employment Policies) – and a new RESEARCH advisory group.

The main products of the networks, which consist of members of the national labour market administrations (MISEP) and independent researchers (SYSDM, RESEARCH) and are administered by a common secretariat, are the following:

inforMISEP Policies

This series reports four times a year on recent labour market policy developments in Member States. Following a summary drawing on the five recommendations for an integrated European employment strategy, the main section of "Policies" consists of the national reports supplied by the correspondents. Since 1993 "Policies" has also included a longer article ("Focus"), which is the responsibility of the Secretariat; "Focus" discusses a labour market or employment policy-related topic and often extends to non-Member States.

Basic Information Reports

These are comprehensive national reports on all EU member countries. They are updated every two years and report on public labour market institutions (ministries and employment services), the statutory bases for labour, labour market and employment policies and, in particular, "active" and "passive" labour market policy measures; details on information and research institutions dealing with employment policy are also provided.

Tableau de bord

The "Tableau de bord" is a synoptic overview of the labour market and employment policy measures implemented by the Member States, classified according to the five policy areas recommended at Essen.

Trends

This main product of the SYSDM network appears twice a year and provides a comparative and in-depth overview of selected policies and developments in the labour markets of the Member States.

RESEARCH report

The RESEARCH network publishes annually a study of a selected labour market or employment policy topic.

Electronic Documentation System

Large parts of the information contained in the publications are also available on CD-ROM, the ERSEP (Electronic Retrieval System on Employment Policies) database, and are accessible via Internet (address: <http://www.ias-berlin.de>).