



European Employment Observatory Review: **Spring 2008**



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Egbert Holthuis (DG EMPL D/2) / Susana Pratt (DG EMPL D/2)

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Iceland: Frank Fridriksson, Directorate of Labour

Norway: Ola Ribbe, Ministry of Labour and Government Administration

EEO Network Services

GHK Consulting Limited
30 St Paul's Square
Birmingham B3 1QZ, United Kingdom

Tel. (44-121) 233 89 00

Fax (44-121) 212 03 08

E-mail: eeo@ghkint.com

Director: Gill Whitting

Manager: Caroline Lambert

Editors: Inga Pavlovaite, Michelle Harrison, Fiona Dearing

This publication is based on articles provided by the System correspondents. National articles are the sole responsibility of the author(s).

European Employment Observatory

Review: Spring 2008

European Commission

Directorate-General for Employment, Social Affairs and Equal Opportunities

Unit D.2

Manuscript completed in September 2008

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Luxembourg: Office for Official Publications of the European Communities, 2009

ISSN: 1725-5376

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Printed in Luxembourg

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Acronyms

ALMP	<i>active labour market policies</i>
EES	<i>European employment strategy</i>
ESF	<i>European Social Fund</i>
EU	<i>European Union</i>
HR	<i>human resources</i>
ILO	<i>International Labour Organisation</i>
LFS	<i>labour force survey</i>
LLL	<i>lifelong learning</i>
NRP	<i>national reform programme</i>
PES	<i>public employment service</i>
PhD	<i>doctor of philosophy</i>
R & D	<i>research and development</i>
SMEs	<i>small and medium enterprises</i>
VET	<i>vocational education and training</i>

Executive Summary

1. Introduction

This executive summary from the European Employment Observatory provides an overview of innovative labour market policies and practices across the 30 European countries covered by the Observatory (27 European Union Member States, plus candidate countries Croatia and Turkey and EEA country Norway). The summary is based on articles written by the System network of national experts.

In the latest annual progress report, the European Commission highlighted the progress achieved in meeting the goals of the Lisbon agenda of growth and jobs, including employment growth, reforms of social security systems and the development of flexicurity approaches ⁽¹⁾. The report called for the Member States to continue implementing outstanding reforms. It identified priority actions in the areas of implementing common principles of flexicurity, integrating people at the margins and fighting poverty and social exclusion, investing more in education and skills throughout people's lives, stronger and more focused vocational training policies, better forecasting and monitoring future skills needs, improving regional and national labour mobility and regulating migration policies. Policies and practices included in this summary illustrate how countries are responding to the EU challenges, within their specific national context.

This summary presents an overview of national developments linking them to the policy priorities at EU level, especially the integrated guidelines adopted for the period 2005–08 ⁽²⁾. The relevance of the national articles to Integrated Guidelines 17–24 appears below. Many of the policies reported are relevant to more than one integrated guideline.

Integrated Guideline No 17: Implement employment policies aiming at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion

- In the Netherlands, the government is adopting a series of measures to boost labour market participation of specific target groups.
- In the UK, the City Strategies Pathfinders initiative breaks down barriers preventing disadvantaged people from engaging in the labour market.

Integrated Guideline No 18: Promote a life-cycle approach to work

- In Austria, fFORTE initiative aims to advance and encourage women in science and technology careers.

- In Bulgaria, a national programme supports women returning to the labour market after having a child.
- In Italy, a project in the Marche region aims to promote female entrepreneurship and support a life-cycle approach to work.
- In Latvia, a summer internship programme is delivered to young people to acquaint them with the world of work.

Integrated Guideline No 19: Ensure inclusive labour markets, enhance work attractiveness, and make work pay for job-seekers, including disadvantaged people, and the inactive

- In Belgium, a service voucher system is being used to encourage the demand and supply of domestic services.
- In Denmark, a new programme for early intervention of measures to unemployed people has been introduced.
- In Hungary, Start+ and Start extra programmes are delivered to promote the labour market participation of specific disadvantaged groups.
- In Lithuania, complex interventions are implemented to support employment amongst particular target groups.
- In Malta, a special scheme has been developed to integrate older workers into the labour market.
- In Portugal, changes to the social security system are taking place to tackle fraud and evasion.
- In Sweden, the Plus Job scheme specifically targets long-term unemployed people through recruitment subsidies.

EEA country

- In Norway, special qualification programmes focus on people of working age with reduced working ability.

Integrated Guideline No 20: Improve matching of labour market needs

- In Spain, employment policies to foster interregional labour mobility have been introduced.

Candidate country

- In Croatia, measures are underway to develop skills and knowledge required for a modern competitive economy.

Integrated Guideline No 21: Promote flexibility combined with employment security and reduce labour market segmentation, having due regard to the role of the social partners

(1) Keeping up the pace of change, Strategic report on the renewed Lisbon strategy for growth and jobs: launching the new cycle (2008–10), Brussels, COM(2007) 803 final, 11 December 2007.

(2) Integrated guidelines for growth and jobs (2005–08), COM(2005) 141 final, Brussels, 12 April 2005.

- In Estonia, a response service to collective redundancies has been developed.
- In France, a first law on elements of flexicurity has been adopted.
- In Germany, a new allowance established through a merger of two existing benefits will promote self-employment amongst unemployed people.
- In Luxembourg, a single status for wage earners will be implemented from 2009.
- In Slovakia, a network of one-stop shops for running a business simplifies business start-up procedures and cuts red tape.
- In Slovenia, vocational and career guidance services have been recently expanded.

Integrated Guideline No 22: Ensure employment-friendly labour cost developments and wage-setting mechanisms

- In the Czech Republic, several important changes to the sickness insurance system are being implemented.

Integrated Guideline No 23: Expand and improve investment in human capital

- The Skillnets initiative in Ireland is designed to support and enhance workplace learning.
- In Poland, the Corporate Training Fund was established to finance the costs of lifelong learning (LLL) amongst employees.
- In Romania, measures were undertaken to regulate the practice of apprenticeships.

Candidate country

- In Turkey, two private sector initiatives in vocational education have been developed recently.

Integrated Guideline No 24: Adapt education and training systems in response to new competence requirements

- In Cyprus, the system of professional qualifications is being re-developed and updated.
- In Greece, the offer of guidance services has been under review and improvements are being made.

2. Innovative policies and practices at national level

This section presents a brief overview of innovative policies and practices within the EEO countries. More comprehensive information can be found in the full national articles.

2.1 Integrated Guideline No 17: Implement employment policies aiming at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion

In the first quarter of 2008, the Dutch government took a series of measures to boost the labour force participation among specific groups, such as disability benefit beneficiaries, part-time workers, self-employed women and older workers. These measures are part of a longer-term programme pursued in line with the European employment strategy (EES), especially in terms of increasing participation in the labour market and growth in labour productivity.

The measures taken by the Dutch government have succeeded in increasing the employment of target groups so far. However, the strong preference of Dutch women for part-time jobs remained unchanged. This preference may be a factor in explaining the negative correlation between female employment and productivity growth.

In the UK, the City Strategies Pathfinders initiative takes place in 15 urban areas across the country, all of which have a high concentration of unemployed people, benefit claimants, children in workless households and people with low or no skills. The aim of the initiative is to break down the barriers that prevented disadvantaged people from engaging in the labour market.

The key innovative approach within the City Strategies initiative is to offer support to clients before they find work and when they are in work. This involves full engagement with the client, bespoke support with training, and engagement with employers (on behalf of the client). Common elements emerging across the Pathfinders are the need for partnership working to include all key stakeholders; the significant involvement of employers; harnessing the available resources and making better, more coordinated use of them; and focusing on the hardest-to-reach groups among the inactive, customising the support accordingly.

2.2 Integrated Guideline No 18: Promote a life-cycle approach to work

fFORTE in Austria is an initiative for advancing and encouraging women in science and technology. Its central aim is to promote women's participation at all educational levels and to contribute to the career enhancement of female scientists. It operates four programmes, each with a specific focus. There has been no formal evaluation of the initiative so far, making it difficult to assess. The most appropriate measurement indicator is the extent of gender segregation in occupations and sectors, although any impact may only be visible after a long period of time. Greater awareness of the gender issue in technology, engineering and research has been observed through fFORTE. Handbooks providing practical advice for improving consideration of the gender topic have been produced.

In Bulgaria in 2008, a generous social payment scheme was introduced for the period of maternity leave, together with two programmes offering subsidised employment. The national programme in support of maternity encourages the professional development of mothers returning to work through delivering qualified care for their small children during the period of paid leave. The family centres programme supports the employment of parents with small children through the opening of family centres for qualified care of children in a family environment. Although the programmes have only been in place for a short period of time, they have grown in popularity, with strong support for their further development. The programmes favour women's transition into work and the reconciliation of work and family life. Additionally, the programmes provide opportunities for legal employment in activities that typically remain in the grey sector or in unpaid family work, and subsequently outside of the social insurance schemes.

'The value of difference — the female resource in business creation in the Marche region' in Italy aimed to encourage all regional actors to take actions to promote female entrepreneurship, to combat gender stereotypes in business and to support a life-cycle approach to work. It was financed by the EQUAL European Community initiative programme (round 2). The main outputs of this initiative included: a Regional Observatory on Female Entrepreneurship, to monitor entrepreneurship from a female perspective; surveys to raise awareness of female entrepreneurship; territorial networks to implement actions on female entrepreneurship; two 'Training for professionals' courses for male and female students and a mentoring service for younger, entrepreneurial women. Other initiatives, such as the trans-national partnership 'I Me We — innovative, managerial, entrepreneurial women in Europe' and the 'International Fair on Female Entrepreneurship' have also been undertaken. There has been no formal evaluation of the initiative. Data from the regional observatory has been used by local stakeholders to understand needs and expectations of local entrepreneurs and to design adequate policy measures to support business initiatives and to promote gender equality. Another element of good practice includes the creation of a permanent monitoring system on the emergence of a common culture of equality between men and women in the workplace.

In Latvia, a summer internship programme is being delivered for young people aged 13 and over and young people with special needs. The programme aims to provide young people with basic skills necessary for employment. The State budget and employers fund the programme. No ESF resources are used. Employers participating in the programme receive remunerations in the form of wage reimbursement. The main result of the programme is the opportunity for young people to obtain work experience and basic skills necessary for work. Employers are more aware of the level of preparation for work in schools so they can better identify which skills areas could be improved. Additionally, State officials consider that employers are more willing to employ young people as a result of the programme. The programme has been evaluated on a number of occasions and the overall assessment has been positive.

2.3 Integrated Guideline No 19: Ensure inclusive labour markets, enhance work attractiveness, and make work pay for job-seekers, including disadvantaged people, and the inactive

In Belgium, the service voucher system is used to encourage the demand and supply for domestic and proximity services. The system aimed to create new jobs, particularly for people with low skills and to provide an incentive to move from undeclared work to regular employment. Although the service vouchers are heavily subsidised, ESF resources are not used. Extra revenue for the government is one of the main results of this system. As a result of the additional jobs the system has created, there are fewer people claiming unemployment benefit with an increased number of workers paying tax. Indeed, the evaluation highlighted that 61 849 jobs had been created by the end of 2007. It is difficult to assess the size of the system's impact on undeclared work, as few workers admitted to working in the informal economy before. Overall, the system has been evaluated as a success story, although it still has a few limitations, including an insufficient supply of adequate workers, a time lag between request and delivery of services and a lack of training opportunities for the service voucher workers.

In Denmark, a new programme of early intervention was launched in 2006. It aimed to increase the extent of early intervention to unemployed people during the first few weeks and months of their unemployment. This approach combined intensive counselling and training in job-search activities for recently unemployed people, with earlier intervention than previously. Evaluation findings suggest there has been a significant positive effect on the number of people moving into employment. On average, a 20 % higher re-employment rate was reported for people who had participated in the programme, in comparison with people who had not participated. Greater effects were also visible in specific target groups, notably younger and older unemployed people. As a result of the programme's positive benefits, it has been implemented in jobcentres throughout the country and further activities have been developed.

In Hungary, the Start+ and the Start Extra programmes aim to promote the labour market integration of disadvantaged groups and to tackle their low employment rate. Target groups include people with low skills, older workers and mothers, who typically find it more difficult to find employment. Employers receive a social security contribution credit for recruiting an individual from one of the target groups. ESF resources are used to finance a large proportion (85 %) of the programmes. The remaining part (15 %) is financed by central government. There has been no evaluation of the programme to date. Results so far suggest that the Start+ and Start Extra programmes reached 10 % and 5 % of the target groups, respectively.

In Lithuania, complex ALMPs have been implemented to support employment among particular target groups, such as long-term unemployed people, women and young people. The measures place greater emphasis on psychological counselling and unveiling personal values, approaches and needs. An ESF project ('Developing labour market integration opportunities') was used to implement some of the measures. Overall, some 75 % of the measures were funded by the ESF. Specifically, the measures include vocational guidance and counselling classes, vocational training and supported employment measures. Assessments have revealed that the measures have had positive effects on the employability of participants. One example is the vocational guidance and counselling measures which have raised participants' self-esteem in looking for employment; the vocational training provided the majority of participants with theoretical and practical skills for employment; and the supported employment measures provided participants with opportunities for permanent employment. Over three quarters of participants found employment under this measure.

In Malta, the training and employment exposure scheme (TEES) is one of the measures aimed at reintegrating older workers and other disadvantaged groups into the labour market. The TEES was a one-year-long project spread over three phases for unemployed people aged 40 and over, who had been unemployed for more than six months. A range of training was provided including core skills, specific trade skills and employment experience for 26 weeks. The ESF provided 75 % of funding for the scheme. An evaluation revealed that 46 % of participants retained their employment after completion of the scheme and 9 % found alternative employment. The delivery of training in areas where there is a shortage of skilled labour represents an element of good practice. Furthermore, social partners played an active role in the measure and have already committed themselves to a new scheme that will deliver training to several disadvantaged groups.

The government in Portugal has highlighted the need to modernise their social protection system. Changes have been introduced to retirement pensions, the unemployment insurance system and invalidity pensions. Additionally, plans and measures to tackle fraud and evasion have also been implemented. As the changes were only recently implemented, it is too early to assess their impact which will be visible only in the longer term. Regarding changes to unemployment insurance and measures to tackle fraud and evasion, positive results have already been experienced, with significant revenues collected during 2007.

In Sweden, the Plus Job scheme specifically targeted long-term unemployed people. A recruitment subsidy provided by the government, covering 100 % of the wage costs, was available, although it was limited to public sector employers. A small part of the planned subsidy volume was reserved specifically for young, long-term unemployed people. A partial evaluation of the scheme revealed that PES caseworkers considered it improved the employability of long-term unemployed people. Additionally, the scheme has had a direct impact on the employment of this group. Over 90 % of PES caseworkers considered that employers would not have recruited such people in the absence of this scheme. A survey of social partners illustrated that 70 % of employers tended to offer participants a permanent job at the end of the scheme. The latter indicated that one of the overall objectives — to ease the transition towards regular employment — has been successful.

EEA country

In Norway, qualification programmes have been developed for people of working age with reduced working and income-generating ability. The objective of the programme is to engage more individuals in employment or some other form of activity that facilitates a closer connection to the labour market. Participants receive an income for a specified period of time, in return for following a comprehensive qualification programme. Funding is provided from municipalities who financed the qualification benefit and also from the State, which financed the labour market measures. No evaluations have taken place so far, as the programme is still in its inception phase. This programme is better tailored to the needs of participants, which should therefore lead to more positive outcomes than previous schemes.

2.4 Integrated Guideline No 20: Improve matching of labour market needs

In Spain, interregional mobility is low and characterised by a concentration of moves to certain places (primarily Madrid and Catalonia). Geographical mobility is relatively low among women (who are frequently second income earners) and older people (who normally have more family responsibilities than younger people).

Employment policies aiming to promote geographic labour mobility in Spain have been developing in the last few years. Two different policy streams aim to promote geographical mobility. The first stream is to grant financial aid to mobile workers in an attempt to compensate them for the economic costs related to a change of residence (such as transport, lodging). The subsidies approved by the central government in April 2008 reflect the changing thinking about the need for policies to promote workers' mobility. Such subsidies, which may reach around EUR 11 000 per migrant worker, are an innovation in the Spanish context.

The second stream focuses on the coordination of PES regional structures to guarantee that job matching supports geographical mobility of unemployed people (or, at least, does not hinder it).

However, only 12 % of all employment contracts in Spain were arranged by the PES in 2005. Thus, the capacity of the national employment system to influence geographical mobility, even though access is now guaranteed to all relevant employment information in Spain, is limited by its scarce market share.

Candidate country

In Croatia, the labour force does not have the knowledge and skills required for a modern competitive economy. The skills of employed and unemployed people in Croatia are often obsolete and the participation in LLL and adult education is generally low. Various policies and actions on the issue of tackling skill mismatch have been adopted by the government, but their implementation differs. In 2004, Croatia adopted the first national action plan for employment (NAPE), based on the revised European employment guidelines. The first NAPE helped to develop a more strategic approach to employment policy. It specifically proposed measures and policies for reducing skills mismatch and bottlenecks in the labour market. The 2007 joint memorandum on social inclusion of the Republic of Croatia (JIM) also underlined the existence of widespread skills mismatches which appear to be a major impediment to a more dynamic labour market. Among the key challenges identified in the JIM is the issue of 'development of an inclusive labour market and promotion of employment as a right and opportunity for all citizens'.

The Croatian employment service developed a series of active labour market measures, including incentives to enter self-employment, loans for SMEs and public works. Some of the measures were to speed up the hiring of young and highly qualified people by co-financing a percentage of their gross pay. The Croatian employment service is being modernised and transformed through the introduction of modern management techniques, technology and advanced training for managers and counsellors. It is a key instrument of government policy in developing an efficient labour market. It has been successful in introducing measures arising from the recent legislative changes and has potential to play a more effective role in the labour market.

2.5 Integrated Guideline No 21: Promote flexibility combined with employment security and reduce labour market segmentation, having due regard to the role of the social partners

In Estonia, a response service to collective redundancies was developed to provide employees made collectively redundant with tailor-made and institutionally-linked services. The aim was to avoid unemployment or reduce the duration of unemployment. It also aimed to provide employers carrying out collective redundancy with adequate and institutionally-linked information and to give information on job-seekers to employers seeking workers. The service was based on case management principles and was provided in partnership with a wide range

of stakeholders. Various active labour market measures were provided to employees and employers, including information on rights to services and unemployment benefits; job search information; informing potential employers in the region about redundant employees; arranging meetings between potential employers and employees; individual counselling and job mediation; and individually tailored measures, if necessary.

An evaluation of the service confirmed that the impact of the response service was positive, noting however that the service was piloted during an economic boom in Estonia. The active information mediation between the potential new employers and those made redundant improved the job prospects of the people who were made redundant. The service was found to be well-targeted to relatively small groups of people, and flexible, since the response was designed on a case-by-case basis, addressing the specific circumstances of every case.

The draft labour market modernisation law recently adopted (but not yet implemented) in France is the first legal measure on flexicurity in the country.

The law lays down the basic principles for a balance between flexibility and security and introduces new safeguards. The law reaffirms that the normal employment contract is the open-ended or permanent contract (CDI) and that there must be genuine, serious grounds for making anyone redundant. One of the first consequences of this latter principle is the repeal of the new recruitment contract provisions and the redefinition of all such contracts as open-ended. The draft law aims to give security, legally and financially, to both employer and employee: to the employer by adjusting the employment contract in the direction of increased flexibility and limiting recourse to industrial tribunals (by creating a new way of terminating the employment contract), and to the employee by granting new safeguards.

The law is subject to implementation orders, the timetable of which has not yet been defined, while many questions are left for future collective negotiation (from company level, through to industry sectors, to multi-sectoral level). Lastly, some issues such as the definition and procedure for modifying essential clauses in employment contracts have been left to be decided by a future working group. As a result, the law will not acquire its full scope and effect for some years.

Since August 2006, a new regulation has been put into force in Germany to help people move from unemployment to self employment, by combining two pre-existing allowances: the ICH-AG grant (a business start-up grant) and the transition allowance. These two allowances have now been combined into the 'business foundation allowance'.

Based on data up to 2005, the evaluation of the two former measures (i.e. the transition allowance and the ICH-AG grant) showed positive results and impressive placement rates compared to other unemployment programmes: between 66 % and 81 % of the beneficiaries were still self-employed 28 months after starting their business. The new entrepreneurs also created additional jobs: 32 % of males and 25 % of

females among the transition benefit recipients had at least one employee. Only 14 % of the beneficiaries would have taken their step into self-employment even without public support. Overall, the new business start-ups by the unemployed appear to be sustainable, and compare positively against the former unemployment situation, and provide higher incomes. Significant success factors included provision of vocational training; the fact that an external assessment of the business plan was carried out; the volume of the seed-capital; marital status, as married founders were more successful than singles; age and gender of the founders. The positive selection of entrepreneurial characteristics among unemployed people also strongly explains the success of the programme.

In the light of the evaluation results, the government decided to cancel the start-up grant and continue with the transition benefit in a modified form. The support period was extended from six to 15 months maximum and beneficiaries need to have a 90-days minimum period for unemployment claims. While evaluation results are not yet available for the new type of allowance, ex ante considerations indicate that the budgetary efficiency of the programme may be reduced. Nevertheless, even after the reorganisation of the allowances, unemployed people continue to have strong demand for these programmes.

In Luxembourg, a law on the single status for wage earners in the private sector will be effective as of January 2009. It will affect around 275 000 wage earners. The law represents a structural reform to abolish distinctions between blue-collar and white-collar workers in the private sector. A single labour code will now apply to all wage earners, while the administrative burdens for employers who had to deal with two different categories of wage earners will be reduced. There will also be a sole professional chamber for wage earners in the private sector and a sole health insurance body. The law was adopted following numerous discussions with the trade unions and employer organisations.

The annual evaluation of the effects of single status will take place for the first time in 2010.

The main achievement of the law is the abolition of the discrimination between blue-collar and white-collar workers, contributing to a more egalitarian labour market, even if the public sector is still excluded from the new legislation. It is also expected to offer a competitive advantage to the Luxembourg economy due to lower non-wage costs and lower administrative costs for staff management.

Fifty one-stop shops for tradesmen have been operating in Slovakia since October 2007. Almost 100 000 persons have made use of one-stop shop services since then (representing roughly a quarter of potential beneficiaries). The aim of the one-stop shops is to simplify access to the market for entrepreneurs through integrating all necessary administration related to business start-up and operation into one place, in a timely and cost-efficient manner. Another aim is to optimise administrative procedures and electronic contact with other authorities.

The policy is financed fully from the State budget. One-stop shops collect data from applicants needed for the registration,

verify it and submit it instantly by electronic means to the respective authorities, including the territorial tax office, health insurance company and prosecutor's office. Against initial plans, social security registration is not included in the service package. One-stop shops also assume advisory functions. Information provided is only advisory; the service is not a legal consultancy. Information may be requested electronically. The integration of administrative procedures into one centre does not interfere with the allocation of functions among competent authorities. The service provided by one-stop shops is optional, i.e. entrepreneurs may decide to complete procedures and formalities individually. One-stop shop services are free of charge.

The new structures have been received positively for their contribution to simplified business start-up procedures and reduced red tape.

In Slovenia, the Employment Service of Slovenia (ESS) is the most important provider, contractor and coordinator of guidance services in the country. ESS activities are financed by the State budget and the Structural Funds. Within the ESS, guidance services are organised in a three-tiered system. At first level, clients have free access to information in a self-service mode, through a network of vocational information and guidance centres (VIGC). A second tier provides group-based guidance, including for example job clubs and sessions that help clients to regain self-confidence and motivation. In addition, there are also labour funds bringing together social partners and stakeholders at the local, regional and national levels, set up to carry out active employment policy measures. A third tier of guidance services within the ESS provides individually-based career guidance, which is offered by career counsellors to those who are perceived to need it.

Vocational and career guidance in Slovenia has expanded in recent years with a greatly increased number of guidance sessions being offered in 2005 and 2006 compared to 2004. The workload for employment and career counsellors has also increased dramatically during this period. In this context, finding the right balance between the needs of the individuals (their wishes, expectations, and aspirations) and the system (labour market, educational programmes or needs of employers) is a challenge for counsellors.

2.6 Integrated Guideline No 22: Ensure employment-friendly labour cost developments and wage-setting mechanisms

In January 2008, several important changes to the sickness insurance system were introduced in the Czech Republic, curtailing benefit levels in an effort to reduce the extensive abuse of sickness insurance in the country. The long-standing policy issue of system misuse, combined with mounting fiscal pressures, resulted in the introduction of a three-day waiting period before sickness benefits can be granted. The motivation for introducing this waiting period was that very short cases of sickness can be more effectively insured (to limit the misuse)

either by individual workers (through precautionary savings) or by employers voluntarily providing a fixed number of days of absence free to use by employees.

In terms of performance, the introduction of the waiting period was expected to lower both the frequency of overall sickness leave and, particularly, the use and misuse of short-term sick leave. According to the national Ministry of Labour, based on empirical experience for the first quarter in 2008, the introduction of the waiting period has fulfilled these expectations. However, the constitutional court ruled in April 2008 that the introduction of the waiting period was unconstitutional and therefore limited its effect until 30 June 2008. The government then quickly responded with a series of measures intended to gradually eliminate the level of sickness benefits paid during the first three days of incapacity periods by January 2009.

2.7 Integrated Guideline No 23: Expand and improve investment in human capital

The Irish Skillnets initiative, which commenced in 1999, is designed primarily to support and enhance workplace learning. It is administered by a publicly-funded body, Skillnets Ltd, which works in partnership with networks of enterprises to promote and facilitate the development and implementation of innovative training programmes. Each training network is composed of a group of enterprises which agree to cooperate in order to undertake a project or activity that individual companies would be unable to successfully undertake alone. The network approach allows companies to achieve economies of scale, increase efficiency, reduce costs and provide training that is more relevant to individual sectors or types of companies.

Between 1999 and 2007, Skillnets Ltd facilitated over 10 000 Irish enterprises, through over 150 networks in improving the range, scope and quality of training, which allowed over 70 000 employees to improve and meet their skills needs. Skillnets Ltd is funded from the resources of the national training fund. A key feature is that the social partners and education stakeholders are closely involved in Skillnets Ltd and have representatives on the board of directors of the company. Leadership by the enterprise is recognised as a key success factor and critical to the uptake of training within the companies involved.

The Skillnets project has expanded significantly over the years, both in terms of budgetary resources and in terms of numbers of participants. Despite improvements that are still possible, the Skillnets project can be said to have made significant progress in meeting its main objective to increase the incidence of in-firm training in the market sector of the Irish economy.

The scale of engagement of Polish enterprises in training is increasing but is still lower than the EU-27 average. In 2004, the opportunity to create corporate training funds (ZFS) was offered for the financing or co-financing of the costs of lifelong learning of employees and employers, in order to increase employers' involvement in employee training. The implementation of ZFS

is not obligatory. Resources are taken mainly from employers' fees and cannot be lower than 0.25 % of the payroll fund.

The results of the evaluation study indicated that most employers did not have any knowledge on the rules of creation and application of ZFS. Moreover, there were few employers who had ZFS in their companies (only 4.2 % of employers created them, while companies with over 250 employees dominated this group). Medium enterprises create ZFS less frequently and small firms the least. ZFS were created mainly by the employers' initiative. The decision came less frequently from trade unions. Employers came across a number of difficulties in the creation of ZFS, and small firms more often indicated permanent difficulties. The most significant difficulties in the creation process of ZFS included, among others: a lack of adequate resources for its creation (most often cited by micro companies); unclear legal regulations and procedures concerning the creation; difficulties in the definition/forecasting of training needs; and the lack of an organisational unit responsible for the creation and functioning of ZFS. Overall, ZFS is an innovative practice, well adjusted to the needs of the Polish labour market.

Romania has recently shown a renewed interest in the practice and regulation of apprenticeships. The Romanian Labour Code initially considered apprenticeships and subsequently the Apprenticeships Act was passed in 2005 and it entered into force in 2006. The Romanian government also supports apprenticeships by providing an incentive, from the unemployment insurance fund to those employers that engage in this specific form of employment with training.

Despite these efforts, Romanian PES figures show that intake rates for the support of apprenticeships have been particularly low. The legal conditions for the authorisation of the apprenticeship supervisor are the barrier most often cited by employers as preventing the expansion of apprenticeships. SMEs and individual craftsmen and family associations undertaking traditional craft and trades find it particularly difficult to obtain a certificate as an attested 'trainer of adults'. Another important obstacle in the application of the law appears to be the lack of public awareness regarding apprenticeships.

Candidate country

Two private sector initiatives in vocational education have been developing recently in Turkey. The BEGEV initiative in Bursa was set up by a group of local businessmen and started offering vocational courses in 1999. The initiative has continued to grow since then, through local support. Between May 2001 and June 2006, BEGEV's training centre certified a total of 1 471 trainees and boasts an 80 % employment rate for participants. During its founding stage, BEGEV started with donations from local industry. Current funding is coming from continued donations, support from local industry and from fee-based programmes, while BEGEV also receives building and land donations.

In the second initiative, Koc Holding has developed their nationwide 'industrial practice supported vocational school scholarships' programme. The scholarships were awarded

to 2 000 students from 182 schools in the 2006/07 school year, covering all provinces of Turkey. The recipient schools were increased to 250 in the 2007/08 school year, while it is envisaged to reach 8 000 students in four years. There will be 2 000 recipients from poorer family backgrounds every year. The programme gives priority to girls and to graduates of boarding primary education regional schools (usually attended by the children of poorer families living in rural areas). An important incentive of the scholarship programme appears to be the 'industrial practice' component that will be provided by Koc Holding firms.

Neither practice has yet been evaluated but the effectiveness of the BEGEV system is 'guaranteed' by the full involvement of the industrial establishment of Bursa. The Koc Holding's initiative is set to benefit poorer students by providing them with improved opportunities and it will also increase the future supply of trained technicians.

2.8 Integrated Guideline No 24: Adapt education and training systems in response to new competence requirements

The system of professional qualifications of Cyprus (the code that determines the skills that can be expected of individuals practising such professions and the conditions under which accreditation in these professions can be granted) has until recently been limited in scope and, in many cases, dormant or non-existent. Initiatives in this area are the responsibility of the human resources development authority (HRDA) which is now developing a system of vocational qualifications, a part of the national qualifications framework. The functions of the system include developing the standards for vocational qualifications, preparing candidates for vocational training (assessment of candidate readiness, training, performance appraisal) and awarding accreditation to candidates.

During the first phase of the programme (2006–08), a pilot study was undertaken to map the standards of vocational qualifications at level 2 for five occupations (waiter, cook, receptionist, construction worker and retail salesperson). The programme was targeted towards employed Cypriot workers whose employers were willing to cooperate in the examination procedure. Phase one has been carefully executed and has established high standards for dealing with the remaining occupations. Given that the programme so far addressed only employed people, it attracted a reasonable number of individuals. Since June 2006, 42 companies and 386 employees have been involved, while 132 people have been successfully tested and certified. A formal assessment and several improvements to the measure are planned in phase two, during which the programme will be opened up to include unemployed and economically inactive people.

A variety of guidance services is currently on offer in Greece. Policies for vocational guidance in schools have shifted away from an approach that focuses only upon immediate educational and occupational choices, and towards a broader approach that tries to develop career self-management skills, such as the ability to make effective career decisions and to implement them. In addition to this, innovative and more diverse delivery methods have been employed to widen access to vocational guidance, using ICTs and online databases to raise users' self-awareness and to improve their decision-making.

Those employed in the provision of career information, guidance and counselling are also required to be experienced and to constantly upgrade their own knowledge and skills. Specifically, school-based vocational guidance (SEP) is implemented: (a) in the classroom by trained teachers and SEP counsellors; (b) at school-based offices for vocational guidance (Grasep) by teachers who have undergone at least six months of training in SEP; (c) at career counselling centres (KESYP) by teachers, SEP counsellors with at least one year's training in SEP, as well as information and documentation experts, who are teachers with at least six months' training in the documentation of SEP material.

National articles on innovative policies and practices

Belgium

The service voucher system

1. Introduction

The system of service vouchers was launched on 1 January 2004. It is an initiative of the federal government to encourage the demand and supply for domestic and proximity services. It allows individuals to purchase help of a domestic nature around the house such as cleaning, laundry and ironing, grocery-buying services and transport for less mobile people from a recognised company.

The service voucher system has several goals. Firstly, it aims to create new jobs, especially for low-skilled workers. Secondly, the system wants to provide an incentive to move from undeclared work to a regular job in sectors where ‘moonlighting’ is a frequent occurrence. Thirdly, the service voucher system offers certain categories of unemployed people, which undertake service jobs for the local employment agency (PWA/ALE ⁽³⁾ workers), the opportunity to move toward a regular employee status. Finally, the system helps with the work–life balance as it becomes easier to outsource the domestic work.

The overall objectives of the EU employment guidelines are oriented towards full employment, improving quality and productivity at work and strengthening social cohesion and inclusion. The service voucher system not only contributes to the objectives of full employment and inclusion of target groups, but also to increasing the quality of work.

2. Description of the main elements of the policy

2.1. Target groups of the system

There are three parties involved in the service voucher system — the users of the system, the companies recognised as service voucher companies and the employees working in the system.

Users

All individuals who are residents in Belgium can buy service vouchers in order to purchase domestic help. The domestic help includes house cleaning, laundry and ironing, sewing and meal preparation. Grocery-buying services and public transport for less mobile people can also be purchased.

Companies

The activities paid with service vouchers are executed by employees working for a recognised service voucher company. Commercial businesses (for example, from temporary work agencies or the cleaning sector) as well as companies working in the social sector (such as insertion enterprises) or public services (such as local welfare offices or communities) can be recognised.

The minister or his delegate announces the recognition of the company after receiving the advice of a special licensing commission. To be recognised, the company should deliver (at least partly) domestic or proximity services, should not be in a state of bankruptcy and must have fulfilled its obligations relating to the payment of social security contributions and taxes.

Of all recognised companies (when the head offices are considered), 87 % are private, and 55 % are private for-profit and 32 % private non-profit companies. The total employment share of all private companies is 94 %, while 6 % of the employees work for a public employer.

Workers

The workers employed by a recognised service voucher company in the framework of the service voucher system can be divided into two categories.

- Category A — these are workers with a service voucher employment contract who also receive unemployment or other benefits during their employment as long as they are working part-time in the service voucher system.
- Category B — this category consists of all other employees working within the service voucher system. These workers cannot claim unemployment benefits while working in the service voucher system.

For both categories of workers, the employer may deviate from the general law specifying that any employment contract should be made up of a working week of at least 13 hours. In the case of category B, the requirement of a minimum of three uninterrupted working hours per day also has to be fulfilled.

2.2. Other interest groups involved

There is a wide range of interest groups involved in the discussion about the service vouchers, such as trade unions, employer federations, sectoral organisations, federal government,

(3) PWA — Plaatselijk Werkgelegenheidsagentschap (local employment agency); ALE — Agence locale pour l'emploi (local employment agency).

regional governments and the different political parties. Indeed, many actors are affected by the policy.

The debate among these actors is mostly related to the continuation and affordability of the service voucher system. Overall, the system is very well received. However, the trade unions are the most vocal in the discussions. Criticism of the unions focuses on the insecurity of the service voucher workers as more and more questions are asked about the affordability of the service voucher system in the future. They want guarantees for the employees working in the system. The unions also stress the danger of working part-time, which is usual in the service voucher system, for the build-up of social security rights. One of the unions asks for contracts with a minimal duration of 13 hours and a ban on daily contracts and subsequent contracts with the same user.

Considering the type of work (often at different workplaces), the fact that not all service voucher companies compensate for transport costs is considered another bottleneck by the unions. Another critical point for the unions is the payment of the worker in case of absence of the user. They also oppose the further expansion of the service voucher system towards new activities such as gardening or nurseries, since they fear a displacement of regular jobs by service voucher employment.

2.3. Funding of the policy

One voucher costs the user EUR 7.0 ⁽⁴⁾ (equal to payment for one hour). Moreover, the money spent on the voucher can be partially (30 %) deducted from the taxable income by the user. On top of the EUR 7.0, the service voucher company also receives a government subsidy of EUR 13.3 to make the labour cost affordable.

The gross cost of the activities executed in the service voucher system in 2007 is estimated at EUR 745.2 million. This amount encompasses the government subsidy for the service voucher (EUR 633.2 million), staffing costs for the execution of the measure (EUR 21.1 million) and the cost of the tax deduction (EUR 90.9 million).

(4) In 2007, the voucher cost EUR 6.70, but since 1 May 2008 it has increased to EUR 7.

As a consequence of the creation of additional jobs, the service voucher system also generates returns for the government. The most important return is the saving in unemployment benefits of unemployed people who have found a job in the service voucher system. A second return is the surpluses in the social security contributions. A third return concerns surpluses in personal income tax. The benefits for society of changing undeclared work into regular work were not quantified.

The total return of the service voucher system with respect to its activities in 2007 is estimated at EUR 295.9 million, which leads to a net cost of the service voucher system for the year 2007 of EUR 449.2 million. The system of service vouchers is thus a heavily subsidised measure. However, it is important to note that ESF resources are not used for the funding of this system.

3. Results of the policy

3.1. Instruments in place to ensure effective performance

Article 10 of the Act of 20 July 2001 (to promote proximity services and jobs) established from 2005 the requirement to annually evaluate the system of service vouchers. In the spring of 2005, 2006, 2007 and 2008, the evaluation survey was conducted by IDEA Consult. All figures mentioned in this paper are based on the most recent evaluation study (finalised in May 2008).

In addition to this annual evaluation, different instruments are in place to ensure effective performance of the system:

- the recognition procedure for companies: to ensure the quality of the service, the recognition of service voucher companies is strongly regulated;
- the control of service voucher companies: to ensure the quality of the service, the Belgian unemployment insurance is responsible for the control of recognised companies;
- the recognition of users: in order to ensure that only individuals resident in Belgium can buy service vouchers, the registration of users is regulated.

Table 1: Gross and net cost of the service voucher system in 2007

Gross cost	Returns	Net cost
745 195 955	295 937 576	449 258 379
	Saving in benefits	138 513 313
	Surpluses of social security contributions	107 928 963
	Surpluses of personal income tax	49 495 300

Source: IDEA Consult, Fourth evaluation of the service voucher system, 2008.

3.2. Results achieved

Job creation

Since its introduction, the system has been marked by strong employment growth. At the end of 2004, 15 077 persons were employed in the system of service vouchers, while this number reached 61 849 at the end of 2007.

However, almost nine out of 10 people work part-time, although most of them more than half-time. Some 11 % of the service voucher workers work less than 13 hours per week. The latter occurs particularly in the temporary work agencies. Thus, the service voucher system creates a fairly large number of jobs, although seldom full-time.

The service voucher system creates jobs for target groups who do not enter the labour market easily. Of the workers in the service voucher system, 98 % are women and 46 % were unemployed before starting in the system. The average unemployment spell of workers in the service voucher system who were unemployed before is on average 3.8 years. Four out of five people were unemployed for at least one year, almost six out of 10 for at least two years and 28 % even for five years or more. Moreover, the share of non-natives in the total number of service voucher workers is 14 %. Nevertheless, there are important regional differences (in Brussels, more than half of the service voucher workers do not have Belgian nationality). The service voucher system is also very effective in employing low-skilled people (39 % of the service voucher workers).

Of the service voucher workers, 60 % received a permanent contract when they started working in a service voucher company.

Of the service voucher workers working in the system in 2006, 21 % were no longer working in the service voucher system in 2007. Approximately 90 % of the service voucher workers did not switch employers in 2007.

With respect to the durability of the jobs in the service voucher system, permanent contracts are offered more often than fixed-term contracts. Few switches between employers within the system occur. On the other hand, a considerable turnover in the system occurs but this outflow is usually due to the fact that the service job is considered as a temporary job (the main reason for 39 % of workers who stopped working in the system) or because workers were offered a more attractive job (34 %).

Change undeclared work into regular jobs

Only 3 % of the service voucher workers admit having worked in the informal economy before. Nevertheless, 47 % of the interviewed service voucher workers consider that working in the service voucher system is a way out of undeclared work. Moreover, 92 % consider that the right to social security is an important or very important incentive to work in the system.

Change work carried out by certain categories of unemployed (PWA/ALE) into regular jobs

Of the interviewed service voucher workers, 16 % had carried out service jobs for the local employment agency before. Moreover, a survey among service voucher companies demonstrates that 15 % of these companies find adequate employees through changing former PWA/ALE workers into service voucher workers, in combination with other recruitment tools. However, it is important to note that these results were more important in the first years after the introduction of the system.

Achievements in relation to objectives and priorities of EU employment guidelines

The overall objectives of the EU employment guidelines are oriented towards full employment, improving quality and productivity at work and strengthening social cohesion and inclusion. Earlier, it was already concluded that the service voucher system contributes to the objectives of full employment and inclusion of target groups. The service voucher system also contributes to the increasing quality of work. For 84 % of the workers, working in the service voucher system was a conscious choice, and 84 % of the workers are satisfied with the number of hours worked. Moreover, workers consider the flexibility of the work and the fact that they can work close to home as important advantages of the service voucher work. .

4. Assessment of obstacles and constraints encountered

The service voucher system can be evaluated as a success story. Nevertheless, there are some obstacles and constraints.

- **Insufficient supply of workers:** It was reported that 64 % of the service voucher companies struggle with an insufficient supply of adequate candidate workers. For 75 % of the companies, the insufficient difference between the salary and the unemployment benefit is a possible cause for this shortage. The lack of work motivation among candidate workers is also considered as an important obstacle for 65 % of the companies.
- **Time lag between contacting company and delivery of service:** On average, the user has to wait 45 days before a worker is found to deliver the service.
- **Lack of training opportunities for service voucher workers:** Although 41 % of the service voucher companies state that they offer training opportunities to their service voucher workers, a survey among the workers shows that only 19 % of them received training during their service voucher employment.

According to the goals of the system of service vouchers, the best indicators out of the Commission's compendium to follow the impact of the measure would be:

- 17.M1 Employment rate;
- 17.M2 Employment growth;
- 17.M3 Unemployment rate;
- 17.M4 Activity rate;
- 17.A1 Employment rate in full-time equivalents;
- 19.M4 Activation of long-term unemployed;
- 19.M5 Labour market gaps for disadvantaged groups;
- 21.M1 Transitions by type of contract;
- 21.A1 Undeclared work.

5. Conclusions

From the analysis above, it can be concluded that the service voucher measure has a great impact on the labour market integration of target groups in Belgium (long-term unemployed people, low-skilled people and people from different ethnic groups), the transfer of undeclared work into regular jobs and the facilitation of the work–life balance for users.

The number of workers employed in the system is high and grows continuously. However, the majority of the workers are employed on a part-time contract. Moreover, there is a gender imbalance: men are heavily underrepresented among the workers in the service voucher system (only 2 %). Progress in this respect could be made if the range of activities for which service vouchers can be used were expanded (e.g., gardening, small jobs around the house).

On the other hand, negative aspects also have to be considered. There is a lot of insecurity for workers in the system, and also for the employers involved. The measure also has important budgetary consequences.

All these elements are relevant for a debate over the long-term effects of the service voucher system and should be considered in the policy debate.

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Bulgaria

Policies to promote the reconciliation of work and raising children

1. Introduction

Mobilising female labour is important globally, as it influences the levels of employment and labour activity rates and the age structure of the labour force. In the short term, the aim of higher activity/employment rates could be achieved through participation of women in the labour force. The changes in the age structure of labour/employed people have to be implemented in the long term through preparing young people to enter the labour market. These two purposes contradict each other to a certain extent and governments have to find an appropriate combination of stimuli to promote women's employment and raising children. An important requirement is assuring relevant public support in a way that allows personal freedom of women and families in their choice about having a child, personally taking care of it at home, being employed and relying on public services.

The policies that promote women's labour supply are well known and these have been applied in Bulgaria for a long time. Until now, they have consisted mainly of training and entrepreneurship courses for women who were temporarily out of the labour market. As a rule, women are more represented in training courses and more active in some of the subsidised employment programmes (e.g. as social and personal assistants). The hiring of lone mothers has been subsidised since 2002. In 2007, a special measure was introduced to

subsidise the employment of mothers with children between three and five. In both cases, employment is subsidised for one year. The measures prove to be of particular importance for transition to work after maternity leave. In 2008, a generous social payment scheme was introduced for the period of maternity leave together with two programmes again offering subsidised employment. The first programme supports the hiring of childminders, and the second programme encourages women to work in newly established family centres for child day care.

The two programmes described below, i.e. the national programme in support of maternity and the family centres programme, respond to the well-recognised significance of women's employment in the EES guidelines, and the promotion of the life-cycle approach towards work. The programmes are also in line with the concept of flexicurity and address the following issues.

Women's contribution to the improvement of employment and economic activity rates in Bulgaria

There are substantial gender differences in employment and activity rates (Table 1) and the gap is widening. The increasing gap in full-time employment (FTE) could be a sign of unstable and lower-quality female employment, in comparison to male employment.

The employment of women over the age of 50 was problematic in Bulgaria during the transitional period and remains the same. The pension reform involves a gradual increase of the female pension age. It was 55 years in 1999 and went up to 59 years in 2007. In 2009, this age will have to be 60 years. The required increase of the male pension age is 63 years and was achieved in 2005. Women thus have to bear a heavier burden of the pension reform for a longer period. Some women of a pre-pension age need special policy interventions to ensure their employment. Young women in Bulgaria experience traditional difficulties in going back to work after maternity leave and need to catch up with the level of qualification and skills of their colleagues.

Table 1: Employment gender gaps in Bulgaria

	2000	2001	2002	2003	2004	2005	2006
1. Employment gender gap (age group: (15–64 years), total)	8.4	5.9	6.2	7	7.3	8.3	8.2
Including:							
Employment gender gap (age group: (15–24 years)	4.1	0.7	2.1	2.1	3.6	4.5	4.4
Employment gender gap (age group: (25–54 years)	4.5	2.5	5.9	4.3	4.7	5.4	5.8
Employment gender gap (age group: (55–64 years)	22.9	19.5	18.8	19.5	18	20	18.4
2. Employment gender gap in FTE		6.3	6.4	7.6	7.5	8.2	8.7
3. Unemployment gender gap (age group: 15–64 years)	- 0.5	- 1.6	- 1.6	- 0.9	- 1	- 0.5	0.7

Source: Indicators for monitoring the employment guidelines, 2007 compendium, Eurostat.

There is potential to perform very well in the EU context in relation to female employment rates

In 2007, the employment rate of men was 66.0 % and that of women was 57.6 %, and their activity rates were 62.1 % and 70.6 % respectively. However, in the same year, the difference between the female employment rate for the EU-27 and in Bulgaria was 0.7 percentage points, whereas for the male employment rate it was – 6.5 points ⁽⁵⁾. The prospect of performing very well in the EU context in relation to female employment rates will become more realistic if more attention is paid to the employment of women up to 35.

The difficulties that women experience in the reconciliation of work and family duties

The number of inactive women aged 15–64 is 1.3 times higher than that of men (in 2007). There is also a widening employment gap between men and women in the 25–54 age group. At the same time, the number of employed men aged 30–34 is 2.3 times higher than that of women (in the same year). These differences could be smaller if women who want to return to work after the period of child-raising receive proper social assistance.

The increase of birth rates on the basis of women's work being well-balanced with family duties

Bulgaria has to overcome a recent but deep demographic crisis. Since 2005, the relative share of the population over pension age is decreasing. Unfortunately, the number of those under 15 is also decreasing. The total increase of population is still negative: – 0.5 % in 2007, in comparison with 2006. Women who want to raise children have to receive generous social insurance and easy access to public facilities and services. At the moment, there is a shortage of public childcare services.

2. Implementation of programmes

The national programme in support of maternity ⁽⁶⁾ is encouraging the professional development of mothers who return to work through the delivery of qualified care for their small children during the period of paid leave. Women do not receive social benefits, but the costs of hired childminders are paid. The sums are topped up with the funds from ALMPs

(5) Source: Eurostat and NSI.

(6) The national programme in support of maternity was adopted by an order of the Minister for Labour and Social Policy (MLSP) in January 2007. It is developed in compliance with the changes in the Social Security Code (SSC) adopted in August 2006. These changes envisage that mothers who participate in the national programme in support of maternity are excluded from receiving benefits for bringing up a small child (SSC, Art. 53, paragraph 4) and benefits in the event of non-use of the additional paid leave for bringing up a small child (SSC, Article 54, paragraph 3), when the child is raised by an unemployed participant of the programme.

to subsidise women's employment. In this way, a scheme of reconciliation between work and family life is provided to women, as well as new working places, occupied mainly by unemployed women at pre-pension age.

According to amendments in the Social Insurance Code in force as of 1 January 2007, insured women have the right to obtain daily cash benefits in the event of pregnancy and childbirth equal to 90 % of the average daily remuneration of the declared insurance income. The daily benefit cannot be lower than the minimal daily salary at the moment. Cash benefit in the event of pregnancy and childbirth is paid for a period of 315 calendar days, 45 of which are before childbirth. After the expiry of the benefit for pregnancy, childbirth and childcare, the mother/father could be in unpaid leave until the child is two.

The child family centres programme is an initiative that supports employment of parents with small children through the opening of family centres for qualified care of children in a family environment. The family centres are established in the dwellings of the unemployed person appropriate for bringing up children in two age groups: from one to three years and from three to five years. One family centre can care for up to four children.

These two programmes are being introduced together with a generous maternity benefit scheme in Bulgaria. In this way, the freedom of women's choice about how to bring up children up to three years old is receiving substantial support.

Employers in the national programme in support of maternity are public social assistance directorates spread all over the country. They collaborate with the labour offices which organise the recruitment of the childminders and the territorial branches of the National Social Security Institute.

The programme is financed by the General Disease and Maternity Fund (managed by the National Social Security Institute) and by the MLSP budget for ALMP. Every year, in compliance with the law on the budget of State public insurance, the National Social Security Institute provides payments equal to the cash benefits for bringing up a small child for each person actually hired under the programme. The MLSP budget for ALMP ensures additional resources for paying the remuneration of childminders until the child reaches two years and totally subsidises their remuneration during the third year ⁽⁷⁾ (and higher payments for raising twins).

Employers in the child family centres could be municipalities and not-for-profit legal entities. Employers sign individual labour contracts with the unemployed women, pay labour remunerations, and sign contracts with the parents of the children about the conditions of their care. Moreover, they furnish the family centres or provide financial resources for equipment and support the payment of one main dish per day for all children in the family centre and for the transport of meals from the municipal kitchen to the family centre. The contract between the municipality, in its position of employer in the

(7) The insurance payments for the person who is taking care of the child are also paid, except the unemployment insurance.

project, and the parents regulates too the amount of daily tax per child to be paid. Employers and labour office directorates sign implementation contracts for the project's activities.

The allocation of the responsibilities and the financing of the two programmes take place at regional level and with involvement of local public institutions, local authorities and the representatives of the NGO sector. This should ensure that the programmes will be well-targeted towards the groups and individuals who really need help to reconcile their work with the care of small children.

3. Performance and achievements

Despite its short implementation period so far, the programmes are gaining in popularity. In 2007, 612 unemployed were engaged as childminders and 607 mothers went back to work. In 2008, the interest has been increasing, with 411 mothers participating in the period from January to April 2008. At the beginning of 2008, 12 child family centres were functioning. The national action plan on employment 2008 provides resources for supporting these centres and, for the maximum period of 36 months, the subsidised employment of the people working at the centres ⁽⁸⁾.

A set of requirements has been elaborated to ensure the quality of services provided under the two programmes. The employed childminders have to follow the manual issued by the employer with a job description and particular duties. Childminders are chosen with the active participation of the mothers and their agreement ⁽⁹⁾. The mother/adoptive mother has the right to outline her requirements regarding education levels, qualifications and professional experience of the person to be hired.

The care for children in the family centres has to follow common standards and it is the social assistance agency that controls the application of standards.

There is a regular exchange of information between the National Social Security Institute and the Agency for Social Assistance about the insurance status of mothers/adoptive mothers,

finalised labour contracts and their termination. It prevents the engagement of people already employed under these initiatives and other violations of legislation.

Another group of measures to encourage responsible parenthood is also implemented in addition to these two initiatives. Parents are being made responsible for ways of organising the upbringing of their children and also their education. Particular sanctions are implemented where parents do not spend the child assistance payments according to the stated purposes; when the children have been absent from school for more than five days in the month without a satisfactory reason; and in the event of violation of the law of child protection ⁽¹⁰⁾. The combination of incentives for mothers to reconcile work and family life with responsible parenthood is one of the key aims in strengthening the social contract in Bulgarian society.

4. Conclusions

Initiatives implemented to favour young women's transition to work and the reconciliation of work and family life, maternity benefits and the strong requirements of parenthood address different aspects of economic need, social and personal responsibilities and freedom of personal choice. At the moment, the combination of initiatives seems to be appropriate to generate positive changes in the demographic, social and employment situation in the country. Both programmes provide opportunities for legal employment in activities that, as a rule, remain in the grey sector or in unpaid family work, and thus outside social insurance schemes.

There are strong arguments for further development of these initiatives. They could be combined with the scheme of learning from the experience and its validation. The skills of childminders and the employed in the day-care centres could be professionally recognised and thus provide additional motivation for participation in these initiatives.

The generous social assistance contributions for the long duration of paid leave for mothers are combined with incentives to return to work. Bearing in mind the severe problem of low birth rates in the country and low rates of unemployment, the generous maternity leave scheme seems to be reasonable and affordable.

(8) There is no information about the sustainability of the initiative after the period of subsidy. At the moment, it could be presumed that it is at a satisfactory level, in so far as at the beginning of the programme there were 14 centres.

(9) The childminder could be a relative of the mother (or the grand-mother) where they have been registered at the labour offices as unemployed.

(10) In the event of such violations, the accused parent has to pay a fee of BGN 5 000 (EUR 2 500). The report of the Ministry of Labour and Social Policy activities for 2007 presents the cases of applied sanctions and proves the increasing importance of such control. http://www.mlsp.government.bg/bg/docs/45_%20otchet_%20MLSP_%202007.doc

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Czech Republic

Reforms to sickness benefits and sickness insurance

1. Introduction

The policy challenge discussed here is the need to lower the extensive (mis)use of sickness insurance in the Czech Republic. Despite improving healthcare and strong labour demand, the country is consistently (together with Slovakia and Poland) among the EU countries with the highest number of sick-leave days per year and per employee (Osterkamp and Rohn 2007). The number of short sickness periods (lasting several days) is particularly high and growing in the Czech Republic and is especially prevalent among employees of small firms. Both countrywide research and anecdotal evidence from the country suggest that the extent of misuse of short sickness leave is significant and related to generous benefits. Such misuse of sickness insurance contradicts the goals of ensuring employment-friendly labour cost developments (Guideline No 22) and it is also inconsistent with enhancing work attractiveness (Guideline No 19). Furthermore, the resulting high level of sickness benefit expenditure is one of the sources of public finance instability.

In January 2008, several important changes to the sickness insurance system were introduced within the Act No 261/2007 Coll. on the stabilisation of public finances. The act curtailed benefit levels. Most significantly, as of January 2008 benefits were no longer provided during the first three days of sickness. The first three days of sickness are referred to as the waiting ('buffer') period (karenční doba in Czech). The goal of this policy was to lower incentives to misuse the sickness scheme by both workers and employers, which would then reduce the sickness insurance expenditure.

The leading opposition party (Social Democrats) challenged the act in the constitutional court. In late April 2008, the court repealed the part of the legislation that denied employees benefits during the first three days of sickness, arguing that it conflicted with the insurance principle (workers do not receive support for three days but are obliged to contribute to the insurance scheme when working). Hence, from 1 July 2008, employees will again be entitled to receive sick pay set at 60 % of their daily basic pay, even for the first three sick days. However, since the court stopped short of stipulating the appropriate level of benefits, the government quickly responded. The government's plan is to pass legislation on sickness insurance in Parliament during the summer 2008. The new act, to be put into effect in January 2009, will revert to the position that the first three days of sickness will be without any financial compensation⁽¹¹⁾.

(11) The new scheme will also transfer the costs of sickness insurance benefits provided from the fourth to the 14th day of sickness leave from the State to employers and, in return, lower the employers' payroll contribution rate.

2. Organisation, implementation and funding of the policy

Czech sickness insurance scheme

State-provided comprehensive sickness insurance is a standard pillar of social insurance in the EU. The goals of the Czech scheme are standard: to protect workers from a temporary loss of earnings during periods of sickness (incapacity to work), and to eliminate the incentives for sick workers to show up for work, which would result in negative consequences (spreading infectious diseases) and long-term health consequences of untreated minor illnesses. The sickness insurance scheme also provides financial support for those caring for a sick dependent family member.

The parameters of a sickness insurance scheme are closely linked to several of the EU's employment guidelines, including those on full employment, improving quality and productivity at work (Guideline No 17) and the Guidelines No 19 and 22 mentioned above. For decades, the parameters of the Czech sickness scheme remained almost unchanged⁽¹²⁾. Employees and employers contribute to the general State budget with a flat percentage (1.1 % and 3.3 % respectively) of the payroll base (gross salary)⁽¹³⁾. Sickness benefits are then provided for sickness periods certified by a doctor⁽¹⁴⁾. The formula for calculating the daily benefit is rather complicated and will be only briefly outlined out here. The daily level of benefits is determined as a percentage of a daily base pay, which corresponds to the daily gross income including taxed bonuses generated by the worker in the relevant period (up to 12 calendar months before the incapacity began). Benefits are actually a regressive function of base pay (according to the 2008 legislation, benefits equal 90 % of the daily assessment base up to the limit of CZK 550 (EUR 22) and 60 % of the base for any amount between CZK 550 and 790 (EUR 22 and 32)⁽¹⁵⁾. Sickness benefits are awarded for a maximum of one year from the beginning of

(12) The relevant legislation can be found at: <http://www.cssz.cz/cz/nemocenske-pojisteni/legislativa.htm>

(13) Further details about contribution rates can be found at: <http://www.cssz.cz/cz/pojistne-na-socialni-zabezpeceni/vyse-a-platba-pojistneho/sazba-pojistneho.htm>

(14) The certificates for the sickness period issued by the doctors are provided to the Czech Republic. Sickness benefits are then technically paid by employers to workers, but employers receive the full amount of benefits reimbursed by the Czech Republic.

(15) The degree of regressivity is higher for benefits paid during the first 14 days of sickness. Also, according to the January 2008 legislation, the 60 % rate applies to sick-leave days 4–30, while there is a 66 % benefit replacement ratio for days 31–60 and a 72 % rate after this period. The replacement ratio for those caring for a family member remains at 60 % for the entire period of incapacity.

the incapacity⁽¹⁶⁾. An important feature of the scheme is that, unlike wages, sickness benefits are not subject to income and payroll taxes and they are provided for each calendar day of sickness, including weekends and national holidays.

The most contentious part of the policy change is the introduction of the waiting ('buffer') period, which, however, is common in many EU countries. The motivation for the waiting period is that very short cases of sickness can be more effectively insured (to limit the misuse) either by individual workers (precautionary savings) or by employers voluntarily providing a fixed number of days of absence free to use by employees.

Misuse of the Czech sickness insurance scheme

Insurance misuse is a particularly pressing issue in the Czech Republic, where the presence of widespread abuse of the system by employees and employers alike is a generally accepted fact, despite limited direct evidence. Employers, including international employers, complain that, considering the health level of the population, the use of short sick leave by workers is unusually high. These complaints are supported by indirect statistical evidence from international comparisons of sickness incidences and health status (see Osterkamp and Rohn 2007 who also studied the effect of benefit generosity). Anecdotal evidence also suggests that workers are often involved in undeclared earning activity while reporting sick.

Another sign of misuse is the unusually high share of very short sickness leave during days adjacent to weekends or national holidays. Furthermore, it is often reported that workers expecting a layoff enter long periods of incapacity because employment contracts cannot be legally terminated during a period of certified sickness. Employers may also misuse sickness leave (instruct workers to 'go sick') to save on labour costs during periods of low demand (typically in the construction and services sector). Anecdotal evidence suggests that some small companies have even been established with the sole purpose of 'milking' the sickness insurance scheme. Of course, this adds up to non-negligible fiscal and labour-supply consequences⁽¹⁷⁾.

The reason why medical doctors may be willing to certify short sick leave is that general practitioners (GPs) receive fees for serving and retaining customers, while workers are

free to switch to another doctor if the current one refuses to 'cooperate'. Firms cannot force their workers to use a particular GP. The Czech Social Administration Agency (CSSA) operates a system of random ad-hoc inspections making visits to sick individuals checking whether they stick to a sickness regime prescribed by the GP. If the inspection finds and proves a violation of the sickness regime, this can result in a reduction in sickness benefits. There is no effective punishment in place for GPs who approve false sick leave.

This long-standing policy issue of system misuse, combined with a mounting fiscal pressure, resulted in the policy of introducing the three-day waiting period before sickness benefits can be granted in January 2008. According to the Ministry of Labour and Social Affairs (MoL), the introduction of the waiting period was expected to increase the discipline of insured individuals and, in particular, to limit the scope of misuse of short-term incapacity periods.

Clearly, the introduction of the waiting period can decrease misuse and result in fiscal savings. On the other hand, it can also force workers who really are sick to remain at work (leading to a negative impact on other workers). Furthermore, it may be that even a three-day loss of income leads to important social consequences for very low earners. It was expected that employers and employees (trade unions) could replace the State insurance for the first three days with assistance arrangements introduced within collective agreements.

In the next section, the effects of the policy on the labour market as well as the subsequent reactions are reviewed.

3. Performance and achievements

As far as it is possible to tell, the introduction of the three-day waiting period without sickness benefits has not yet been evaluated in detail by the labour market administration. The limited, if telling, available evidence of the policy effects, discussed below, comes from simple aggregate statistics on the extent of sickness days and types of sickness leave⁽¹⁸⁾. The data that the Czech Republic collects allow for a thorough and detailed microeconomic evaluation of the policy, which would disentangle the impact of the waiting period from other potential factors, and which would identify groups of workers (by occupation, industry, region) that were particularly affected by the policy. However, it is very unlikely that this data will be made available for research purposes to foster evidence-based policy design.

The introduction of the waiting period was expected to lower both overall sickness frequency and, particularly, the use and misuse of short-term sick leave. According to the MoL,

(16) The treatment of employed pensioners is different. Their maximum support duration is only 84 calendar days, even though they pay the same payroll contribution as younger employees.

(17) The scope of misuse can be inferred only indirectly from aggregate statistics. Detailed time series can be found at: http://www.mpsv.cz/files/clanky/5170/info_NP_2007.pdf. One way to read the evolution of sick-leave use in recent years is that growing wage inequality and the regressivity of sickness benefits decreased to a pool of workers for whom there are strong incentives to misuse the scheme, mainly low-paid, low-skilled workers. Detailed statistics can be found at: <http://www.cssz.cz/cz/informace/statistiky/nemocenska-statistika/nemocenska-statistika-2008.htm>

(18) The Commission's compendium does not contain an indicator directly related to the number of sick-leave days.

Table 1: Summary of reduction rates to compute daily sickness insurance during waiting period (first three days of sickness)

Before January 2008: 25 % (1st–3rd day)
During January–June 2008: 0 % (1st–3rd day)
Provisional arrangements following the decision of constitutional court in April 2008
During July–August 2008: 60 % (1st–30th day)
During September–December 2008: 25 % (1st–3rd day)
New permanent arrangement
From January 2009: 0 % (1st–3rd day)

Source: MoL.

based on empirical experience for the first quarter in 2008, the introduction of the waiting period fulfilled such expectations ⁽¹⁹⁾. The authors of this article share this opinion ⁽²⁰⁾. Comparing the first 2008 quarter with a previous year, the expenditure on sickness benefits declined by CZK 1.5 billion (EUR 0.06 billion) ⁽²¹⁾ and the number of sick-leave days declined by over 11 %. Sick-leave incidence declined particularly dramatically in small firms (covering about 1 million employees). The number of sick-leave absences shorter than one week in small firms was halved. Comparing the first 2008 quarter to the two previous first quarters (the averages in 2006 and 2007), the number of completed periods of sickness declined by almost 25 %, the number of sickness days covered dropped by about 15 % and the average duration of sickness cases increased by about 10 %. These statistics demonstrate a major effect of the policy. Of course, one needs to control for other effects such as the mild winter favourable for construction work, the relatively low incidence of flu this year and the high level of labour demand. Nevertheless, it seems reasonable to accept that the reduction in short-term absenteeism due to the introduction of the waiting period has been substantial.

Despite the general sense of success, on 23 April 2008, the constitutional court ruled ⁽²²⁾ that the introduction of the waiting period is unconstitutional and therefore limited its effect until 30 June 2008. As discussed earlier, the government quickly responded with a series of measures intended to minimise the level of sickness benefits paid during the first three days of incapacity periods. Below, the sequence of sickness benefit replacement ratios is summarised.

(19) <http://www.cssz.cz/cz/informace/statistiky/nemocenska-statistika/nemocenska-statistika-2008.htm>

(20) <http://www.novinky.cz/clanek/139956-necas-nemocenska-za-prvni-tri-dny-bude-60-procent.html>

(21) For comparison, the corresponding hypothetical annual savings of CZK 6 billion (EUR 0.24 billion) roughly compares to the current annual spending on ALMP (CZK 5.7 billion — EUR 0.228 billion — in 2007) in the Czech Republic.

(22) Details of the court's decision can be found at <http://www.concourt.cz/scripts/detail.php?id=586>. Comments and interpretations of the MoL can be found at: <http://www.mpsv.cz/files/clanky/5413/02062008.pdf>

4. Conclusions

The interpretation of the policy effects by the authors of this article is in line with that of the MoL. The waiting period effectively dealt with the extensive misuse of the system. The constitutional court's ruling did not allow employers or trade unions to develop alternative more efficient arrangements. Generally, questions could be raised whether a parameter such as the waiting period in the sickness scheme could be determined by the general wording of the constitution. The Czech constitutional court is becoming increasingly involved in details of Czech public policy formulation. Some people view this as an outcome of the fact that top-level politicians have recently been appointed as the court judges.

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Expert debates on the issue are available at:

<http://www.leblog.cz/?q=node/235>

See also the footnotes in the main text for references to several Czech policy documents relevant to this topic.

Denmark

Early intervention and intensive counselling of newly unemployed

1. Introduction

Denmark spends about 1.4 % of GDP on active labour market policy (Eurostat, 2008, Table 1). This reflects the emphasis on active measures, which, since the labour market reforms of the early 1990s, have been one of the hallmarks of Danish employment policy. Over the following years, the period elapsing before an unemployed person had to take part in a mandatory activity has been gradually reduced. The period is now six months for an unemployed person aged below 30, and nine months for an unemployed person aged 30 and over.

One of the main outcomes from Danish evaluations of active measures has been an increased focus on the so-called 'motivation effect' of mandatory activity. This effect is evident in the data on outflow from unemployment, which shows that unemployed people have a significantly higher probability of leaving unemployment in the weeks immediately preceding the time where he/she must participate in a labour market programme (Rosholm & Svarer, 2004; DØR, 2007). The estimates of the extent of the motivational effect indicate that the average duration of an unemployment period is reduced by about one week due to this effect. While this may sound like a limited impact, one should remember that the effect affects all unemployed people and not only those who take part in active programmes. Therefore the economic impact of the motivation effect is quite significant (DØR, 2007: 248). This effect is therefore additional to the potential 'qualification effect' of active measures, which is the effect of the subsequent employment opportunities of the participants due to their improved skills from the training activity.

The increased focus on the motivation effect, combined with the decline of open unemployment, has implied a gradual shift towards the interventions that take place during the initial months of unemployment. This is being done in order to increase the outflow from unemployment before the time limits for the traditional active measures, i.e. labour market training, job training, and offering subsidised jobs of limited duration in public or private workplaces.

Thus, the standard procedure for a newly unemployed person now implies that he or she must immediately register as an unemployed person with a local jobcentre and, within one month, must submit a CV to the national job bank, which can be searched by employers. This CV must be checked and can be

updated once a week by the unemployed person in order not to lose the right to unemployment benefits. Also, the person must document that he or she is actively seeking work and — as a minimum requirement — should apply for four jobs per week. After one month, there is a mandatory meeting with the unemployment insurance fund. As a minimum, the unemployed person will then have contact with the public employment service (the jobcentre) and the unemployment insurance fund every three months in order to receive job search counselling and check the availability of the unemployed person for work. After six or nine months, an individual action plan will then be drawn up, specifying the mandatory labour market programmes in which the unemployed person must participate.

2. The new programme of early intervention

In 2006, the Ministry of Employment launched a new initiative aimed at increasing early intervention to unemployed people during the first weeks and months of their unemployment. These intervention measures consisted of:

- an information letter sent to the participants in the new programme after one/two weeks of unemployment informing them about the activities in which they would have to take part;
- a two-week intensive job-search course after five/six weeks of unemployment;
- an obligation for the unemployed to meet with jobcentre staff for counselling every one to two weeks;
- after four months of unemployment, the unemployed person must take part in intensive activation for at least three months.

The new approach thus combined intensive counselling and training in job search for new entrants to unemployment with even earlier activation measures than previously.

Initially, the new programme was implemented as an experiment in two labour market regions (counties). Approximately 5 000 newly unemployed participated in the pilot project. Half were randomly assigned to take part in the new activities (hereafter called the 'participants') and half were the control group who were offered the standard procedure (an interview every three months after the first registration of the CV with the PES and the unemployment insurance fund). The project was financed by an extra allocation of funds from the Ministry of Employment's budget. This allowed the regions to hire the extra staff needed to provide more intensive guidance to the unemployed. The pilot only included those unemployed that were members of an unemployment insurance fund.

3. The evaluation of the effects on the individual unemployed

The expected individual effects of the new programme comprised a mixture of motivation and qualification effects. The participants may also have experienced the 'locking-in' effects by reducing their job search during the periods, where they took part in active measures.

In general, the results showed that there was a significant positive effect on the outflow to employment. On average, the rate of outflow to employment was 20 % higher for the participants in the project than for the control group (Graversen & Van Ours, 2007). When divided into sub-periods, the effects were only significant during weeks 5–18 of the experiment, exactly the period when intervention was most intense, and ending with planned activation after about four months. The effects were greater for young unemployed people (aged below 30) and for older unemployed people. The effects were also greater for those unemployed who had not experienced a high level of unemployment during the last three years. From an educational background perspective, the highest effects were found for people with higher education qualifications.

When attempting to assess in more detail the effects on the participants of the individual elements of the new programmes, the evaluators found very few or no negative effects. Their interpretation therefore is that the overall positive effects of the programme are caused by the expectations of the participants about the demands that will be put on them due to the more intense intervention. It is therefore the motivation effect which is at play and causes the positive overall effects found in the evaluation. There was even an increased outflow from unemployment for the participants during the very first weeks of their unemployment, when the only intervention was that they had received the letter informing them that they were to take part in the programme. The observation of such general motivation effects is in line with the results from similar experiments in the United States (DØR, 2007: 258).

As a side-effect of the experiment, it was also found that some of the people in the target group for the intensified intervention avoided participating by declaring themselves ill and taking up sickness benefits instead of unemployment benefits. Thus, the share of people taking up sickness benefits was 5 % higher in the target group than in the control group. This is thus one of the many examples of how different forms of economic support for people on the margin of the labour market may act as substitutes (DØR 2007: 258).

Interviews with those responsible for the experiment at the local PES revealed that the effects seemed to be different for the unemployed depending on the strength of their position

in the labour market. For the stronger groups, the main effect was that they returned to employment more quickly in order to escape the intense interaction with the PES which was the core of the experiment. On the other hand, the assessment of the PES staff was that the weaker groups actually benefited from the more intense guidance and supervision that they received as part of the project. Also the more frequent contact with the staff of the PES made it possible to target the efforts more directly toward the needs of the individual unemployed (Graversen et al., 2007: 5).

The positive evaluation of the more intensive intervention is also supported by another more general study that has analysed the effects of the different kinds of contacts between the authorities and the unemployed (Kjærsgaard et al., 2007). This study is based on data from 2001 to 2004. The main outcome is that an increased outflow from unemployment was observed both before and after those meetings, where the unemployed person receives more intensive counselling and control of his/her availability for work. The highest effects are found for the meeting, where the actual job-plan for the unemployed person is laid out. On the other hand, there are limited effects from very early contact during the first month of unemployment.

4. Costs and benefits of the experiment with early intervention

As a part of the evaluation, an economic costs and benefits assessment has been made of the more intensive intervention toward the newly unemployed. From a societal point of view, the positive effect of the new programme is a saving on unemployment benefits and increased production due to greater employment levels. Also a more rapid return to employment could diminish the risk of loss of human capital that might be caused by long unemployment spells. On the other hand, a potential negative effect of the pressure from more intense early intervention is that unemployed people will feel forced to take jobs that may imply a less optimal match between employer and employee with respect to qualifications.

On average, the early intervention reduced the duration of unemployment for the participants by about 2.2 weeks (DR, 2007: 260). This implies both savings on unemployment benefits and an increase in production, if it is assumed that the overall employment level increases as a result of the shorter unemployment spells of the participants. On the other hand, there are costs involved in conducting the more intensive counselling and activation of the unemployed participants. All in all, the evaluators conclude that there is a positive net gain for society as a whole of about DKK 14 000 (EUR 2 000) per participant.

5. The impact on policy of the experiment

The methodology of the initiative is now being disseminated to jobcentres nationwide through an information campaign initiated by the Ministry of Employment in January 2008. As part of this, the ministry will support the use of additional private service suppliers in the implementation of the more intensive early intervention.

Also, the ministry has launched a new second-generation experiment, where the different tools and practices applied in early intervention are to be tested in more detail. Four different kinds of early intervention will be tested in four separate experiments:

- participants will take part in collective counselling sessions (for groups of unemployed) every week during the first 13 weeks of unemployment;
- participants will receive individual counselling every second week during the first 13 weeks of unemployment;
- participants will receive a letter informing them that they will be subject to mandatory activation after 13 weeks of unemployment;
- participants will take part in collective counselling sessions (for groups of unemployed) every week during the first 13 weeks of unemployment and will furthermore be subject to mandatory activation after 13 weeks of unemployment.

Again, the new entrants to unemployment will be randomly assigned to the groups of participants and the control groups, where the latter will undergo the standard procedure. The results from these four experiments are expected to be published in 2009.

The positive results from the first experiment, which was targeted at the insured unemployed, has led to a set of similar activities for the non-insured unemployed, which are generally assumed to have more problems in returning to employment. Here, the target group is the unemployed recipients of cash benefits who have been unemployed for more than six months. The cornerstone of this activity is a weekly meeting each week for 26 weeks between the unemployed and the staff of a jobcentre. Apart from this, the jobcentres have a high degree of freedom with respect to the offers given to the unemployed people. This experiment has 2 000 participants and is financed by a special grant to the jobcentres from the Ministry of Employment.

6. Conclusions

An increased emphasis on early intervention seems to pay off, not only from the point of view of the individual unemployed, but also from a societal point of view. An important lesson is, however, that the positive impact in the form of motivation effects seems to be greater for the groups with the strongest position in the labour market among the unemployed. Another critical element is related to the role of the current strong demand for labour in the Danish labour market. The outcome from early intervention might be different during times of higher overall unemployment. However, at present, there is no doubt that the instruments described in this article are rapidly gaining popularity among Danish policymakers.

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For updated information (in Danish) about the various policy initiatives with respect to early intervention, further reference can be made to the website of the Ministry of Employment. www.bm.dk

Germany

Self-employment programmes for unemployed people — an update to a successful programme

1. Introduction

Public support of self-employment has a long tradition in Germany. The social market economy model perceives entrepreneurs as important actors in adapting the economy to changing markets, promoting innovation and sustaining competitiveness. Many programmes have therefore been developed over the decades to support business foundations through consulting services and provision of financial resources, support for R & D cooperation and preferential treatment in labour and tax regulations. SMEs in general and craft-related businesses in particular are a special concern of economic policies in Germany.

The approach fostered by the Hartz reform was to encourage unemployed people to establish businesses. Based on former positive experience with such programmes, not only the scale of the programmes was extended, but the target group was defined much wider. Small-scale businesses — even self-employed businesses without employees — were promoted. The former focus on crafts and trade-related businesses shifted towards services in general.

Self-employment programmes emerged as an important bridge from unemployment to sustainable economic activity. Evaluation results show positive results regarding reintegration effects and budgetary efficiency. However, the question is whether this bridge of self-employment is also the way to rising and sustainable income. The question raised by this report discusses the effects of self-employment on income among the participants in self-employment promotion programmes.

2. Organisation, implementation and funding

Under the initiative ICH-AG — the solo-company of self-employed without employees — the Hartz reform suggested extending the transfer from unemployment to self-employment. The idea was to place the unemployed not only in dependent jobs but to use their competences for establishing a business. Faced with a limited labour demand from existing companies, unemployment insurance could help during the transition period to found a new business.

This idea was strongly related to the theory of transitional labour markets. Labour market policy should target the critical transition periods of workers rather than supporting regular pathways in the labour market. Moreover, the existing transition allowance (Überbrückungsgeld) proved to be a successful programme which was already strongly accepted by unemployed people. However, the idea of the ICH-AG did not survive for long as the budgetary effects appeared to be negative and self-employment was not sustainable enough.

From August 2006, a new regulation was put into force to combine the ICH-AG and the transition allowance into the business foundation allowance.

2.1. Transition benefit

Twenty years ago, the idea of a transition subsidy for the unemployed who wanted to become self-employed was promoted by the Federal Labour Office (Wießner, 2001). The programme not only survived a series of changes in regulations but its principles proved to be successful until now. Unemployed people could receive a foundation subsidy for a limited transition period without losing their unemployment benefit claims. Residual entitlements could be preserved for a maximum period of four years. The withdrawal rate was zero and business founders had the possibility to return to unemployment insurance if the business failed.

Benefits were paid for a period of six months at the level of the previous unemployment benefit plus social insurance contributions. In total, these were about 70 % of the former net income.

Applicants had to submit a business plan which had been approved by an external institution, such as chambers, banks or tax consultants.

2.2. Start-up grant

The Hartz Commission suggested extending the transition benefit to a broad support of business foundations on the smallest scale possible, including the independent self-

employed without employees. This became prominent under the ICH-AG initiative.

Under this scheme — which was introduced in 2003 — beneficiaries with less than EUR 25 000 annual income were eligible to support for the maximum period of three years. The benefit was EUR 600 per month during the first year, EUR 360 in the second and EUR 240 in the third year.

Initially, applicants were not obliged to present an approved business plan. This, however, was changed in 2004.

2.3. Business foundation allowance

From mid-2006 onwards, the two programmes were merged. According to Article 57 of the Social Code III, a business foundation allowance (Gründungszuschuss) is paid to those unemployed people who intend to become self-employed. The allowance is paid for nine months with the condition that the person is:

- entitled to unemployment benefits for a minimum period of 90 days (UB-I and UB-II). For UB-II recipients the allowance is called entry allowance (Einstiegsgeld);
- able to demonstrate both the ability to perform the activity envisaged, and the adequacy of the business plan (the latter has to be certified by chambers, business associations, banks and other institutions).

Self-employed activities — including freelancing activities — are characterised by free, disposable working time and readiness to take economic risks. It also needs to be the main economic activity.

Payments are provided according to unemployment benefits with a supplement of EUR 300 which compensates social insurance contributions. The allowance is paid for an additional six months if the beneficiary demonstrates the economic activity.

2.4. Funding

In 2007, 121 924 people used the business foundation allowance to start their own business (91 000 people on average over the year, see Table 1). EUR 1.22 billion was spent for this purpose (EUR 10 000 per participant). In addition, 122 058 people received the phasing-out start-up grant. EUR 0.5 billion was spent in this programme (EUR 4 100 per participant). The transition benefit had almost 3 000 participants in 2007.

3. Performance and achievements

3.1. The level of participation

With the introduction of the support programme for the unemployed, the number of business foundations started to increase considerably (see Figure 1). In particular, the number of self-employed without employees reached its highest level in 2005, 40 % above the level of 2000. Self-employment support became the most important part of active labour market policy in Germany. This can be attributed to both the transition benefit and the ICH-AG benefit which experienced rapidly rising take-up during these years.

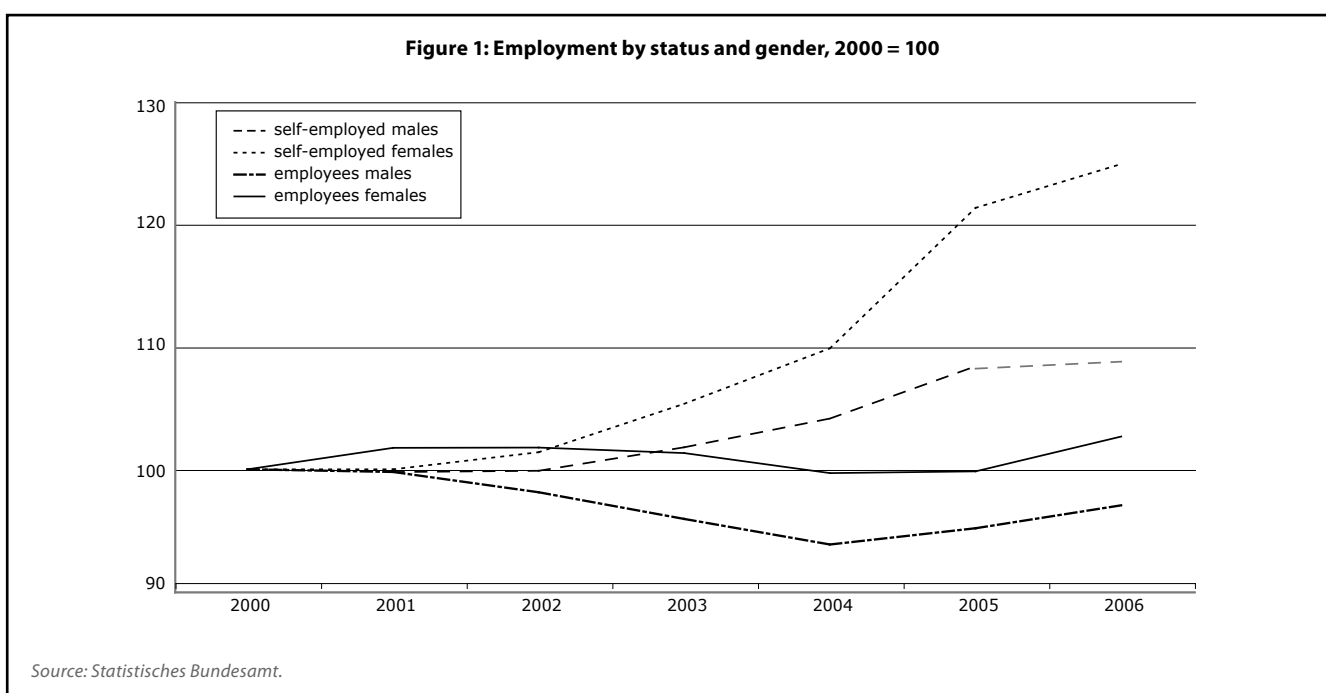


Table 1: Participation in self-employment programmes, thousand participants on average per year

	2005	2006	2007
Business foundation allowance (<i>Gründungszuschuss</i>)	—	8	91
Transition benefit (<i>Überbrückungsgeld</i>)	83	63	3
Start-up grant (ICH-AG benefit; <i>Existenzgründungszuschuss</i>)	234	210	121
Total	317	281	215

Source: Bundesagentur für Arbeit

After the reorganisation of the self-employment support programmes and the introduction of the business foundation benefit, participation in such programmes started to decline (see Table 1). In 2007, participation in the start-up grant was only half the level of 2005 and can be expected to be phased out in 2008. The business foundation benefit absorbs the target groups of the former schemes, the transition benefit in particular. Participation numbers reveal the unbroken attraction of these schemes amongst unemployed people.

3.2. Evaluation results

3.2.1. Transition benefit and ICH-AG benefit

Based on data until 2005, the evaluation of the two former measures showed positive results (Caliendo 2007a).

- Between 66 % and 81 % of the beneficiaries were still self-employed 28 months after starting their business. Between 5 % and 16 % were in registered employment, and between 7 % and 14 % were unemployed. These are impressive placement rates compared to other unemployment programmes.
- The founders created additional jobs: 32 % of males and 25 % of females among the transition benefit recipients had at least one employee. For start-up grants, the rates were 15 % and 9 % accordingly.
- Compared to unsupported unemployed, the programmes had significant positive effects. Fewer participants were unemployed (the programme's effect was calculated at 35 %). Strongly positive income effects were measured.
- Budgetary efficiency — calculated as the difference between costs and savings of unemployment insurance during the 28-month observation period — was particularly good for transition benefits. On average, participants contributed between EUR 244 and EUR 2 882 to the unemployment insurance budget. ICH-AG participants, however, burdened the budgets with amounts of between EUR 5 357 and EUR 8 101.

The programmes had strong selection effects. The transition benefit was used by men in particular. Some 75 % of beneficiaries were males as compared to 60 % of the unemployed. They were better qualified and in the middle age groups. While this strongly differs from the unemployed, it coincides with the structure of business founders in general.

The beneficiaries of the start-up grant, however, are much closer to the average unemployed. Their skills level is generally lower compared to the average founder and a higher share of women can be observed (48 %).

Former evaluations of the transition benefit (Wießner, 2001) revealed that many of the founders changed their sector of activity, leaving agriculture or manufacturing, and entering trade, insurance, and other service sectors. Thus, the programme contributed to restructuring of the German economy. Occupational mobility was partial: 30 % continued in their former profession, 56 % partially changed their occupational activity, 15 % changed it totally.

Deadweight losses were not significant. Only 14 % of the beneficiaries would have taken their step into self-employment even without public support, 44 % would have implemented their plans with a time lag or undertaken lower volume activities, and 42 % would not have become self-employed without the benefits.

Among various success factors, some were particularly important:

- vocational training as blue-collar workers and a leading position as master craftsman (Meister) were highly significant for the success of the business;
- the external assessment of the business plan was very important;
- the volume of the seed capital was important;
- married founders and those living in partnerships were more successful than singles;
- older workers (55 +) were less successful than younger workers;

- business foundations by men were more successful than those of women;
- the duration of unemployment spells negatively affected the success rates.

The advantage of the instrument is the approach oriented at target groups which selects potential entrepreneurs among the unemployed rather than targeting a broad reduction of unemployment. Therefore, the conscious selection of unemployed with entrepreneurial characteristics strongly explains the success of the programme.

Investigations on the start-up grant revealed that the unemployed choose this programme mainly for financial considerations and easy entry rules.

3.2.2. Business foundation allowance

Considering the evaluation results, the government decided to cancel the start-up grant and continue with the transition benefit in a modified form:

- the support period was extended from six to 15 months maximum;
- beneficiaries need to have a 90 days minimum period for unemployment claims.

While evaluation results are not yet available for the new type of allowance, some ex ante considerations are available. The first change identified above reduced the

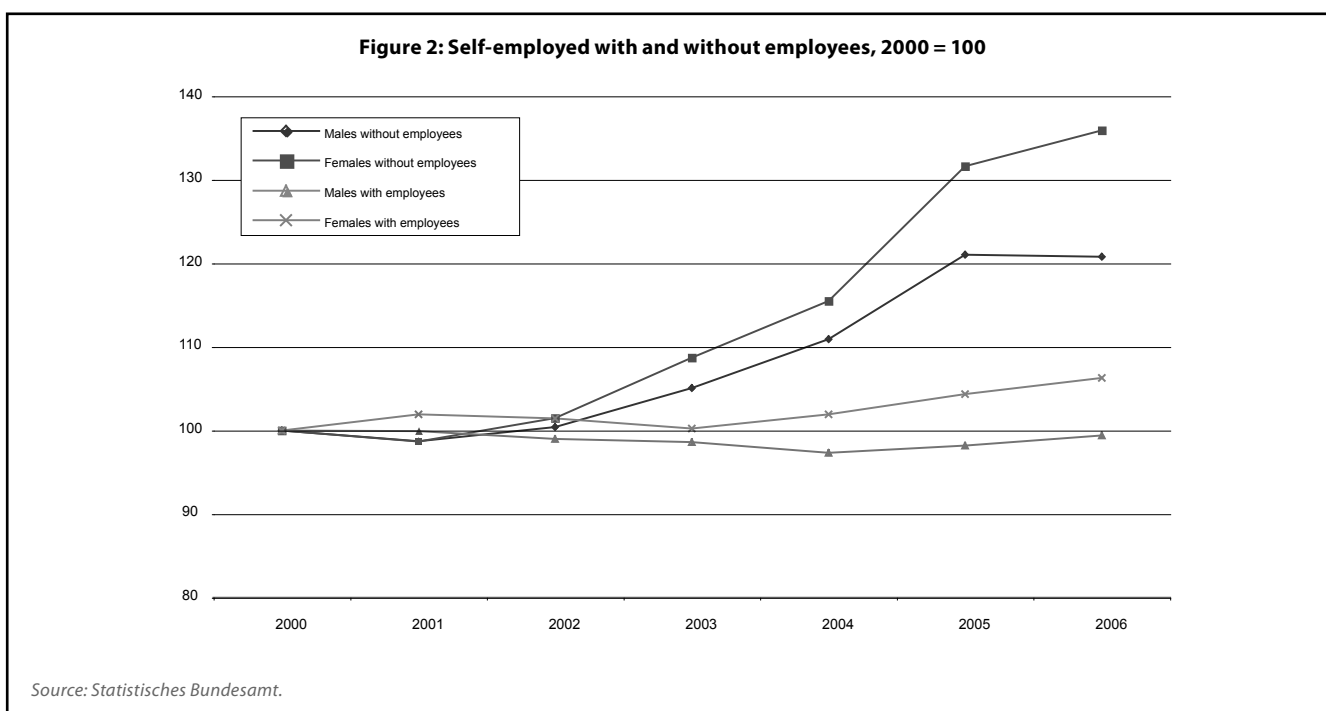
budgetary efficiency of the programme as benefits have to be paid for longer. The second regulation created an incentive to wait longer until the programme is entered, in order to lose only a minimum of unemployment benefits. This is also expected to affect budgetary efficiency negatively (Caliendo 2007b).

3.3. Income effects

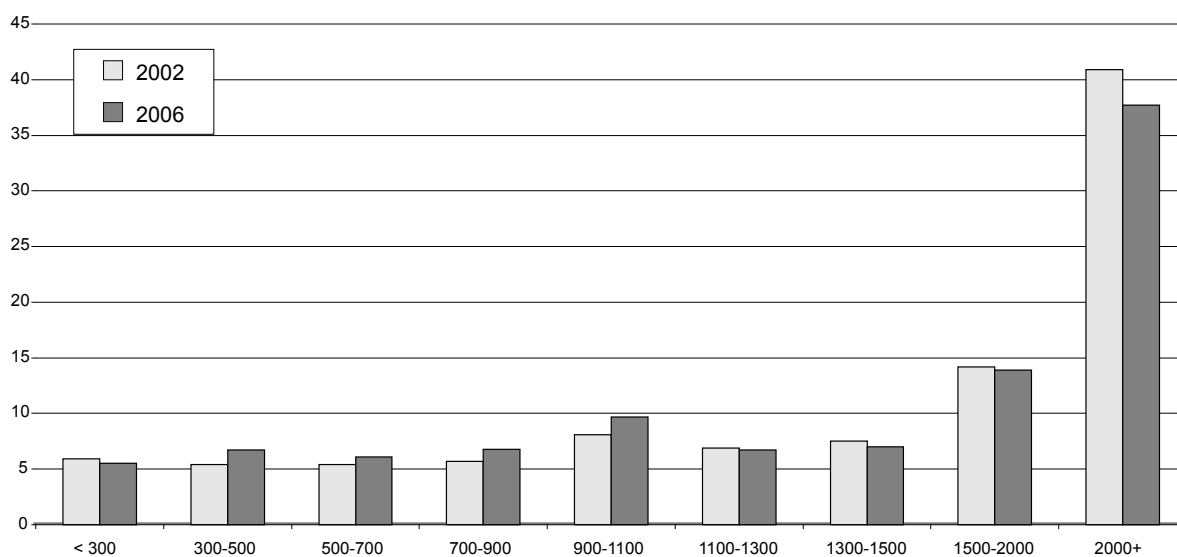
The climate for business start-ups changed considerably when the Federal Labour Office started to promote self-employment of unemployed people through start-up programmes. They initiated a strong rise of start-ups without employees (Figure 2), both among men and women. Start-ups with employees stagnated among males and showed only a slight increase among females until 2006. Only one third of all start-ups were undertaken with employees.

This is reflected by the income profile of self-employed which, between 2002 and 2006, shows a clear decline of income groups with net incomes above EUR 1 100 per month and a respective increase of income groups below this level (Figure 3).

Self-employed women were more strongly affected by these changes. The monthly net income of self-employed women and assisting family members is significantly lower compared to self-employed men (Figure 4). The share of women earning less than EUR 900 per month was 43 % in 2006; for men it was only 15 %. By contrast, the share of women earning more than EUR 2 000 per month was only 20 % compared to 47 % among men.

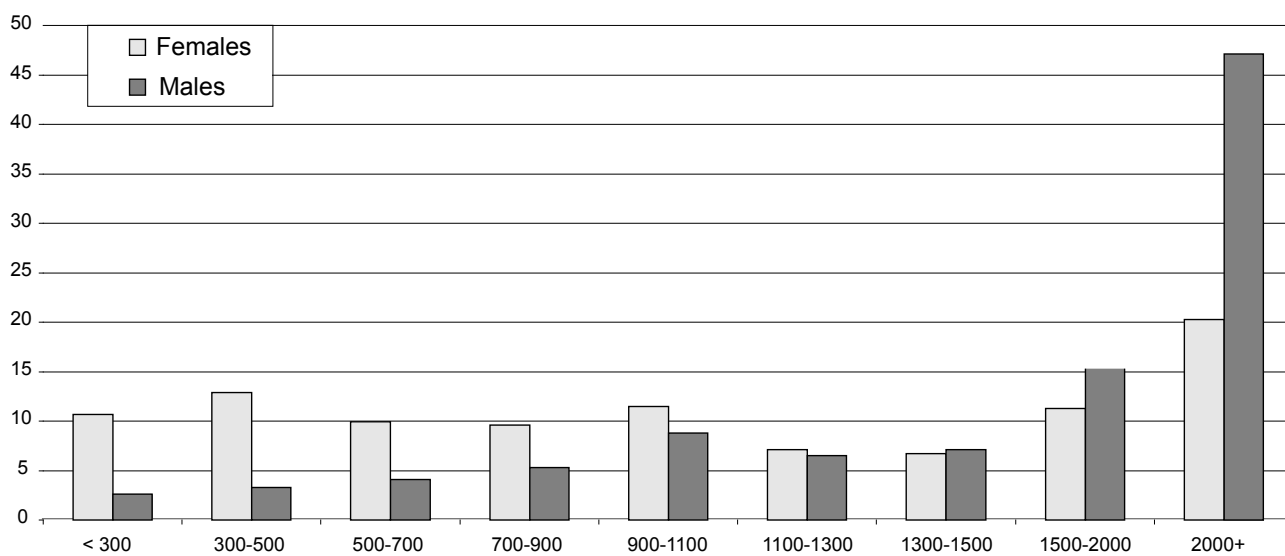


**Figure 3: Monthly net income of self-employed and assisting family members (EUR),
% share of self-employed and assisting family members**



Source: Statistisches Bundesamt.

**Figure 4: Monthly net income of self-employed and assisting family members by gender,
% share of self-employed and assisting family members by gender; 2006**



Source: Statistisches Bundesamt.

4. Conclusions

While the statistical results presented in the last section are affected by all changes in self-employment rather than just the support programmes of the Federal Labour Office, the strong increase in self-employment without employees is largely due to these programmes. Nevertheless, the new business start-ups by the unemployed appear to be sustainable, compare positively against the former unemployment situation and provide higher incomes. The demand for these programmes — which is still strong in spite of the recent re-organisation — indicates a great interest among the unemployed to become self-employed. Those who have taken that step seem to be successful to a large degree. The overall assessment of the programme therefore remains positive.

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Estonia

Response service to collective redundancies

1. Introduction

This article focuses on the new labour market service which provides help for employers and employees in collective redundancies. The service was piloted by the Estonian Unemployment Insurance Fund between 2005 and 2007. The article provides a short overview of the legal background regulating the procedure for collective redundancies and the socioeconomic background of people dismissed, as well as a description of the new response service to collective redundancies. Finally, the results of the evaluation study are presented.

2. Background

The procedures for collective redundancies in Estonia have only been regulated by law ⁽²³⁾ since 2003. According to the Employment Contract's Act, collective redundancies are defined as a termination of the employment contract under the initiative of the employer whereby the employment contract is terminated due to termination of a legal person, termination of work of an employer who is a natural person, declaration of bankruptcy of the employer or a lay-off of employees within 30 days if:

- an employer who employs up to 19 employees terminates the employment contracts of at least five employees or releases at least five employees from service;
- an employer who employs 20 to 99 employees terminates the employment contracts of at least 10 employees or releases at least 10 employees from service;
- an employer who employs 100 to 299 employees terminates the employment contracts of at least 10 % of the employees or releases at least 10 % of the employees from service;
- an employer who employs at least 300 employees terminates the employment contracts of at least 30 employees or releases at least 30 employees from service.

In the EU, the procedures for collective redundancies are regulated by various Council directives (75/129/EEC, 92/56/EEC and 98/59/EC). Compared to the minimum standards set by these regulations, the definition of collective redundancies in Estonia is wider. Redundancies with at least five employees are covered, while the minimum requirement set by Directive 98/59/EC is 20 employees. The reason for this is that, in Estonia, 82 % of the firms are micro-firms with up to nine employees and 15 % of small firms have 10–49 employees (Ministry of Economic Affairs and Communications, 2007). Hence, only a few redundancies would qualify as being collective and only a small number of firms would be entitled to claim the benefits, which are paid in cases of collective redundancies, if the EU definition was used.

According to the Unemployment Insurance Act, all employers, despite their size, are obliged to pay an unemployment insurance premium, which can vary between 0.25 % and 1 % of the payroll (0.3 % in 2007). It is collected into the separate trust fund for benefits upon collective termination of employment contracts and insolvency of employers. In the case of collective redundancies, employees are entitled to severance pay, which depends on the length of previous employment and ranges between two to four months' salary in the case of private sector workers. Half of the severance pay is covered by the Unemployment Insurance Fund, while the rest is paid by the individual employer.

In the case of collective redundancies, employers are required to notify an employee of termination of the employment contract in writing. The notice period depends on the length of previous employment and ranges from two months, if the employee has been continuously employed by the employer for less than five years, to four months for employees with an employment record of more than 10 years.

Prior to the collective termination of employment contracts, the employer must also consult with representatives of the employees and discuss the possibility of avoiding the termination of employment contracts or reducing the number of people laid off, the measures to alleviate the consequences of the redundancy and ways to support the released employees in their search for work, re-training or in-service training. Employee representatives can make proposals and give their opinion regarding the planned dismissal within the period of at least 15 days after the receipt of the notice and the employer is required to provide the reasons for disagreement. Also, the approval of the labour inspectorate is a necessary precondition for carrying out collective redundancies and claiming benefits from the Unemployment Insurance Fund. If consent is given, employers are obliged to inform the employment offices about the workers who have been laid off. However, in reality, employment offices were often not informed and there was no information exchange between the labour inspectorate and employment offices.

Table 1 gives an overview about the number of people collectively dismissed in Estonia between 2003 and 2007. The share of people collectively dismissed was between 0.3 % and 0.7 % of the total number of employed during this period.

(23) The procedure for collective redundancies is regulated by the Employment Contracts Act and the conditions for payment of the benefits in the event of collective redundancies by the Unemployment Insurance Act.

Table 1: Selected labour market indicators in Estonia

	2003	2004	2005	2006	2007
Number of people collectively dismissed	3 735	3 999	2 462	1 593	2 448
Number of employed aged 15–64	572 900	573 300	586 300	621 100	630 700
No of unemployed aged 15–64	66 000	63 100	51 600	40 000	31 900
GDP growth (%)	7.2	8.3	10.2	11.2	7.1
Employment rate 15–64 age group (%)	62.6	62.6	64	67.7	69.1
Unemployment rate 15–64 age group (%)	10.3	9.9	8.1	6	4.8

Source: Unemployment Insurance Fund, Statistics Estonia.

Hence, the potential target group for the response service to redundancies is relatively small. According to Vörk and Leetmaa (2007), between 2005 and 2006, roughly 50 % of those collectively dismissed registered as unemployed. The rest found jobs or moved into inactivity, mainly due to their (retirement) age. Also, people who have lost jobs through collective dismissals have previous work experience, which enhances their future job search prospects compared to other unemployed people, especially young unemployed people without work experience and long-term unemployed people. On the other hand, compared to all employees, those laid off tended to be older, women and with longer employment tenure. Older age and specific work experience might, however, suggest that it is relatively difficult for this small group of people to find new jobs (Vörk et al., 2005 and Vörk and Leetmaa 2007).

The new service was piloted between 2005 and 2007, when Estonia experienced extremely favourable economic conditions. The economic growth rate was above 10 % during the two years when the service was actually provided, the employment rate increased to almost 70 % and unemployment fell to around 5 % (see Table 1). These developments might have influenced the effectiveness of the service.

Increasing labour supply through active labour market measures and supportive social services and benefits is one of the aims of the Estonian action plan for growth and jobs 2005–07. Also, the need to increase labour supply through active and preventive labour market measures including early identification of needs has been emphasised in the integrated guidelines (e.g. Guideline 17 and Guideline 19).

3. Organisation, implementation and funding of the practice

The rationale for designing the new service was due to the fact that previously there was no such response scheme available in

the case of collective redundancies. The people who were to be made redundant could only receive information on the labour market situation and vacant jobs from the PES. After the lay-off, they could also register as unemployed and participate in different active labour market measures offered by the PES. The new response service was designed to help employees before the dismissal took place and to offer both group-based and individual measures. Also, the employer initiatives which aimed at helping employees in cases of collective redundancies were scarce in Estonia. Only very few collective agreements included measures for those made collectively redundant. Furthermore, there was a lack of cooperation between the different institutions involved in the process of collective redundancies (Labour Inspectorate, Unemployment Insurance Fund, and PES) (Vörk and Leetmaa, 2007).

The Unemployment Insurance Fund designed the service as an ESF project. It started in March 2005 and ran until August 2007. The ultimate aim of the service was to:

- provide employees made collectively redundant with tailor-made and institutionally-linked services in order to avoid unemployment or reduce the duration of the unemployment;
- provide employers carrying out the collective redundancy with adequate and institutionally-linked information and to give employers who were seeking workers information on job-seekers.

During the piloting period, the service was provided for redundancies with a significant impact on the local labour market (generally, at least 15 employees losing their jobs). Provision of the service started when the Labour Inspectorate was informed about the redundancy (usually 37 days before actual dismissal). The service was based on case-management principles and provided in partnership with a wide range of stakeholders. In the case of redundancy, the Unemployment Insurance Fund set up a regional team, consisting of the representatives of the Unemployment Insurance Fund, the PES, the Labour Inspectorate, local municipality and representatives of the employer and employees. In addition, representatives of the social partners were involved as observers. In each of

the counties, permanent representatives were nominated to guarantee the smooth and quick response to the redundancy.

The regional team set up the action plan for each case. Depending on the characteristics of the redundancy, different active labour market measures were provided to employees and employers. The list of the measures included:

- providing information on rights to services and unemployment benefits;
- providing information on how to search for a job (channels to look for a job, writing CVs, job interview skills);
- informing potential employers in the region about the redundant employees;
- arranging meetings between potential employers and employees;
- individual counselling and job mediation;
- individually tailored measures, if necessary.

During the piloting period, 28 employers carried out collective redundancies. In total, 1 141 employees were laid off and 551 people participated in the services. However, in reality, the number of participants was higher, as not all of the participants registered. Most of the participants were women (71 %), their average job tenure by the employer was 11 years and the average age was 48 years (Köverik, 2007).

4. Performance and achievements

The impact of the service was evaluated by Võrk and Leetmaa (2007), who analysed whether those who participated in the service (treatment group) had a greater probability to be employed and lower probability to receive unemployment insurance benefits, compared to those who did not receive the service (control group) shortly after the dismissal. Based on the impact, the costs and benefits were also compared.

The analysis showed that active information mediation between the potential new employers and those made redundant improved the job prospects of the people laid off. Those redundant people whose information was sent before actual dismissal to other enterprises and who participated in the meetings with potential employers had, three to five months after dismissal, a higher probability of working and a lower probability of receiving unemployment insurance benefits than those who did not. This effect occurred even after controlling for differences in people's gender, age,

employment history, previous earnings and the region of workplace. Depending on the method and the period, the size of the impact varied around 10 to 20 percentage points. The overall impact of the service on the duration of unemployment insurance benefits was estimated to be around five to 10 days. The delay of the impact may be due to the influence of redundancy benefits, as econometric analysis of the determinants of employment probability showed that people with higher redundancy benefits had significantly lower probability of working during the first two months after the redundancy.

The impact of the other measures did not prove to be significant, but analysis also showed that people who participated in the information services also had higher chances of becoming involved in counselling with the PES. This point suggests that the measure also enhanced the contacts between those being made redundant and the PES.

Comparing the costs of the service and the potential monetary value of the impacts, the net benefits of this rapid response scheme are most probably positive, although only short-term impacts could be evaluated. To cover the costs of the service, a less than 1 % increase in employment probability was needed for a one-year period.

Although many effects were statistically insignificant, the internal agreement of the statistical analysis with direct follow-up of the person's new employers suggest that the effect is real and evident. Direct interviews with the employers carried out by the Unemployment Insurance Fund also showed that they greatly appreciated the service.

However, as mentioned previously, one has to bear in mind that the service was piloted during economic boom and there were no large redundancies carried out during the period. This means that the effectiveness of the measure should also be monitored during economic downturns to see whether the effects are persistent.

5. Conclusions

Empirical evidence from evaluation studies shows that well-targeted and well-designed active labour market programmes tend to be most effective. The response service to collective redundancies in Estonia matched these criteria. It was targeted to relatively small groups of people and aimed both at preventing as well as alleviating unemployment. The service was also flexible, with no typical route to follow. In every case, the 'menu' of services was 'individually' designed and based on the respective circumstances. As a result, the results of the evaluation study confirmed that the impact of the service was positive. Since autumn 2007, the new service has been offered by the PES (National Labour Market Board 2007).

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Ireland

The Skillnets initiative ⁽²⁴⁾

1. Introduction and objectives

The Irish Skillnets initiative, which commenced in 1999, is guided and administered by a publicly-funded body, Skillnets Ltd ⁽²⁵⁾, which has responsibility for supporting the development of workplace learning. The principal strategic objective of this body, which is enterprise-led, is to develop and implement a strategic response to the twin challenges of sustaining and increasing competitiveness in the market sector of the Irish economy and improving the skills of its workers. Under the umbrella of its training networks programmes (TNPs), Skillnets Ltd works in partnership with networks of enterprises across the country to promote and facilitate the identification, development and implementation of innovative training programmes.

The emergence of the Skillnets initiative on a pilot basis in 1999 arose mainly from a growing awareness that greater attention needed to be devoted to promoting and encouraging in-company training. Even though the extent of worker training in Ireland increased throughout the 1990s, it remained below international norms and was particularly deficient in smaller enterprises. Furthermore, by the end of that decade, the Irish economy had experienced over five years of rapid economic growth, resulting in falling unemployment and a tight labour market. It had become clear that the rising skill requirements in the labour market would have to be met from up-skilling existing workers and/or immigration as well as from the outflow from education (which was forecast to diminish due to demographic factors). In addition, there was the imperative of having to function successfully in a competitive global market — a crucial requirement for a small open economy. A number of reports/studies issued at that time highlighted these problems, including O'Connell and Lyons (1995) and the 1997 White Paper on human resource development prepared by the DETE. In fact, the latter document was one of the first to raise the issue of using networks of companies to promote the training of those in employment. Further research by Fox (2001, 2002 and 2003) and McIvor Consulting (2004) provided a further impetus to the government to extend support for in-company training ⁽²⁶⁾.

(24) The author would like to record his appreciation of the assistance received from the Department of Enterprise Trade and Employment (DETE) and Skillnets Ltd in preparing this report. The Skillnets Ltd Summary report 2006–2007 has been substantially drawn on as a source.

(25) www.skillnets.ie

(26) It should be noted that the Skillnets initiative is not the only development encouraging in-company training. The National

The training of persons at work in Ireland was also an issue in which the EU took an active interest at this time. The promotion of in-company training was advocated in successive national action plans for employment. The 2001 EU Council recommendations on the implementation of Ireland's employment policies stated that the Irish government should 'pursue efforts to sustain productivity growth and upgrade skills and qualifications through increased emphasis on in-company training and the further development of lifelong learning, including the setting of overall targets'⁽²⁷⁾. The Skillnets initiative is clearly consistent with the objectives set out in Guidelines 23 and 24 of the EES which call for increasing human capital through better education and skills.

2. Organisation, implementation and funding

The Skillnets approach is broadly based as it is cross-regional, cross-sectoral and founded on the strengths and synergies of networking and partnerships. This approach has stimulated both increased awareness and greater involvement in training of the main employer bodies, companies, trade unions and HR managers. Between 1999 and end-2007, Skillnets Ltd facilitated over 10 000 Irish enterprises, in over 150 networks, in improving the range, scope and quality of training, which allowed over 70 000 employees to improve and meet their skills needs.

Skillnets Ltd is funded by the DETE from the resources of the National Training Fund ⁽²⁸⁾. Other stakeholders include the Irish Business Employers' Confederation (IBEC), the Small Firms Association (SFA), the Construction Industry Federation (CIF), the Irish Congress of Trade Unions (ICTU), Chambers Ireland ⁽²⁹⁾ and education stakeholders — all of whom have representatives on the board of directors of the company. Leadership by the enterprise has been one of the most essential and effective key success factors of the Skillnets initiative and has been critical to the uptake of training within the companies involved.

Training and Employment Authority (FÁS) established the competency development programme (CDP), in 2003. It funds programmes targeting priority skills needs, channelling funding to providers of these programmes rather than to individual participating companies or their employees. This support is made available, at a subsidised cost, to companies with 250 or fewer employees. The aim is to raise the competency level of targeted employees in particular occupations within specific sectors to ensure that the national stock of skills matches the national HR requirements for continuous economic growth.

(27) Council recommendations of 19 January 2001 on the implementation of Member States' employment policies.

(28) This is derived from a 0.7 % levy on the employer's wage bill.

(29) Chambers Ireland is a representative body for the Irish Chambers of Commerce.

Table 1: State expenditure on Skillnets training network programmes, 1999–2008

Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Expenditure, million EUR	1.5	5.2	5.3	4.4	5.0	5.2	7.5	8.5	13.5	26.5

Source: DETE.

The Skillnets initiative has expanded considerably since it began in mid-1999. Table 1 shows that total State expenditure on this measure was about EUR 5 million annually during the early years of this decade. It rose to EUR 7.5 million in 2005, to EUR 8.5 million in 2006 and very substantially to EUR 13.5 million in 2007. The budgetary allocation is EUR 26.5 million for 2008, almost twice that for the preceding year ⁽³⁰⁾.

It is relevant to note that the financial allocations for the Skillnets networks are initially drawn up in tranches which relate to programmes covering a period of years. The first training network programme (TNP), which was essentially an exploratory or pilot exercise, ran from mid-1999 to 2001. The second programme covered the four-year period from 2002 to 2005. The next TNP involved just two years, 2006 and 2007. Much of the data and analysis contained in later sections of this report are derived from the records of this most recent completed programme, which had 54 training networks involving over 7000 enterprises.

While the expenditure described above derives solely from the State budget, the enterprises participating in the Skillnets networks are also expected to contribute to the training costs involved. While detailed figures are not available, current estimates indicate that the balance between the two contributions results in the State funding about two thirds of the total cost across all networks, with the remaining one third being met by employers.

The current TNP covers the years 2008 and 2009. As indicated earlier, the 2008 financial allocation for the programme is over EUR 26 million, and it is envisaged that similar allocations will be available in the years ahead. The 2008/09 TNP involves 123 training networks, a substantial increase on the preceding programme.

(30) It is relevant to note that in the two-year period up to the end of March 2008, Skillnets Ltd administered an additional and separate in-company training measure ('Accel') on behalf of DETE. While this was similar in many respects to the ongoing Skillnets initiative, it was primarily funded by the European Social Fund, with additional support from the National Training Fund. A total of EUR 18 million was spent on this programme over the period of its duration.

3. Performance and achievements

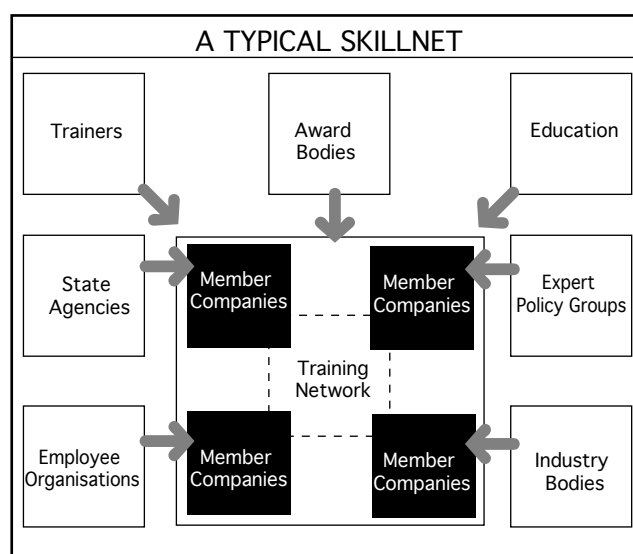
3.1. The training networks

A training network — or 'Skillnet' as it is commonly called — is a group of enterprises that agree to cooperate collectively in order to undertake a project or activity that individual companies would be unable to successfully take on if acting alone. The network approach allows companies to achieve economies of scale, increase efficiency, reduce costs and provide training that is more relevant to individual sectors or types of companies. There is also a significant benefit to be achieved through the sharing of business experience and advice as a result of the opportunities afforded by network involvement.

The actual training networks emerge, or are formed, as a result of an open tendering process undertaken by the parent company Skillnets Ltd prior to the beginning of each TNP period. This is an open invitation to enterprises to come together and form potential networks and submit a joint proposal with a view to obtaining financial support for the specified training activities. The most recent call for tenders associated with the 2008/09 TNP (which yielded 123 successful applications) was significantly over-subscribed, as were the calls for earlier programmes. Existing training networks can re-apply to remain in the new TNT. About half the networks in the current TNP are completely new entrants, the remainder being former networks that applied for readmission.

The majority of Skillnet network leaders and promoters are industry associations or federations and chambers of commerce (i.e. employer organisations) or trade unions. Single companies also act as promoters on behalf of the network members. Alternatively, some networks have established companies (of which their members are subscribers) in order to assume joint responsibility for the administration and implementation of the network training and related activities. In a limited number of cases, enterprise support bodies or educational establishments have also taken on a leadership role. This usually occurs where support agencies have a history of working with a particular group or where enterprises are very small. The promoter/leader, who signs the contract with Skillnets Ltd on behalf of the network, is a key driver in the entire process.

In each separate network, the participating enterprises form steering and management groups to oversee and direct the process. These executive groupings meet on a regular basis to

Figure 1: A typical structure of a Skillnet

Source: Skillnets Ltd. (2008).

make management decisions on behalf of the network. Figure 1 shows a typical Skillnet network, the core of which consists of the member companies. Most of the networks employ a manager who has an important coordinating role and who provides a professional and developmental input. Others who supply services include trainers, business advisors and academics.

The uniqueness of Skillnets compared to alternative forms of training and development is that it is an enterprise-led approach, involving companies and their employees directly and significantly in the identification, design and delivery of training systems and processes. According to recent Skillnet Ltd surveys, the great majority of participating companies considered that the enterprise-led approach was the most effective model for the delivery of in-company training. Companies are typically motivated to engage in training networks by many different factors. Most of those surveyed cited flexibility, relevance, quality and cost as key features that attracted them towards the enterprise-led model.

A special attribute of Skillnets has been the predominance of the sectoral approach to the formation and development of training networks. There were fears that firms would be reluctant to liaise with their close competitors for fear of losing competitive advantage through the sharing of sensitive information and knowledge and the prospect of 'employee poaching'. However, the experience of Skillnets is that the area of training is regarded as neutral territory and participation is considered to be universally beneficial. Consequently, these fears have not given cause to be barriers to collaboration.

3.1.1. Types of enterprises, trainees and training provided

This section is based on the Skillnets TNP which covered the years 2006 and 2007. The Skillnets Ltd open call for tenders for this programme yielded 54 successful applicants. These

networks involved some 7 000 enterprises, from which 36 500 workers received training over the duration of the TNP.

Most of the enterprises involved were relatively small. Table 2 shows that more than one half (54 %) employed fewer than 10 persons, while a further 27 % had a payroll of between 10 and 50 workers. Some 13 % involved a workforce of between 50 and 250 persons, while 6 % exceeded 250. Thus the great majority of participating companies could be categorised as SMEs.

This outcome is not entirely unexpected, as a specific aim of the Skillnets initiative is to promote a greater involvement in training among smaller companies. It should be noted, of course, that if the above distribution was viewed in terms of persons employed in place of actual numbers of companies (which would be more informative), the larger enterprises would assume much greater importance.

Table 3 shows a classification of Skillnet network enterprises by sector. The data indicate a wide spread across the market sector of the Irish economy. More than 40 % of the companies participating in the 2006–07 TNP were engaged in the provision

Table 2: Skillnets Networks 2006–07, distribution of enterprises by employment size

Employment	Share (%)
0–9	54
10–49	27
50–249	13
250 +	6
Total	100

Source: Skillnets Ltd. (2008).

of services, of which 7 % were involved in IT. The distribution and transport group (which predominantly involved retail enterprises) accounted for 17 %, manufacturing 14 % and agriculture 10 %.

Table 3: Skillnets Networks 2006–07, distribution of enterprises by sector

Sector	Share (%)
Agriculture	10
Manufacturing	14
Construction	2
Distribution and transport	17
IT services	7
Other services	35
Other	16
Total	100

Source: Skillnets Ltd. (2008).

Information on the age of network trainees is given in Table 4. Over 30 % of trainees were aged between 20 and 29 years, with a somewhat higher share (36 %) in the 30–39 age category. Thus more than three quarters of trainees were aged between 20 and 39 years. Nearly 20 % were aged 40–49 years, with a relatively small proportion in the older age groups.

There are a number of other relevant attributes of the 2006–07 TNP trainees which should be mentioned. Some 46 % were women and 15 % (of the total) were semi-skilled or unskilled. One in 10 trainees was the owner of a small or micro business.

A classification of the types of training provided by Skillnets networks in 2006–07 is shown in Table 5. The most notable feature of the data (which relates to numbers of courses) is that the broad spectrum of professional activities, including financial skills and IT, accounted for nearly 50 % of the total. Training courses in managerial and executive functions accounted for a further 14 %, while a broad category entitled 'basic skills/employee orientation etc.' covered 18 % of courses. Presumably, the latter includes lower-skill activities, which are now being afforded higher priority in the overall Skillnets initiative. Generally speaking, most Skillnets network training activities have related to the higher end of the occupational/skill range. Here again, a classification expressed in terms of numbers of trainees or trainee hours would provide a better basis for analysis.

Over one third of courses under TNP 2006–07 were independently certified, with the majority accredited by a national framework qualification (NFQ) recognised awarding body. Where existing modules within the respective awarding bodies did not meet the specific needs of Skillnets networks, they opted to develop their own modules, but using available quality-assured routes.

Table 4: Skillnets networks 2006–07, distribution of trainees by age

Age	Share (%)
Under 20	4
20–29	31
30–39	36
40–49	19
50–59	8
60 +	2
Total	100

Source: Skillnets Ltd. (2008).

Table 5: Skillnets Networks 2006–07, distribution of training courses by type

Sector	Share (%)
Managerial/executive	14
Financial skills	4
Other professional/product knowledge etc.	32
IT	11
Interpersonal skills/languages	7
Sales and marketing	6
Basic skills/employee orientation etc.	18
Other	8
Total	100

Source: Skillnets Ltd. (2008).

4. Conclusions

The Irish Skillnets initiative, which commenced in 1999, is designed primarily to support and enhance workplace learning. It is administered by a publicly-funded body, Skillnets Ltd. It works in partnership with networks of enterprises to promote and facilitate the development and implementation of innovative training programmes. While the company is funded by the DETE, other stakeholders include employers' organisations, trade unions, chambers of commerce and educational interests.

The Skillnets initiative has expanded considerably over the years. The participating enterprises, which are mainly small, are drawn from a wide spectrum of market activities. Most of the training courses provided have related to the more skilled end of the occupational range. However, steps are now being taken to promote training for less skilled workers.

Broadly speaking, the Skillnets project can be said to have made significant progress in meeting its main objective to increase the incidence of in-firm training in the market sector of the Irish economy. There is, of course, scope for further improvements, as there are still areas of the economy where enterprise-based training inputs need to be improved.

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Greece

Vocational guidance services for young people

1. Introduction and objectives

Vocational guidance refers to services intended to assist young people to make educational, training and occupational choices and to manage their careers ⁽³¹⁾. The development and implementation of vocational guidance services has traditionally rested upon a belief that it can improve the efficiency and effectiveness of labour markets and educational systems, as well as contribute to social equity.

In Greece, vocational guidance services for young people are mainly offered in schools. The main objective of school vocational guidance (SEP), as defined in Article 37 of Law 1566/1985, is to develop the personality of the pupils, provide them with information on vocational options and in taking steps towards vocational integration, and to help them integrate successfully into the community at large. In strengthening SEP, Law 2525/1997 also enhanced the role of education and its relevance to contemporary socio-economic problems. Specifically, SEP is defined as ‘counselling to help pupils: (a) explore and correlate their personal traits, abilities and skills, interests and plans for the future with the characteristics and special demands of our time; (b) decide what their educational and vocational options are; (c) learn about the world of work and the contemporary working environment; (d) learn how to seek, process and use information’. The philosophy governing this revamped and updated practice of school vocational guidance is that vocational guidance should no longer be the province of a few specialists but instead involve the whole school community.

Young people can also benefit from vocational guidance services for the labour force. The focus of this article, however, is on vocational guidance services in schools.

2. Organisation, implementation and funding of the policy/practice

In Greece, responsibility for policymaking and implementation related to vocational guidance rests primarily with the Ministry of Education and Religious Affairs, which is responsible for the guidance of the school population, and the Ministry of Employment and Social Protection, which is responsible for the guidance of the labour force ⁽³²⁾. The principal agencies responsible for implementation of government policy on vocational guidance are the Pedagogical Institute (PI), for the Ministry of Education, and the Greek Manpower Employment Organisation (OAED), for the Ministry of Employment and Social Protection.

The Pedagogical Institute, a legal body governed by public law, was established in 1964 (Law 4379) and reinstated in 1985 under Law 1566 as an independent public service supervised by the Ministry of Education. The same law also introduced school vocational guidance (SEP) with the following aims:

- supporting the implementation of vocational guidance in all secondary schools by producing relevant educational and information material;
- providing assistance to teachers responsible for implementing school-based guidance;
- providing continuing training for these teachers.

The Ministry of Education is responsible for establishing, organising and financing the services of the Pedagogical Institute. The PI manages and supervises the services provided, while the actual implementation is the responsibility of the individual schools and career counselling centres.

A major reshaping of vocational guidance services occurred in 1997. As part of the educational reform, backed by the financial support of the second Community support framework (operational programme for education and initial vocational training — EPEAEK), a series of measures were introduced to expand the role of the SEP programme in secondary education.

- Some 68 career counselling centres (KESYP) were established in prefecture capitals, one at the Ministry of Education and one at the PI, as well as 200 school-based offices for vocational guidance (Grasep) in schools around the country (Law 2525/1997, Article 10). The KESYP established at the Pedagogical Institute functions as an electronic communication link between the other KESYP and Grasep, and supports their operations.

(31) In some countries, the terms ‘vocational counselling’, ‘career counselling’, ‘career development’ and ‘career guidance’ are used. These terms refer to the range of activities which is included here within the term ‘vocational guidance’.

(32) This section draws heavily on Albani (2001).

- To staff these institutions and to ensure the successful operation of the SEP programme in the classroom, training programmes were developed for SEP programme managers (vocational counsellors, specialists in information and documentation) and secondary education teachers (SEP counsellors).
- Information and supplementary educational and other material was prepared, in both printed and electronic form, for use by KESYP and Grasep.
- Studies have been undertaken on a variety of issues related to guidance and counselling.
- A Transition Observatory has been set up to monitor the extent to which secondary education graduates are able to integrate smoothly into the labour market.
- Suitable human resources and education/information material have been provided for the provision of guidance and counselling services to disabled pupils and pupils at risk of social exclusion.
- The Ministry of Education has set up a Directorate of Vocational Guidance and Counselling and related educational activities. This directorate is responsible for the administrative supervision of both KESYP and Grasep, as well as for other educational innovations.

Finally, a National Centre for Vocational Orientation (EKEP) was established under the same law (Law 2525/1997). EKEP is based in Athens and is supervised by both the Ministry of Education and the Ministry of Employment and Social Protection. Its main objectives (Presidential decree 232/29-7-98) are:

- providing academic and technical support for the above ministries in the design and application of national policy on vocational guidance;
- coordinating and supporting all agencies providing vocational guidance services;
- correlating the needs and demands of the labour market with the content or directions of education and the preferences of young people and adults;
- developing electronic information networks on the national and European scale;
- cooperating with corresponding European and international centres, universities and research institutes or individual experts to promote better theories, methods, information provision, and counselling and vocational guidance services;
- developing modern counselling methods, techniques, tools and means;

- assessing and certifying the qualifications of both agencies and individuals offering counselling and vocational guidance;
- upgrading the education and training of those administering counselling and vocational guidance services;
- preparing and/or commissioning research and studies to assist in policymaking and in developing methods and programmes for the production of printed and electronic material and tools for use in counselling and vocational guidance;
- helping to organise and implement programmes for the reorientation, training or retraining of employees, the recruitment of personnel by organisations and businesses, the reintegration of unemployed people and support for disabled people or for those threatened with social exclusion.

The creation and operation, since 1999, of the SEP office for disabled people and for socially excluded people (an initiative of the SEP sector of the Pedagogical Institute) is another innovative activity of the PI. The office provides information on aspects of vocational education and integration for these individuals. Its work is backed up by appropriate information material, specially designed to meet the needs of these groups.

The SEP programme is currently implemented in the ninth year (30 hours) and the 10th year (15 hours) of the unified lyceum (senior high school). As part of the implementation of SEP, visits are organised to various workplaces. Briefings and talks are also arranged, featuring local people from various professions.

The SEP programme continues to expand today, largely aided by European resources (2007–13). Current and planned actions include, among others, the development of new material, the upgrading of existing structures and the development of new ones (mainly Grasep). The SEP sector of the PI is planning and implementing several multimedia applications to support vocational guidance and counselling within schools implementing experimental education programmes (SEPPE), in association with the Piraeus Technological Education Institute. Finally, distance learning is now provided via the Internet for teachers (SEP staff) responsible for the operation of KESYP and Grasep.

It should be noted that career information, guidance and counselling services for young people are also offered by other structures created as part of EU programmes. Specifically, there are career service offices operating at a number of universities and institutes of technological education (TEI); information and counselling services for unemployed young men and women provided by the Labour Institute (part of the Greek General Confederation of Labour (GSEE)); information and counselling centres for women's employment and social integration, set up by the Research Centre for Gender Equality (KETHI); and various services set up by local authorities.

3. Performance and achievements

In today's fluid and uncertain environment, young people need to make decisions of critical importance for their future. To do so, they require appropriate support, as well as up-to-date, reliable information. Consequently, people employed in the provision of career information, guidance and counselling must constantly upgrade their own knowledge and skills, in order to respond to the demands and thus meet the complex needs of the younger generation.

Specifications concerning the personnel implementing the SEP in secondary education are defined in Law 1566/1985, and in Laws 2525/1997 and 2986/2002. Specifically, all personnel, both those implementing the SEP programme in schools and those working in the Grasep and KESYP, will be teachers in permanent posts who have attended relevant training courses. Vocational guidance counsellors must have at least seven years' experience in the field of guidance and counselling, while those employed in school-based offices must have three years' experience as teachers in permanent posts and involvement in this field. Finally, information and documentation experts must have seven years' service as teachers in permanent posts and be computer literate. In effect, school-based SEP is implemented: (a) in the classroom by trained teachers and SEP counsellors; (b) at Grasep by teachers who have undergone at least six months of training in SEP; (c) at the KESYP by teachers, SEP counsellors with at least one year's training in SEP, as well as information and documentation experts, who are teachers with at least six months' training in the documentation of SEP material.

It should be noted that, until a few years ago, the SEP programme in secondary education was implemented by people who, for the most part, lacked any relevant training. However, since 1999, many special training programmes have been organised for SEP officials at universities under the supervision of the Ministry of Education and the Pedagogical Institute. The University of Athens and the Aristotle University of Thessaloniki have both organised annual programmes attended by all VG managers. At the same time, 10 of the country's universities have run training programmes of about five months' duration, attended by 450 secondary school teachers. Similar programmes for the training of 78 teachers in information processing have been carried out at the Athens University of Economics and Business and the Athens Technological Education Institute. The involvement of a large number of teachers in training programmes in counselling and vocational guidance has improved the services provided.

With respect to educational material, Law 1566/1985 confers upon the SEP sector of the Pedagogical Institute full responsibility for the collection, production and improvement of education and information material produced nationally. Material is produced in printed form, such as SEP textbooks, guides (high-school studies, post-high-school studies, postgraduate studies, professions, job-seeking techniques, etc.) as well as leaflets. It is also produced in electronic form (CD-ROMs).

Important steps have also been taken to develop databases available on the Internet. More specifically, the Pedagogical Institute has created a modern information network (Nestor), through which interested parties can obtain information related to a variety of vocational guidance-related issues. Nestor is a communication and information dissemination network, complementary to KESYP and Grasep⁽³³⁾. Its users may:

- find information related to educational opportunities after gymnasium, unified and technical lyceum and technical vocational school;
- be informed about specific professions (job profiles) and about current trends in the local labour markets;
- read the latest news and announcements of KESYP and Grasep;
- be advised by electronic versions of the educational and career counselling (SEP) textbooks and various other information materials available online;
- find links to a number of other websites with additional information.

In addition, the SEP sector of the Pedagogical Institute has developed vocational guidance material for all educational levels (from nursery school to the 12th year), which teachers can incorporate into their own lesson plans. More specifically, they have compiled a guide 'Dissemination of guidance-counselling operations to kindergartens and primary schools', which cover activities for use at every different level and for each different class and lesson. An information guide for teachers dealing with aspects of guidance and counselling and instruction leaflets on developing extra SEP activities through the subjects taught at high-school level has also been compiled.

The evidence base for SEP has been greatly aided by the work produced within the frame of the Transition Observatory⁽³⁴⁾. This observatory, established in 1997 by a research team of the Pedagogical Institute under funding from the second CSF, represents good practice. The objectives of the observatory are:

- collection of information on the transition of secondary education graduates in the labour market and dissemination of this information to stakeholders (i.e. policymakers, teachers, students, parents etc.);
- support of educational policy (linking curricula of upper secondary education schools with labour market requirements, linking education with initial training etc.);
- supply the vocational guidance programmes with information (e.g. employment opportunities, earnings, etc.), aiming at assisting students in their decision-making process on educational and occupational choices;

(33) URL: <http://195.251.20.34/enindex.htm>

(34) URL: <http://www.pi-schools.gr/programs/par/>

- census type mapping of drop-out rates from secondary education (at national and regional level) and identification of drop-outs' training needs;
- identification of skills in demand in the labour market;
- cooperation with international organisations (OECD, Eurostat, BIBB, Cedefop, etc.) and other transition observatories.

Since its establishment, the observatory has carried out a respectable number of research projects and has produced several studies and articles, which have shed light on both the educational system and the labour market and have facilitated the targeting and implementation of the SEP programme ⁽³⁵⁾.

The SEP activities have been regularly evaluated as part of the requirement by the Structural Funds for the evaluation of all co-financed activities. In addition, the SEP sector of the Pedagogical Institute has developed a form, used by the KESYP, which explores the client's needs and the extent to which the needs have been met by the centre. Use of this form permits the ongoing evaluation of services. This helps to improve the quality of the services offered.

4. Conclusions

The establishment and operation of vocational guidance offices within schools (Grasep) and at prefecture capitals (KESYP) has made a substantial contribution to the provision of information, guidance and counselling services in schools. In addition, the operation of fully organised coordination centres for vocational guidance and counselling at the Pedagogical Institute (SEP sector) and at the Ministry for Education, as well as the creation of the Transition Observatory within the Pedagogical Institute, have aided quality assurance. The services provided have also assumed an important role in addressing the needs of students at risk and early school-leavers.

With this nexus of services, policies for vocational guidance in schools have shifted away from an approach that focuses only upon immediate educational and occupational choices, and towards a broader approach that tries to develop career self-management skills, such as the ability to make effective career decisions and to implement them. Furthermore, innovative and more diverse delivery methods have been employed to widen access to vocational guidance on a cost-effective basis. With the development of open-access resource centres, ICT has been used for purposes that range from the provision of information to raising people's self-awareness and improving their decision-making.

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Spain

An overview of policies promoting geographical mobility of labour

1. Introduction

Labour mobility is of paramount importance in the EU. Free movement of people, one of the four freedoms upon which the EU has been built since the signing of the Treaty of Rome in 1957, is undoubtedly linked to workers' geographic mobility. Moreover, labour mobility 'is essential for allowing more people to find better employment, a key objective of the Lisbon strategy' ⁽³⁶⁾. The employment guidelines of the European Union emphasise that, in order, to allow more people to get better jobs, it is necessary to improve matching of labour market needs (Integrated Guideline No 19), stressing that 'mobility of workers within the EU is a key requirement and should be fully ensured' ⁽³⁷⁾. Accordingly, the EU has taken a significant number of measures to promote labour mobility, including the adoption of the action plan for skills and mobility, the designation of 2006 as the European Year of Workers' Mobility and the launch of a new European job mobility action plan 2007–10.

In this context, this paper analyses Spanish employment policies aiming to promote geographical mobility of workers and, in particular, internal mobility. National policies implemented to foster labour mobility since the beginning of this decade are reviewed.

(36) COM (2007) 773 final

(37) COM(2005) 141 final.

2. Trends in the current situation

According to a recent study ⁽³⁸⁾ 18 % of European citizens have moved outside their region (but within the same country) since leaving their parental home, a low figure compared to the USA (32 % of US citizens live outside the state in which they were born). In Spain, regional mobility (within the state borders) is low. Only 11 % of Spaniards have moved outside their region, a low percentage in comparison to the EU average (which is 7 percentage points higher) and dramatically far from the most mobile EU Member States.

The Occupational Observatory of the National Public Employment Service provides more detailed information about internal labour mobility in Spain. In several published reports ⁽³⁹⁾, geographical mobility is measured in terms of employment contracts that require, from the outset, the movement of workers to other Spanish provinces (inter-provincial mobility rate) or other regions (interregional mobility rate).

The reports highlight that mobility of workers in Spain is low. In 2007, around 2.2 million of all employment contracts signed in Spain (18.4 million) required the movement of workers to another province, i.e., the inter-provincial mobility rate was 12.3 % (Table 1). Some 1.4 million employment contracts involved a change of location to another Spanish region in 2007. The resulting interregional mobility rate was 8.1 %.

Though the workers' geographical mobility is low in Spain, it has become more significant in the last few years. The inter-provincial mobility rate has grown from 11.6 % in 2003 to 12.3 % in 2007 (+ 0.7 percentage points), while the rate of interregional mobility has risen gradually by around one percentage point over the last four years (7.2 % in 2003 to 8.1 % in 2007).

(38) European Foundation for the Improvement of Living and Working Conditions, *Mobility in Europe*, 2006.

(39) Occupational Observatory of the National Public Employment Service. Basic data about workers' mobility (March 2005 and March 2008).

Table 1: Geographical mobility in Spain

	2003	2007
1) Employment contracts that meant the movement of workers to another Spanish Province	1 610 948	2 276 248
2) Employment contracts that meant the movement of workers to another Spanish Region	996 102	1 498 594
3) Total employment contracts signed in Spain	13 837 379	18 487 850
Inter-provincial mobility rate (% based on 1 & 3 above)	11.6 %	12.3 %
Inter-provincial mobility rate (% based on 2 & 3 above)	7.2 %	8.1 %

Source: Occupational Observatory of the National Employment Public Service.

The geographical pattern of labour mobility in Spain is characterised by a concentration of moves to certain places. Two regions with a high per capita income and low unemployment rates, Madrid and Catalonia, have experienced the highest net increases of workers in 2007. In Madrid, the balance between entry (of workers from other regions) and exit (of residents to other regions for labour purposes) was + 143 581 employment contracts, while Catalonia registered a balance of + 33 694 contracts (+ 51 538 employment contracts in Barcelona, while the three other provinces of the region present negative figures). On the other hand, less developed Spanish regions, Andalusia and Extremadura, experienced the largest negative balance (in 2007, it was – 91 285 contracts in Andalusia and – 39 519 in Extremadura).

The analysis of the profile of mobile workers provides further insights into the nature of labour mobility in Spain. Table 2 shows that:

- men are more likely than women to move for job purposes: around 14.9 % of all contracts signed by men in 2007 entailed an inter-provincial move, a figure well above that registered for women (9.3 %);
- people aged 25–34 are the most mobile group: the inter-provincial mobility rate of this cohort was 14.4 % in 2007 and the mobility decreases with age (reaching the minimum value of 9 % among workers aged 54 or more);
- as far as the educational level is concerned, the most mobile educational groups are people without education (19 % of contracts signed) and university graduates (15 % of employment contracts signed);

- regarding workers' nationality (Spanish and non-Spanish), the available data show that non-Spanish workers are much more likely to move to another province for labour reasons (17.3 % of all contracts signed by this group in 2007 entailed an inter-provincial move) and therefore a huge increase of foreign population in the recent past (around + 1.5 million of foreigners between 16 and 64 years old between 2003 and 2007) is a key aspect in understanding the mobility increase in Spain.

The available data suggest that geographical mobility is relatively low among women (who are frequently second income earners) and older people (who normally have more family responsibilities than younger people). Social groups with above-average economic needs (such as immigrants) and those skilled in jobs offered in a limited number of cities (university graduates) are most likely to move.

3. Measures taken to promote geographical mobility of workers

The Spanish government advocated the importance of geographical mobility to job creation in the Employment Act 56/2003. The act identified obstacles to geographical mobility and claimed that 'employment policies must encourage the effective access of unemployed people to the labour market, fostering active job search and geographical and functional

Table 2: Inter-provincial mobility rates in Spain (2007), % of the cohort

Gender	Men	14.9
	Women	9.3
Age	16 - 24	11.3
	25 - 34	14.4
	35 - 44	11.9
	45 - 54	10
	> 5	9
Educational level	Without education	19
	Primary schooling	10
	Compulsary secondary education	10.9
	Vocational education (high)	10.8
	University graduates	15.9
Nationality	Spanish	11
	Non-Spanish	17.3

Source: Occupational Observatory of the National Employment Public.

mobility'. More recently, the Spanish national reform programme has pointed out that a reduced mobility of workers is one of the characteristics of the Spanish labour market. It stressed that modernisation of the PES is necessary in order to 'enhance the efficiency of labour intermediation, facilitate geographical mobility and substantially raise their market share' (Pillar 6, The labour market and social dialogue).

Two different policy streams aim to promote geographical mobility. The first stream is to grant financial aid to mobile workers in an attempt to compensate them for the economic costs related to a change of residence (transport, lodging, etc.). The second stream focuses on the coordination of the PES to guarantee that job matching supports geographical mobility of unemployed people (or, at least, does not hinder it).

Financial support instruments deployed are fiscal rebates and subsidies. Since 2003, unemployed people who move to another locality for labour reasons, benefit from lower personal income tax during two fiscal years. As far as subsidies are concerned, a first step was taken in 2002 with the adoption of the programme for promotion of geographical mobility (Act 45/2002), which envisaged support for workers who changed job location. The act foresaw that conditions and contents of such aid would be fixed by future administrative regulation, but this was never passed. Consequently, a lack of concrete implementation prevented the subsidies becoming effective.

Other financial measures adopted to support mobility have focused on sub-groups of workers linked to certain economic sectors, in particular, agriculture and textile. The objective of subsidies is to regulate temporary internal migration of Spanish and non-Spanish workers employed in agriculture⁽⁴⁰⁾. Financial support is provided for housing, travel expenses or organisation of migration.

In January 2008, the government passed a decree⁽⁴¹⁾ on measures specific to the textile sector (as part of a broader package of support for the textile sector). These include subsidies to promote geographical mobility of unemployed textile workers which cover general expenses related to change of residence and a temporary compensation for accepting a job that entails a wage reduction compared to the last employment contract (maximum EUR 500 during 18 months).

Finally, in the context of a special governmental employment plan adopted in April 2008, subsidies to promote geographical mobility of employed workers have been introduced⁽⁴²⁾. The new subsidies seem to be in the spirit of aid envisaged by Law 45/2002, as far as they are directed to workers in general, in a clear contrast with the measures described above whose beneficiaries are employed or unemployed workers in particular sectors. The main features of the subsidies are:

- the access to aid requires that an unemployed person accepts an employment contract (six months minimum) in a location 100 km away from his/her original residence;
- eligible costs are: (a) transport of workers and their relatives to the new location (around EUR 2 000 maximum); (b) transport of furniture (around EUR 2 000 maximum); (c) housing expenses related to renting or buying a house in the first 12 months (around EUR 5 000 maximum); (d) services for caring for children and dependent relatives (around EUR 2 000 maximum);
- the National Public Employment Service and the employment services of the Autonomous Communities with competences in employment policies are responsible of the management of subsidies⁽⁴³⁾.

Another type of policy developed in recent years concerns the coordination of regional and national PES. This is a matter of paramount importance in Spain, due to adjustment problems encountered in the devolution of employment competences from national to regional administrations. Such a process of decentralisation started in 1993 and culminated in 2003 with the creation of the national employment system (NES), integrated with the national public employment service and the regional services⁽⁴⁴⁾. As the autonomous communities acquired the new employment competences, they adopted different IT systems to manage job data, thus making it difficult (or impossible) to share information about job offers and demand across regions. In turn, this caused a fragmentation of the Spanish labour market that hampered geographical mobility.

In order to cope with the coordination difficulties, in 1999 the Spanish Labour Ministry and the autonomous communities launched the public employment services information system project (SISPE, in Spanish)⁽⁴⁵⁾. The system allows integrating information gathered by regional and national PES, guaranteeing that they can share information about active employment policies and unemployment benefits. The main outcome of the SISPE, which started to operate in May 2005, is enabling staff of Spanish PES to have electronic access to job offers and job demand in all Spanish regions. Consequently, the system facilitates job matching without geographical barriers.

The contribution of SISPE to the goals of modernisation and strengthening of labour market institutions set by the EU employment guidelines and the Spanish NRP is noteworthy.

(43) Funds are being transferred from the national government to autonomous communities to initiate granting of subsidies, which is expected to happen in September 2008.

(44) The public employment services of the Spanish autonomous communities with employment competences (all of them, except the Basque Country and the autonomous cities of Ceuta and Melilla).

(45) Another relevant initiative in this regard is the creation of the so called Portal del Sistema Nacional de Empleo (national employment system portal), which started to operate in April 2007. The portal offers employment services to job-seekers and companies in Spain and gives access to job offers in Europe (through the European job mobility portal EURES).

(40) See, for instance, Orden TAS/2717/2005 (BOE n.200, 22 de agosto de 2005).

(41) Real Decreto 5/2008 (BOE n.21, 24 de enero de 2008).

(42) Real Decreto Ley 2/2008 (BOE n.97, 22 de abril de 2008).

However, as far as the geographical labour mobility is concerned, such development can only be considered as a necessary, but not sufficient measure for a more mobile labour market in Spain. This is because the contribution of the national employment system to effective matching of vacancies with job-seekers is limited. Only 12 % of all employment contracts in Spain were arranged by the NES in 2005 (Alujas Ruiz, 2007). Thus, the capacity of the NES to influence geographical mobility, even when now the access is guaranteed to all relevant employment information in Spain, is limited by its scarce market share.

4. Conclusions

Employment policies aiming to promote geographic labour mobility in Spain have been developing in the last few years. Yet, generally speaking, such measures have not been a priority on the political agenda.

Pessimism seems to prevail about the capacity to foster geographical mobility as mobility is conditioned by personal and family considerations and is inhibited by unemployment benefits and housing conditions in Spain. An illustration of such pessimism is found in statements of Antonio González, former Employment General Secretary of the Spanish Labour Ministry, who maintained that geographical mobility, would have a very small role in the reduction of territorial labour mismatches ⁽⁴⁶⁾.

Another factor contributing to the relatively low-key mobility policies is the decentralisation of employment policies. This has caused a considerable challenge for regional governments, who were urged to focus attention on critical employment issues in the transitional period, such as the establishment of information and coordination systems and the adoption of active employment policies previously managed by central government. Moreover, from a political perspective, it is not clear why regional governments would develop policies to promote mobility of their workers to other regions, especially in a context of sharp reductions in unemployment rates.

This situation has started to change in recent months. As economic conditions have become less favourable, the building sector has declined (which is key for employment in Spain) and unemployment increased. The debate about the need for regional (or provincial) mobility in Spain has suddenly become prominent in the political agenda. Until very recently, a key employment question for regional governments was 'how can we retain workers in our territory'? Today, implicit or explicitly, the question that seems to emerge is 'how can we promote mobility (within and across borders) so as to soften unemployment rates?'

The subsidies approved by the central government in April 2008 reflect the changing thinking about the need for policies to promote worker mobility. Such subsidies, which may reach around EUR 11 000 per migrant worker, are an innovation in the Spanish context. Possibly, they represent a first step in a new wave of mobility policies whose intensity and effectiveness will be a matter of increasing attention in the near future.

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(46) URL: www.eleconomista.es, 1 March 2008.

France

The labour market modernisation law

1. Introduction

On 11 January 2008, after four months of negotiations, four of the five representative trade unions and the two employer organisations (MEDEF and CPGME) signed a national multisectoral agreement (NMA) on the modernisation of the labour market. The main provisions of this agreement, in line with the law on the modernisation of the social dialogue (31 January 2007), were submitted to the parliament ⁽⁴⁷⁾. The draft labour market modernisation law has been adopted, but has not yet been implemented. According to the parliamentary rapporteur Dominique Dord, it lays the foundations for a French version of flexicurity: 'this agreement, by creating a new balance between flexibility and security — a French-style flexicurity — marks a substantial advance' ⁽⁴⁸⁾.

The issue of the balance between flexibility and security is central in France and represents one of the structural reforms of the labour market most called for by both the OECD and the European Commission. The aim is to combine more secure career paths for employees with flexibility of labour law and legal security for employers. The draft law paves the way for achieving such a balance and, although its effects are too soon to assess, it has already attracted some criticism. It does, however, represent a genuine advance in the establishment of flexicurity principles in France.

2. The first legal measure on flexicurity

2.1. Background to the initiative

Over two years, from the last quarter of 2005 to the last quarter of 2007, the unemployment rate in France fell from 9.4 % to

(47) The national multisectoral agreement (NMA) and the draft law cannot be treated separately. The draft law does not, in fact, cover the whole of the multisectoral agreement, but only the provisions that fall within the powers of parliament. The text of the agreement proposes a large number of measures.

(48) Report by Dominique Dord MP on the Labour Market Modernisation Bill available at: <http://www.assemblee-nationale.fr/13/rapports/r0789.asp>

7.8 %, and employment in the competitive sector rose by more than 500 000. However, this very favourable development has not led to an improvement in workers' sense of employment security. In its report 'Making career paths more secure and dynamic' (May 2007), the Conseil d'Orientation pour l'Emploi (Employment Policy Council) stressed the paradoxical relationship between the indicators of flexibility and security in France. France is characterised both by a high rate of turnover of labour — the rate rose from below 25 % in the early 1980s to 40 % in the 2000s — and also by great stability of employment ⁽⁴⁹⁾. In France, two in three employees stay in the same job for more than 15 years.

This discrepancy between a high turnover rate and employment stability is explained by an increased segmentation of the labour market. On the one hand, there are workers with open-ended contracts and a high level of legal employment protection, and, on the other hand, there is a substantial development of temporary work, which serves as a balancing factor in the economic cycle. Between 1990 and 2003, for example, the proportion of temporary jobs (fixed-term contracts and agency work) in private, waged employment rose from 8 % to 12 %. Moreover, the high level of protection enjoyed by those on open-ended contracts has led to the adoption of measures like the *contrat nouvelles embauches* (new recruitment contract, CNE), which the courts and the ILO regard as being too greatly weighted towards the employer and flexibility. This is because the probationary period could be as long as two years and workers could be dismissed without the employer having to provide any compelling grounds for their redundancy.

In this context, the European Commission, taking EU guidelines into account ⁽⁵⁰⁾, formulated a certain number of recommendations for France in the evaluation report on national growth and employment reform programmes ⁽⁵¹⁾, such as 'to improve the effectiveness of lifelong learning and to modernise employment protection mechanisms within the framework of an integrated flexicurity strategy, so as to combat, in particular, the segmentation of the labour market between fixed-term and open-ended types of employment contract'. Lastly, in its communication of 27 June 2007, the European Commission proposed 'common principles of flexicurity' ⁽⁵²⁾.

At the time of the 2007 presidential elections, a new social agenda was defined, supporting bilateral negotiations between

(49) According to the Employment Policy Council, 85 % of employees in a job in October 2000 were still in the same job one year later. This is amongst the highest rates of the EU Member States and compares with an 81 % rate in Germany, which has a high level of employment stability.

(50) In particular, Integrated Guideline No 21 calling to 'promote flexibility combined with employment security and reduce labour-market segmentation, having due regard to the role of the social partners'.

(51) http://ec.europa.eu/growthandjobs/pdf/european-dimension-200712-annual-progress-report/200712-annual-progress-report-FR_fr.pdf

(52) http://ec.europa.eu/employment_social/news/2007/jun/flexicurity_en.pdf

social partners, followed by the implementation of many structural labour market reforms, such as the reform of the employment contract, trade union representation, vocational training and unemployment insurance (the merger between ANPE, the national employment agency, and Unedic, the jointly-managed unemployment insurance scheme, together with the introduction of the valid offer of employment). This new social agenda confirms a strong resolve to protect and improve worker employability with the aim of providing greater security of career paths and offering mutual guarantees to employers and employees.

It is in this context of political renewal in France and a European drive towards flexicurity, that the negotiations for the multi-sectoral agreement took place, followed by the introduction of the draft law on social modernisation.

2.2. The broad outline of the new law

The law lays down the basic principles which rest on a balance between flexibility and security and introduces new safeguards.

The law reaffirms that the normal employment contract is the open-ended or permanent contract (CDI) and that there must be genuine, serious grounds for making anyone redundant. One of the first consequences of this latter principle is the repeal of the new recruitment contract provisions and the redefinition of all such contracts as open-ended. The draft law aims to give security, legally and financially, to both employer and employee: to the employer by adjusting the employment contract in the direction of increased flexibility and limiting recourse to industrial tribunals (by creating a new way of terminating the employment contract), and to the employee by granting new safeguards.

Initially, the law sets out various measures impacting on the employment contract, from its beginning to the end, towards a greater flexibility.

First, the law creates a new type of employment contract — a fixed-term contract ‘for carrying out a defined assignment’. In his 2004 report ‘Towards a more effective labour code’⁽⁵³⁾, Michel de Virville had proposed this ‘mission contract’, aimed at managerial and technical staff and running for between 18 and 36 months. This new contract has more features of the fixed-term contract rather than the open-ended contract. At the end of it, employees receive a single payment of 10 %. It has been introduced for five years on an experimental basis, and an interim assessment is to be carried out.

Within the framework of the open-ended contract, a new cross-occupational probationary period has been established by law. The probationary period is mandatory in the employment contract and is longer than previously. It has increased from one to two months for blue- and white-collar workers; from two to three months for intermediate occupations and technicians; and from three to four months for managerial staff. These periods can be extended for a further period, up to a maximum duration of four, six and eight months. Time spent by students on placements in an enterprise that subsequently recruits them has to be included in this maximum duration.

It is in the area of the termination of the employment contract that the draft law addresses the notion of ‘separability’ developed by the French employers’ association (MEDEF) during the NMA negotiations. It establishes a new way of ending that contract in the form of the ‘termination by mutual agreement’ (la rupture conventionnelle), based on an amicable separation between employee and employer. Specific payments, calculated along the same lines as severance pay, are provided for and safeguarded, as are the possibility of representation for the employee and the possibility of withdrawing his/her request. The employers, for their part, are guaranteed that there will be no repercussions from the legal system. The agreement, validated by the Ministry of Labour, cannot subsequently be referred to an industrial tribunal.

In parallel to these provisions, the law lays down new safeguards for employees. The main instruments for improving employment security are the reduction of qualifying periods for the various insurance schemes and the transferability of social entitlements. For example, the qualifying period for receiving contractual sickness pay has been reduced from three years to one, and the number of waiting days has also been reduced. The qualifying period for severance pay has been lowered from two years to one. Moreover, the employee retains the complementary social protection (attached initially to their membership of the company) for one third of their period of receipt of severance pay. Provision is also made for the transferability of 100 % of the balance of the worker’s acquired entitlements to individual training. These measures are based on the idea that the entitlements are attached to the person, not to the employment contract, and they fit with the flexicurity concept.

Specific measures have also been put in place for vulnerable categories of workers. For example, there is a special single payment for young workers who have been made redundant involuntarily and who, because of their age (below 25), have no access to income support or unemployment benefit.

(53) URL: <http://lesrapports.ladocumentationfrancaise.fr/BRP/044000015/0000.pdf>

3. A law that represents genuine progress but more needs to be done to achieve the goals of flexicurity

The view of the parliamentary rapporteur Dominique Dord is that the new law is innovative in the way it has been developed. It is, in fact, the first positive application of the law of 31 January 2007 on the modernisation of the social dialogue which established a consultation procedure and, where necessary, a procedure for prior negotiation on reforms in the field of individual and collective labour relations, employment and vocational training. Reform of the contract of employment can be said to have been negotiated and carried forward by the social partners, which is remarkable in France, when such a controversial subject as flexibility is concerned, even though combined with the provisions for security.

The law brings a certain number of new elements, such as the mission contract or the creation of a new way of terminating the employment contract. Above all, it brings some welcome new stipulations, such as writing into law a harmonised cross-occupational probationary period. Above all, in relation to the safeguards for employees, a first step towards flexicurity has been taken. It is an approach of ensuring safeguards for people by using a career-based logic, permitting the transferability of social and training entitlements. This changed logic will make it possible in the long run to facilitate transitions for people who find themselves without employment and may help to lower the barriers hampering turnover in the labour market.

4. Impacts of the law

The provisions of the NMA have rather a clear and immediate scope, whereas the law mixes very precise, normative stipulations (e.g. length of trial periods) with other stipulations that are more good practice. The law is subject to implementation orders, the timetable of which has not yet been defined, while the NMA defers many questions for future collective negotiation (from company level, through the industry sector to the multisectoral level).

Lastly, not all questions have been settled either by the NMA or the law. For example, the definition of, and procedure for modifying, essential clauses in employment contracts have been left to be decided by a future working group. As a result, the law will not acquire its full scope and effect for a few years, particularly as the concrete implementation of flexicurity also depends on reforms being carried out in parallel in the fields of vocational training, unemployment insurance and ALMP. For the moment, these other reforms are either embryonic or inconclusive, although, on the positive side, they have begun.

Some observers (such as the economist Pierre Cahuc) have expressed regret that this law develops existing provisions but renders them more complex and that the proposed reforms do not go far enough⁽⁵⁴⁾. Pierre Cahuc points out, for example, that termination by mutual agreement corresponds in reality to the existing procedure of settlement (transaction). This new provision therefore complicates a procedure that already exists, by bringing in a new player — the department level Office of the Ministry of Labour, Employment and Vocational Training.

As far as the priorities in the French labour market are concerned, the measures envisaged seem insufficient. For example, the law says nothing about combating the segmentation of the labour market and there is no provision for easing the transition from temporary working to open-ended contracts or for rebalancing levels of employee protection between the various contracts. The original remit of the negotiations concerned the establishment of a single form of employment contract, even though the government has changed its position on this question. Though the diversity of industry sectors was doubtless pointing against establishing such a single contract, its absence comes at the cost of a messy proliferation of different arrangements and segmentation of the labour market. Lastly, there were also considerable expectations regarding the redefinition of 'economic redundancy': this sensitive subject has not been addressed, either in the NMA or in the law.

Lastly, there is a lack of detailed provisions for enforcing the law. For example, the transfer of entitlements in small businesses will not be easy to put in place. The funding of this type of measure would need to be explained for it to be effective. Similarly, according to the agreement, single payments for termination by mutual consent are to be calculated on the same basis as severance pay, but the Unemployment Insurance Fund has not publicly agreed to finance this kind of indemnity and its financial stability could be jeopardised if there was widespread practice of terminating contracts in this way.

(54) 'In France, the employment rate is particularly low for older people and young people', *Le Monde*. <http://www.lemonde.fr/web/chat/0,46-0@2-823448,55-1041662@51-1041149,0.html>

5. Conclusions

Overall, despite a clear desire to move in the direction of the EU definition of flexicurity and the noteworthy bilateral negotiations, the law is not ambitious. The issue of training is not covered or only partially covered (in terms of resources and, particularly, new resources), the transfer of entitlements is limited and redundancies remain under a high degree of legal and administrative control. Above all, it is difficult at present to discern the concrete shape of funding and governance. No impact study has yet been carried out, the law having only been passed on 12 June 2008. The degree to which the timetable for the subsequent negotiations provided for by the NMA is respected, together with the documents that emerge out of them, will be a good indicator of the force of the present law.

Having said this, the labour market modernisation law is undoubtedly the first measure for French-style flexicurity to reach the statute book and, though it still needs to be complemented by other measures, it marks a genuine step-change in the approach to employment policies and to the reforms that still remain to be implemented.

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Italy

The value of the difference — the female resource in business creation in the Marche region

1. Introduction

The practice described in this paper, *Il valore della differenza — la risorsa femminile nella creazione d'impresa nelle Marche* (The value of the difference — the female resource in business creation in the Marche region), was implemented in the Marche region in the period November 2004 to December 2007. It was financed by the EQUAL European Community initiative programme (round 2).

The overall goal of the project was to encourage all the regional actors involved (individual entrepreneurs, entrepreneurial associations, credit system actors, policymakers) to take actions to promote female entrepreneurship, to combat gender stereotypes in business and to favour a life-cycle approach to work.

The project stemmed from previous analysis of female participation in the labour market in the Marche region, paying particular attention to women entrepreneurs, and followed the guidelines for interventions suggested at national and European levels to improve the socio-economic conditions of women.

In the Marche region, the participation of women in the labour market has been higher than at the national level. Participation has been especially high for the age group 25–34 (this is also true, to a lesser degree, at the national level), employment has been increasing at the regional level more than at the national level, and unemployment has been diminishing at a higher pace than the national average. Employment is especially high in the tertiary sector, although the industrial sector, especially manufacturing, is still important in the region (more so than at the national level). As for entrepreneurial activities, in Italy the highest concentration is found in the northern regions, although for companies run by women the regions in the south stand out, followed by the regions in the centre (where the Marche region is located).

The picture emerging from these labour market trends seems extremely positive in comparison with the whole country. However, entrepreneurship is still strongly gender stereotyped in the Marche region. In fact, women are mostly involved in micro-enterprises with a very small chance to see their business grow. The majority of these companies do not exceed a capital of EUR 15 000. The main factors influencing the phenomenon are the difficulties women encounter in obtaining credit, the poor support for reconciliation of family and working life (most of them, 50.7 %, are aged 30–49), the lack of a common female

entrepreneurial culture as well as the lack of social capital among women entrepreneurs. In the Marche region, women's enterprises are especially present in the tertiary sector (28.8 %), agriculture (28 %), retail (26.9 %) and manufacturing (14 %).

The project activities tackle all these issues, in line with the Italian and the European guidelines for employment. In particular, the Italian government promotes women entrepreneurship (by developing actions for financing, supporting and supervising women in their entrepreneurial activities; for instance the Law 215/92 finances and promotes women's entrepreneurial initiatives) and actions on the reconciliation of work and family life⁽⁵⁵⁾. It is also committed to tackling gender discrimination and gender stereotyping at the workplace and in society as a whole.

The EU integrated guidelines for growth and jobs 2005–08 and the Commission's roadmap for equality between women and men 2006–10 are aimed at helping the achievement of the Lisbon, goals ensuring that the gender dimension is taken into account by adopting both a gender mainstreaming perspective and specific measures. Addressing women's situation in relation to the labour market in Europe demands a multifaceted approach that counteracts the gender division of work and combats discrimination against women in the labour market and values the development of sectors where women work. The project here presented is coherent especially with Integrated Guideline 15 (promoting a more entrepreneurial culture and creating a supportive environment for small and medium enterprises) and Guideline 18 (promoting a life-cycle approach to work).

The project meets, in particular, the overall objective of Guideline 15. It was in fact aimed at fostering entrepreneurial culture among young people and combating gender stereotypes in employment. The project was also committed to developing social and cultural capital among women entrepreneurs, as a female entrepreneurial culture is crucial to combating stereotypes and overcoming the isolation of women entrepreneurs. At the same time, the project aimed to connect women to their entrepreneurial environment, increasing their participation in national and local associations, and putting them in contact with policymakers and the credit sector, in order to break women's isolation which hinders their personal and business development.

The project implemented some of the aspects of the multifaceted approach to women's employment, addressing a number of issues that are crucial to reach the Lisbon targets:

- gender segregation of the EU labour market;
- improving women's access to jobs and career progress;
- ensuring policies to reconcile work and private life for women and men;
- eliminating gender stereotypes in education.

(55) See the official document of the Department for Work released in May 2007.

The project, which is coherent with national and European policies in the field, was able to positively impact on all the policy challenges.

2. Organisation, implementation and funding of the project

The thematic field of this project was the promotion of equal opportunities and the reduction of professional gender gaps and segregation. Its main aims were to promote and encourage female entrepreneurship within the regional territory, modify the gender characteristics of entrepreneurial professions and raise awareness of female entrepreneurship in society.

Women face specific barriers to undertake entrepreneurship: an inadequate social status for entrepreneurs, a lack of positive image, an underestimation of the importance of networking, and a problematic reconciliation of work and private life. By encouraging continuous training, promoting social visibility of female entrepreneurs, helping women access support structures, teaching them that networking is crucial to a successful business and lobbying for better social regulations for women entrepreneurs, the project managed to achieve a positive chain of reactions. This effort has also fostered female entrepreneurs in fields that are traditionally non-feminine, updating professional skills and know-how of women entrepreneurs and finding new business concepts and networks.

The project was implemented by the University of Camerino, Department of Political and Legal Sciences (Marche) in partnership with the Fondazione Giacomo Brodolini of Rome (scientific coordinator), University of Urbino, the Unioncamere (Union of Chambers of Commerce of Marche) and the upper secondary school Vanvitelli-Stracca-Angelini of Ancona (Marche). The participation of local and national partners increased the quality of the consortium, improving the overall approach and expected results. The project benefited from similar experiences previously carried out by the same partners in other regions and at the national level.

The different project activities provided a platform of knowledge, analysis and ideas on the gender aspects of local entrepreneurship. The widespread adoption of a gender approach by actors and organisations involved in the different areas was the main offspring of the project. It modified the practices of stakeholders and the implementation processes of local policies. Women entrepreneurs of the region were invited to participate directly in the implementation of the different activities, in order to give maximum visibility to their experience.

The partners carried out the following activities.

- The Regional Observatory on Female Entrepreneurship was created, with the aim of collecting the relevant information produced by different sources and monitoring the entrepreneurship from a gender perspective. It provided an operational and methodological tool for a deeper analysis of the gendered cultural models which exist in the Marche region, where 36 000 companies are run by women. Existing information was integrated with new data surveys carried out at the provincial level in order to examine the restructuring processes that had taken place in different regional areas as a reaction to globalisation.
- Specific surveys were conducted with the objective of overcoming the lack of adequate knowledge regarding female entrepreneurship, especially in the Province of Pesaro-Urbino. A spatially differentiated approach was adopted regarding the dissemination and evolution of female entrepreneurship, linking the entrepreneurial phenomena to the territorial context and taking into consideration economic, social, cultural and institutional factors.
- Permanent territorial networks were established, involving actors responsible for measures and actions (women entrepreneurs, social actors involved at different stages of the entrepreneurial activity, entrepreneurial organisations, credit systems' representatives, policymakers) aimed at supporting female entrepreneurship.
- Two 'training for professional' courses separately designed for male and female secondary school students were implemented. The two courses focused on existing gender stereotypes of jobs and professions. Each course involved two modules: an information module allowing students to meet successful men and women in non-traditional roles and a training and activity module. This educational programme aimed at challenging the dominance of the existing occupational gendered models and promoting entrepreneurship among future women entrepreneurs.
- A mentoring service was launched targeting the four regional offices of the chambers of commerce in order to increase the capability and confidence of younger and less experienced female entrepreneurs through mentoring with more experienced women.

Under the Community initiative EQUAL, the transnational partnership 'I Me We — innovative, managerial, entrepreneurial women in Europe' was established and characterised by the participation of public and private actors in several European countries: Belgium (Empowering Female Entrepreneurs, Réseau Diane); Denmark (Management with a Personal Style — Future Leaders, Profile — promoting female innovation learning and entrepreneurship); Finland (Reaktioketju, Chain Reaction); France (Egalité Professionnelle et Développement Territorial en Côtes d'Armor); Spain (Proyecto DIME, Desarrollo Integral de la Mujer Emprendedora).

This activity fostered the exchange of good practices on specific themes (promotion and visibility of female entrepreneurs, networking, mentoring, policy development, training, social regulations, entrepreneurial support, management skills) and gave a broader perspective on the possibilities to facilitate female entrepreneurship and to empower and support women entrepreneurs in reaching their individual goals.

The involvement of different stakeholders allowed the setting-up of a transnational network between women entrepreneurs and managers and the creation of a social capital among present and future women entrepreneurs. Entrepreneurial exchanges, study trips, student camps, benchmarking and international seminars were organised in order to share experiences and knowledge acquired by partners in other countries, and to promote networking activities. In particular, various study visits focused on different sectors and the transnational partners chose the themes of the study trips based on the strengths of their regional economic structure.

An important tool to promote the social visibility of women entrepreneurs was the International Fair on Female Entrepreneurship. It was an opportunity for local, national and international women entrepreneurs to meet and exchange their views and experiences, and to learn how to network successfully with their peers and other stakeholders. It helped to develop a positive attitude in society supporting female entrepreneurship and leadership, and to emphasise female achievements in the economic and social development of the region. The wider visibility of successful female models motivated other women in setting up their own business or reinforcing the existing ones. The fair also offered women entrepreneurs the possibility of developing their professional and business skills, building up networks, exploring internationalisation and raising awareness among institutions, the business sector and the general public.

3. Performance and achievements

Although the project has not yet been evaluated, the monitoring system set up by the project partners ensured the achievements of the expected results and the development of innovative approaches to the promotion of female entrepreneurship.

Some of the indicators contained in the Commission's 2008 statistical compendium accompanying the implementation of the European employment strategy ⁽⁵⁶⁾, such as employment rate, employment gender gap, gender segregation and activity rate, could be used to adequately assess the impact of the project under scrutiny and highlight the positive effects on the entrepreneurial structure.

Information and data coming from the activities of the Regional Observatory on Female Entrepreneurship have been used by local stakeholders to understand needs and expectations of local entrepreneurs and to design adequate policy measures to support business initiatives and to promote gender equality.

Setting up a permanent monitoring system fostered the emergence of a common culture of equality between men and women in the workplace. In order to achieve better coordination between all actors involved at the local level in entrepreneurial life (including policymakers), specific mechanisms for cooperation have been set up within the permanent territorial networks.

4. Conclusions

Female entrepreneurship plays a key role in the enhancement of competitiveness and innovation in the globalised economy. In the Marche region, female entrepreneurs are among the most dynamic actors, and the main drivers in many innovative and emerging sectors. Nevertheless, women face a number of difficulties in establishing and maintaining businesses, due to several factors such as information gaps, lack of contacts and access to networking, gender discrimination and stereotypes, and difficulties in reconciling business and family obligations. The systemic support to female entrepreneurship is the result of an integrated approach in terms of policies and cooperation among the relevant local actors.

The project 'The value of the difference' was meant to overcome these obstacles and address the gap of knowledge, analysis and detailed assessment of regional entrepreneurial phenomena, support the exchange of information and experiences, and involve local actors and policymakers in networking activities.

The positive impact of the project on the regional entrepreneurial structure led the Marche region to earmark regional funding for further similar activities, taking advantage of previous results. The Department of Equal Opportunities intends to allocate adequate resources to deepen the knowledge of female enterprises, to strengthen the forecasting capabilities of institutional stakeholders and to coordinate and integrate measures aimed at encouraging the economic development of regional companies.

The Department of Equal Opportunities also plans to reinforce its communication tools by providing citizens and entrepreneurs with accurate and up-to-date information about the opportunities offered by the Structural Funds, the potential impact of female entrepreneurs on regional competitiveness and the positive effects of gender-based policy approaches.

(56) http://ec.europa.eu/employment_social/employment_strategy/pdf/2008compendium_en.pdf

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Cyprus

Initiatives for the development of the system of professional qualifications

1. Introduction

1.1. The issue in the context of labour market policy

What are generally described as ‘professional’ or ‘vocational’ qualifications refer to the qualifications of individuals practising as electricians, plumbers, cooks, builders, retail trade assistants, waiters and the like. In Cyprus, the system of professional qualifications (the code that determines the skills that can be expected of individuals practising such professions and the conditions under which accreditation in these professions can be granted) has been limited in scope and, in many cases, dormant or non-existent. Those who complete compulsory schooling and who wish to work in some of these professions can, in principle, continue their studies at a technical school, or on a specific training programme or enter an apprenticeship and earn a diploma. However, due to the strength of the labour market and the general lack of appreciation of the work undertaken through training, young people typically proceed into employment and learn their trade ‘on the job’.

In many trades, no formal training is required and, in a small country, networking and word-of-mouth information about the competence of trades’ people has substituted for formal accreditation and qualifications. As a result, the average level of competence has perhaps not reflected new techniques and know-how as quickly as might be desired, and the variance of competences has been considerable. Economic transactions need to be preceded by an extensive search for a professional of sufficient competence and the outcomes of these transactions are more uncertain than they should be. In order to ensure a certain standard of performance, a great deal of supervision of trades’ people is required. In short, economic resources are needed to fill the void provided by the lack of a system of professional qualifications. On the other hand, setting up and operating a system of professional qualifications is costly. Nevertheless, many countries have judged that a system of professional qualifications is, on balance, desirable.

Indeed, the EU has encouraged Cyprus to enhance its system of professional qualifications. In its assessment of the 2006 NRP, the Commission recommended that Cyprus ‘enhance lifelong learning and increase employment and training opportunities for young people by accelerating the reforms of the vocational, education, training and apprenticeship system’. This article reviews the responses so far and future plans.

1.2. Links to other national economic and employment policies and goals

In addition to the productivity gains suggested above, it is important to emphasise the gains that can be reaped during periods of restructuring if the skill requirements of the various professions are clear. Workers can retrain, perhaps minimising the amount of adjustment involved, or even choose a different profession while knowing exactly what is demanded of them. Thus, human capital development is facilitated and better investment decisions can be made by workers through LLL.

While a strong economic growth has moderated the adjustments required from the workforce, nevertheless, some adaptation is necessary. Indeed, as plans to reorient the Cypriot economy from low value-added cheap tourism to activities with higher knowledge content unfold, more adjustments will be needed and a system of professional qualifications will be beneficial.

The changing needs of the labour market of any one Member State can be more easily met in the context of an integrated internal market. For this to be the case, it is important for the users of professional services to believe that, for example, a plumber from one Member State is as good as a plumber from another Member State. Thus, a system of professional qualifications facilitates the movement of labour of a given skill set to geographical areas of need and enhances the efficiency of the internal labour market.

In the case of Cyprus, the demand for labour has been so strong that labour from non-Member States had to be imported to a substantial extent. Employers frequently note that such labour is heterogeneous and requires considerable supervision. These problems would be ameliorated by a system of professional qualifications because it would facilitate the recruitment, management and training of such labour.

1.3. Links with the EU employment guidelines

An introduction of the system of professional qualifications is connected with most of the EU employment guidelines, including Guideline 17 which deals with improving quality and productivity at work. Guideline 18 refers to promoting a life-cycle approach to work and relates to human capital investment and re-investment decisions to be made during working lives. Guideline 19 encourages ‘inclusive labour markets’ through, among other things, guidance and retraining. Guideline 20 addresses the ‘matching of labour market needs’ through, among other measures, training opportunities and migration within the EU. Guideline 21 speaks of the ‘positive management of change, including economic restructuring’ and of ‘support for transitions in occupational status’. Guideline 23 deals specifically with ‘investment in human capital’. Finally, Guideline 24 refers to ‘responding to new occupational needs ... by improving the definition and transparency of qualifications, their effective recognition and the validation of non-formal and informal training’.

Thus, the development of a system of professional qualifications is clearly of central importance within the framework of the employment guidelines.

1.4. Description of the measure and likely impact of the policy challenge

The facilities and extent of involvement in LLL are issues that have been mentioned in successive Lisbon strategy documents by Cyprus, starting with the October 2005 NRP, where (in Section 4.3.4, p. 59) the intention to develop a strategy 'by the end of 2006' was stated. Subsequent reference was made in the 2006 NRP (p. 96). A preliminary report was circulated in September 2006 and the national LLL strategy, outlined in the document *Ethniki stratigiki dia viou mathisis stin Kipriaki Dimokratia 2007–13*, was circulated on 6 March 2007 and approved by the Council of Ministers in November 2007. In Section 5.2.3 (pp. 35–36), this document deals with the system of professional qualifications. It outlines the progress so far and plans for the future.

Initiatives in this area are the responsibility of the Human Resources Development Authority (HRDA). Work at the HRDA has laid the ground for a change in the vocational qualification landscape. A system of vocational qualifications, a part of the national qualifications framework, is being designed and implemented. The functions of the system include developing the standards for vocational qualifications, preparing candidates for vocational training (assessment of candidate readiness, training, performance appraisal) and awarding accreditation to candidates.

During the first phase of the programme (2006–08), a pilot study was undertaken to map the standards of vocational qualifications at level 2 for five occupations (waiter, cook, receptionist, construction worker and retail sales person). The programme was targeted towards employed Cypriot workers whose employers were willing to cooperate in the examination procedure. The work undertaken (explaining the skills needed for each group) was extremely thorough. The manual for construction workers, for example, is 128 pages long. The results of the study are available on the HRDA website ⁽⁵⁷⁾.

In the planned second phase, which is expected to be co-financed by the ESF, 67 new standards in priority occupations at various levels are envisaged. Opportunities will be provided to employers, employees, unemployed people and economically inactive people. The standards to be developed at various levels will include occupations in retail and wholesale trade, motor vehicle repair, the hospitality industry, construction, manufacturing, computer systems and networks of communication, and hairdressing. In addition, the standard for the providers of vocational training will also be developed.

In addition to the advantages mentioned in Sections 1.1 and 1.2, the mapping of the skills required in these areas may have the effect of increasing the profile of these occupations in society. The lack of social status and insufficient information about the

rewards that can be expected (in part because many trades' people are self-employed and probably under-declare their income) is one of the reasons why young adults are disinclined to take up these professions.

2. Organisation, implementation and funding of the policy measure

Given the size of Cyprus, the initiative is entirely managed by the HRDA in Nicosia.

The programme is tripartite in nature. The HRDA is itself supervised by a tripartite structure. In addition, the various committees responsible for setting up the standards of professional qualifications involve employers, employees and the government. The programme is too new for collective agreements to reflect the system of professional qualifications.

Phase one of the programme was funded by the HRDA, itself funded by payroll contributions from employers. The government participated financially by providing the training in schools and various training programmes. There were no incentives provided other than the obvious outcomes of enhanced human capital for labour and more knowledgeable and productive workers for employers.

Phase one of the project did not involve ESF resources. However, it is hoped that phase two will be co-financed by the ESF.

3. Performance and achievements

3.1. Instruments for effective performance

There were no formal instruments in place to ensure the effective performance of the programme. Phase one was a pilot scheme aimed mainly at cataloguing the skills needed in the various professions.

3.2. Commission compendium of indicators of performance

A number of indicators may be used to monitor the performance of the scheme. Some are more direct while others are indirect and can only be loosely connected to the programme. The

(57) <http://www.hrdaath.org.cy/greek/sep.htm>

indicators used to assess phase two will be broader than those for phase one, which addressed only employed workers.

For phase one and those employed and participating during phase two, the following indicators apply: Indicator 17.M5 (Growth in labour productivity) has an indirect connection to the measure, given that employed workers upgrade their skills and may be more effective at their job. Some individuals may have upgraded their human capital and secured a better job with another employer. In such cases, the part of Indicator 21.M1 that deals with the employed (Transitions ... within employment by type of contract) may have some relevance. Ideally, one wants to measure the increase in earnings resulting from a better match that has been enabled by the programme. The part of Indicator 18.A8 that deals with the employed, (Transitions ... within employment by pay level) is useful.

During phase two, when the unemployed and inactive become eligible, more indicators become useful. Indicator 17.A4 (Transitions by employment status) is useful in suggesting how many inactive become active or even employed. Indicator 18.M4 (Average exit age from the labour force) could indicate if exit is delayed as a result of training. Indicator 19.M4 (Activation of the long-term unemployed) is important. Indicator 19.A2 (Activation — the number of participants in assisted activation measures divided by the number of people wanting to work) is an obvious indicator to monitor, as are Indicators 19.A3 (Activation of the registered unemployed), 19.A4 (New start), 19.A5 (Transitions into employment/training) and 19.A6 (Follow-up of participants in active measures). Indicators 19.A7 (LMP expenditure) and 19.A8 (LMP expenditure per person wanting to work) measure necessary but not sufficient conditions, as it is possible to devote resources to programmes without any results.

3.3. Policy evaluation

Phase one of the programme has been reasonably successful, considering that it was addressed only at employed people, who presumably did not have an immediate incentive to enrol in the programme. Since June 2006, 42 companies and 386 employees have been involved in the programme. The number of people successfully tested and certified is 132 and the first graduation ceremony has taken place.

The numbers involved — given the age of the programme and the size of Cyprus — are relatively large but, nevertheless, too limited for a formal statistical evaluation of the programme. Following early feedback, HRDA has made a number of adjustments to its procedures, mainly to simplify and reduce the red tape involved in participating in the programme.

4. Conclusions

Phase one of this programme was carefully executed and has established high standards for dealing with the remaining occupations. Given that the programme addressed only employed people, it attracted a reasonable number of individuals. Whether these individuals have been more productive and more useful to employers or better able to secure the appropriate labour market matches is not known. It is also too early to say whether this initiative will change social mindsets regarding professions. Most young people are still directed towards general and university training, sometimes inappropriately, given their interests, aptitudes, capabilities and expected returns. The expected returns of occupational choices are not always appreciated. While this measure is very important, more changes to the status of professions and their perceived rewards are required before occupational choices are substantially modified.

Several improvements to the measure are planned in phase two. Firstly, the programme will be addressed to groups other than those already employed (i.e., unemployed people and economically inactive people), thereby making it broader. Secondly, technical schools and other training venues will be better integrated into the system. This relationship will be two-directional in the sense that the standards set by HRDA are also likely to influence the curriculum in training centres. Thirdly, young adults undertaking programmes at technical schools will be given access to experiential learning, enhancing their learning experience and strengthening the involvement of the social partners. Finally, phase two will involve a formal assessment of the programme.

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Latvia

The summer internship programme for school children ⁽⁵⁸⁾

1. Introduction

The State Employment Agency (SEA) has organised a summer internship programme for school children for the fifth successive year. From 2 June until 29 August 2008, students aged over 15 who are still at school have had the opportunity to work for up to two months. Additionally, this was the second year when 13- and 14-year-olds could participate in the programme. However, they could only work half-time. This was also the third year when children with special needs could participate. The aim of the initiative was to encourage the employment of school children during rather long summer holidays as well as giving them an opportunity to acquire the basic skills for work.

The most common job offers were auxiliary worker, sales manager's assistant, postal worker's assistant, gardener's assistant, street sweeper, messenger, clerk's assistant, and assistant for work with clients. Other job opportunities included architect's assistant, administrative assistant, laboratory assistant, waitressing, teacher's assistant and computer designer's assistant.

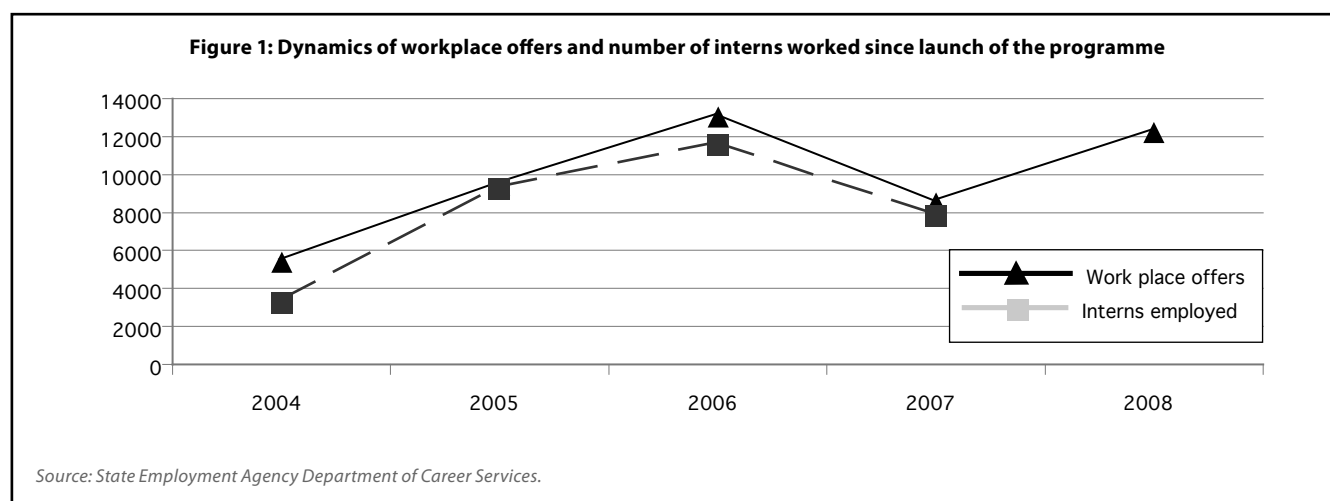
Between 10 April and 25 April 2008, the SEA received almost 12 234 workplace offers from 1 042 employers. Of these, over 3 600 workplace proposals were for 13- and 14-year-olds. There is no information about workplaces for children with special needs in 2008. The employment period is split into two one-month periods. In 2007, almost 8 500 workplace offers were received

from employers. Of these, over 1 600 were proposals for 13- and 14-year-olds, and 133 for children with special needs. The employment period was split into two one-month periods from 15 June to 16 August 2007. According to the SEA, some 7 800 interns started work in both periods. Over 1 500 of them were 13- and 14-year-olds and 118 pupils with special needs. The dynamics of workplace offers and number of interns employed can be seen in Figure 1.

The programme seeks to address a number of issues and challenges. In a national context, it has helped to alleviate the labour shortage problems which Latvia has recently faced. The programme also attempts to match the skills of school children to labour market needs. According to the Latvian national action plan for employment development 2005, due to the ageing Latvian population, it is necessary to increase the activity rate of young people. Hence, the employment policies of the national Lisbon programme for Latvia 2005–08 include employment activities for 15–18-year-old school children in the form of summer internships supported by approximately LVL 1 million (around EUR 1.5 million) from the State budget.

There is also a link to the EU employment guidelines. The summer internship programme clearly links with Guidelines No 18 and 19 and, to some extent, with Guideline No 17. Guideline No 18 is about promoting a life-cycle approach to work through building employment pathways for young people in order to reduce youth unemployment. The summer internship programme clearly fits this policy strand. Guideline No 19 is about ensuring inclusive labour markets, enhancing work attractiveness, and making work pay for job-seekers, including disadvantaged people and inactive people. Here, the summer internship programme contributes since its target group is young people. Furthermore, it includes early identification of labour market needs and job search assistance. Guideline No 17 is about implementing employment policies aiming at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion. The summer internship programme contributes by attracting more people into employment and thus increasing labour supply.

(58) Research assistance from Dmitrijs Murins is gratefully acknowledged.



2. Organisation, implementation and funding of the programme

Responsibility for the programme is divided between several actors. Overall responsibility lies with the SEA. SEA branch offices work in cooperation with employers and local municipalities to implement the programme. The SEA informs society about the programme by advertising it in the official newspaper *Latvijas Vēstnesis* as well as in other newspapers and other media. It also puts information about the programme on the SEA homepage.

The arrangements for 13- and 14-year-olds are slightly different from that for young people who are aged 15 or over. In the first place, 13–14-year-olds can only apply through their educational institution or through the local authority, whereas over-15-year-olds can apply directly to the SEA branch where they would like to work. The 13–14-year-olds can only work with local authorities but over-15-year-olds can also work in the private sector. Employers, including local authorities, are obliged to appoint a supervisor who will guide the pupils through their internship period.

There are a number of agreements that contribute to the implementation of the programme, such as agreements with local authorities, regional councils, museums, social centres, vocational schools and libraries. This year, an agreement with Riga City Council was signed, which promised to deliver internships for about 500 school children this summer.

The summer internship programme is financed partly from the State budget and partly by employers. No ESF resources are used. When the programme was started in 2004, the government envisaged expenditure of about LVL 150 000 (about EUR 213 000) for its implementation. This year it is estimated that financing the programme organisation and implementation will reach more than LVL 1 million (nearly EUR 1.5 million).

Employers providing internships receive the following support from the State.

- For wages, they receive 50 % of the minimum monthly wage — LVL 80 (about EUR 114).
- For health checks, there is a reimbursement of up to LVL 15 (EUR 21) for each intern.
- For work supervision, LVL 13 (EUR 18) for each intern and LVL 80 (EUR 114) for each intern with special needs are provided.

The 27 SEA branch offices submit finance requests to the SEA Department of Finance and Administrative Management, taking into account work offers by employers. The SEA *Aktīvo nodarbinātības pasākumu finanšu sadales komisija* (Active Labour Market Policy Finance Commission) then takes a decision

to allocate finance available to SEA branch offices. In turn, the branch office commission decides on the funding allocation to employers. The branch offices submit a financing allocation plan for each monthly employment period.

SEA branch offices scrutinise and approve reports and invoices submitted by employers for employment of young people. On the basis of these reports, they prepare accounting documents. Within five days, accounting documents are handed in to the SEA Department of Finance and Administrative Management which in turn forwards them to the Accounting Department to settle accounts with employers.

3. Performance and achievements

A number of instruments are in place to ensure effective performance of the programme, especially with respect to the rights of the interns and the legality of the employment. Firstly, SEA branch offices together with the central SEA officials make random spot checks on activities every month. Secondly, they inspect at least 20 % of working places for interns by testing the work environment. Thirdly, at least once a month, SEA branch offices inspect each working place occupied by an intern with special needs. Fourthly, they check whether all documents are designed according to the law drawing special attention to the work agreements signed with pupils. The results of the inspection are published. Finally, information about the progress of the programme is submitted electronically to the SEA Department of Career Services. If SEA branch offices receive information about possible violation of rights of the school children or non-fulfilment of obligations in a work agreement, it undertakes an inspection and informs the SEA Department of Career Services and the State Labour Inspectorate. If SEA branch offices receive information about accidents involving an intern, they immediately inform the SEA director, the director of the SEA Department of Career Services, the director of SEA Department of Employment Services and Development, the head of the SEA Public Relations division and the State Labour Inspectorate, and within one day they are obliged to submit a written official memorandum to the SEA director and director of SEA Department of Career Services. They also undertake an immediate inspection.

The SEA Department of Career Services performs a variety of methodological and management tasks as well as supervision of the employment activity. The SEA Audit Department randomly checks the implementation of the activities and prepares inspection reports.

The programme has been subject to a number of evaluations. According to the State Employment Agency Department of Career Services Career Information division, the overall assessment of achievements so far is positive. School children have acquired work experience as well as the basic skills needed for work. Employers know more about the level of readiness for work amongst young people, so that in meetings with

the Education and Science Ministry they can better identify skills which could be learned or improved. The SEA especially welcomes the role of the programme in promoting the inclusion of school children with special needs into the labour market.

According to the State Employment Deputy Director for Employment Policy Issues, the programme benefits both employers and interns. For interns, the programme is useful because they get acquainted with particular professions, which is beneficial for their career orientation. It also helps them to better understand the world of work. Employers regard the interns as potential future workers and the internship can facilitate future recruitment. The Deputy Director for Employment Policy Issues believes that this project will in time get sufficient attention and recognition in society, so that it would become widespread for school children to work in the summer. She believes that employers have become more willing to employ young people because of the programme.

One indicator for monitoring the impact of the programme is the youth employment rate — the activity ratio and the share of employed and unemployed people in the 15–24 age group as a proportion of total population in the same age group. The dynamics of these indicators can be seen in Figure 2, which shows that activity and employment rates have gone up, and the unemployment rate has gone down. Of course, this may simply be due to the economic boom experienced by Latvia in recent years and a proper assessment of the impact of the programme would need to assess how participants in the programme do in the labour market in comparison with similar non-participants. Unfortunately, such a study has yet to be done.

Research by Factum has examined how different SEA clients evaluate the SEA and its services. The study was one of the Ministry of Welfare national programme labour markets

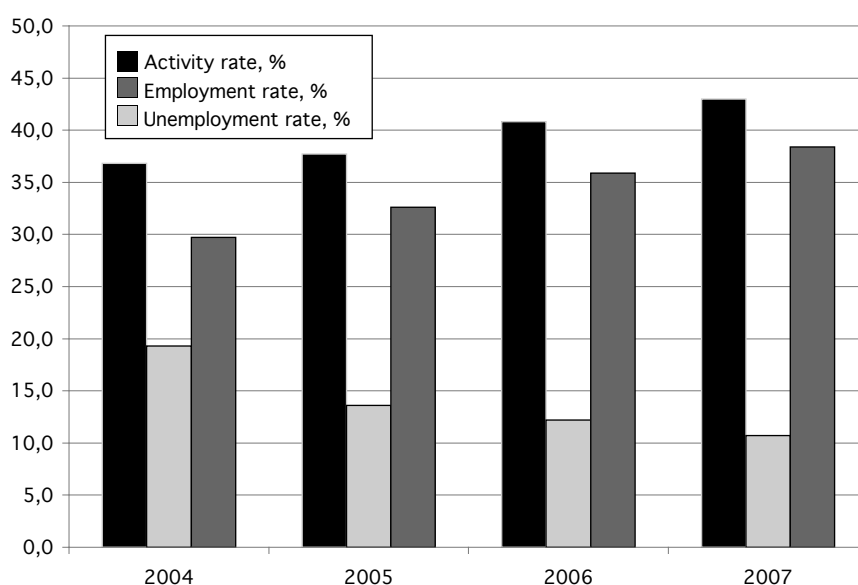
research projects in the framework of the ESF 'labour market studies' national programme.

More than 1 000 unemployed people and job-seekers were interviewed in September 2006. Regarding the issue of finding a job, the summer internship programme scored 3.68 out of 4 points. More than 800 employers believed that the summer internship programme was useful. There were two reasons for this. First, SEA branch office had already found recruits for job vacancies. Second, interns were motivated to work and were informed about the pay. At least 78 % of employers knew about summer internship programme for school children. On three issues — the availability of information about the programme, capability and interest of interns in work, and efficient use of the interns — the summer internship programme scored 3.67 out of 4 points. According to 219 local authorities, the demand for summer internship exceeded work offers. On this issue, the programme scored 3.6 out of 4 points.

Employers, local government representatives and parents of interns are generally positive about the SEA summer internship programme. However, they suggest offering more workplaces and a better variety of jobs so that it would be possible to try jobs in more sectors of the economy.

Another research study was undertaken on the choice of profession by those school children who were involved in the summer internship programme. This was also one of the 'labour markets research' national programme (under the responsibility of the Ministry of Welfare), in line with the ESF 'labour market studies' national programme, undertaken in June–September 2006. The aim was to explore whether 15–18-year-old children have chosen their future profession and in how far the summer internship programme had influenced their choice. More than 15 interviews with

Figure 2: Activity rate, unemployment rate and employment rate of people aged 15–24



Source: Commission's compendium of indicators for monitoring and indicators for analysis.

employers and 1 650 phone interviews with people aged 15–20 who have participated in the summer internship programme were carried out.

It turned out that in 10 % of cases, participants in the summer internship programme worked in their chosen future profession. In 29 % of cases, there were not enough offers for interns to work in their chosen profession. The main motives for participating were monetary (78 % of all answers), the need to gain work experience (41 %) and the desire to use their free time efficiently in the summer (30 %). Some 7 % of all interns continued to work in the same profession they had while participating in summer internship programme after finishing, 11.7 % still work and 20.2 % want to work in the field they worked in. A small percentage (9 %) of interns were convinced that the work they did as interns could be suitable for their future work, 19 % said they were not going to have a low-skilled job, 38 % found out the profession to be inappropriate for them and 11 % that they want to try another type of job next time. Nearly 20 % of respondents (19 %) said the summer internship programme has not influenced their future career choice. Nearly 30 % of participants (28 %) were pleased with the programme, while 40 % were more satisfied than not with the content with the programme.

4. Conclusions

The summer internship programme for school children is now in its fifth year. In the last two to three years it has been extended to include both children with special needs and children in the 13–14 age group. The programme serves to meet a number of goals of employment policy both at national and EU level. Thus, it has both a direct impact on the employment rate and an indirect impact in terms of the future employability of interns. Qualitative evaluations suggest that the programme is both popular and useful both for the interns and employers. Leading experts in the employment field in Latvia believe that this type of summer work should become a standard feature of school life in Latvia. Nevertheless, as with many policies in Latvia, a rigorous impact analysis is yet to be undertaken.

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Lithuania

Integration of specific target groups of unemployed people using complex labour market policy interventions

1. Introduction

Over recent years, the number of unemployed individuals has rapidly decreased in Lithuania. Yet, the analysis of the structure of unemployed individuals shows that a share of unemployed people under 25 slightly increased in 2006–07.

The share of unemployed individuals without vocational training is also growing on a year-to-year basis (in 2007, this share accounted for 38 %). Women without vocational training account for 39 % of all unemployed women.

Repeatedly registered unemployed individuals (within the period of 12 months) are a particular concern in Lithuania. Although their situation is more favourable in society and the labour market as compared to long-term unemployed people, they all face similar problems such as lack of earnings, social passiveness, insufficient qualifications and social exclusion.

Taking into consideration the existing situation, the Lithuanian Labour Exchange (LLE) implemented a project during 2006–08, whereby complex ALMPs (vocational guidance and counselling, vocational training and informal education, supported employment) were applied to specific target groups of unemployed individuals (young individuals under 25, long-term unemployed people,

women). The innovation of the project was in the expansion of measures for building motivation among unemployed people, focusing more on psychological counselling and personal values, approaches and needs. Unemployed individuals were given better opportunities to choose the measures and their combinations themselves.

These measures were aimed at encouraging unemployed individuals to participate more actively in the labour market, by providing them with opportunities to acquire qualifications in demand, developing their entrepreneurship skills and providing supported employment with the intention of acquiring permanent employment. Appropriate measures were also implemented by a project funded by the ESF ('developing labour market integration opportunities').

Implementation of the project was aimed at:

- expanding employment-related counselling services provided by the LLE;
- raising employment motivation in unemployed individuals, encouraging them to select a profession to study/learn and to actively look for jobs;
- increasing competences of LLE staff in the application of new methods.

The project was implemented on a national scale (in 46 territorial labour exchanges). Its date of inception was 1 September 2006 and it was completed on 31 July 2008. The total number of participants involved in the project exceeded 19 000.

Complex labour market policy interventions were intended for the registered unemployed in the PES. Groups benefiting from vocational guidance and counselling measures, vocational training and informal education consisted of young individuals under 25, long-term unemployed individuals and women. Groups for supported employment measures consisted of women.

Table 1: Characteristics of job-seekers in 2006–07

	2006	2007	Variation, %
Registered job-seekers, including:	176 700	186 400	+ 5.5
Unemployed	160 800	166 700	+ 3.7
Women	87 500	90 500	+ 3.4
Men	73 300	76 200	+ 4.0
Graduates	5 800	5 900	+ 1.7
Young people	26 100	29 600	+1 3.4
Without vocational training	59 900	66 300	+ 10.7
Repeatedly within one year	27 300	30 500	+ 11.7
Without employment history	19 300	22 300	+ 15.5

Source: Lithuanian Labour Exchange (LLE).

Project activities included intensive vocational guidance and counselling classes, vocational training for individuals who chose training or qualification raising, and supported employment measures (subsidised employment or support for acquiring job skills). Each unemployed individual participating in the project activities was able to choose an activity, which was the most useful to acquire qualifications or practical skills. All participants were allowed to take part in several project activities. Costs of training, travelling, accommodation, support for acquiring job skills and subsidised employment were compensated from the project's funds.

The implemented measures were directly linked to economic and employment policy goals of the country, including improving the supply of an appropriate labour force to the national economy, increase of economic activity and improvements in the ALMPs, and placing more emphasis on the needs and potential of particular target groups and territories. These measures were also closely related to the EU employment guidelines, especially Guidelines 17, 18, 19 and 20.

network of territorial labour exchanges (TLE). As the measures were mainly intended for more difficult-to-integrate unemployed individuals, the project's success depended, to a considerable degree, on TLE relations with the social partners, particularly with employers. Local employers were contacted at the very inception of the project, when groups of the unemployed were formed, to discuss their participation in the planned activities and possibilities to employ unemployed individuals.

The project was mainly funded by the ESF. Total costs amounted to LTL 727 160 (EUR 211 050) of which ESF funds accounted for 75 %.

The implemented project 'Developing labour market integration opportunities' is in compliance with the main objective of Lithuania's single programming document for 2004–06, Priority 2 'Developing people' and Measure 2.1 'Development of employability'. The measure includes improving employability among unemployed individuals and promoting labour market integration, with the aim of reducing unemployment and preventing long-term unemployment.

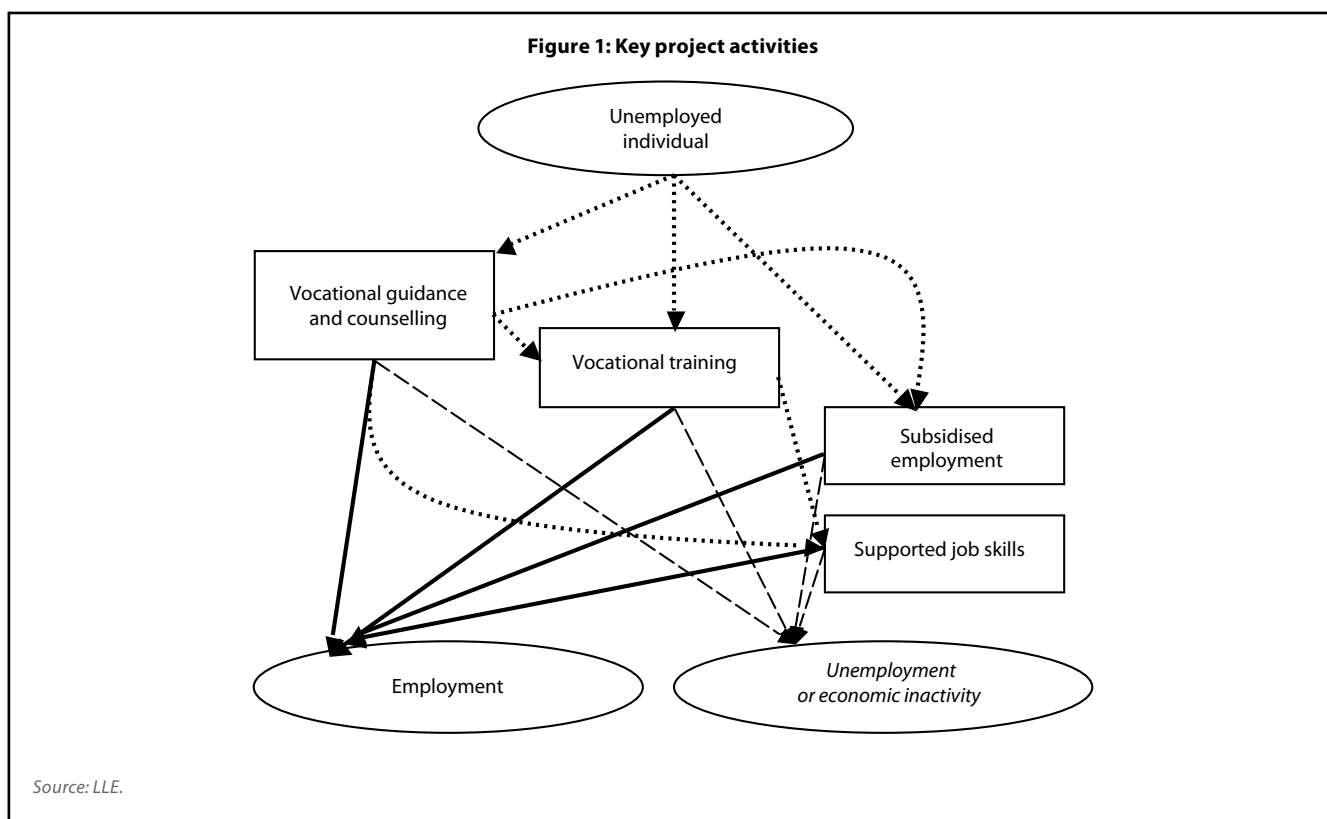
2. Organisation, implement and funding of the project

Organisation of the measures and project activities, including activity planning and fund-raising, was coordinated at national level. The measures were implemented at local level through the

3. Performance and achievements

3.1. Key project activities

Key activities undertaken in the project are shown in Figure 1. The measures implemented within the project were aimed at:



- increasing the participation of unemployed people in ALMP measures and increasing employment motivation;
- facilitating employers' motivation to employ unemployed individuals.

3.1.1. Vocational guidance and counselling

In April 2007, vocational guidance and counselling classes were launched by many TLEs. From the inception of the project, counselling has been received by 5 500 project participants. The project participants were counselled in accordance with programmes designed by the Vytautas Magnus University, mainly focusing on psychological counselling and promotion of inclusion in the labour market.

3.1.2. Vocational training

Vocational training of the project participants started in April 2007. From the inception of the project, more than 3 800 individuals have acquired qualifications demanded on the labour market. More than 80 vocational training programmes were delivered during the project implementation. Some vocational training groups were prioritised in the context of the project. By 31 May 2008, over 5 000 project participants have acquired basic knowledge in computer literacy, more than 1 080 individuals have attended driving classes for various vehicle categories and more than 1 540 project participants have attended entrepreneurship development classes.

3.1.3. Supported employment

The project participants were given the possibility to participate in subsidised employment or receive support for acquisition of job skills. The subsidised employment measure was implemented with the aim of assisting individuals to enter into the labour market or of providing them with specific conditions to survive in the labour market. Acquisition of job skills refers to the improvement of vocational knowledge and acquisition of missing job skills directly in the workplace (in the enterprise or organisation). This measure was intended for individuals who have completed vocational rehabilitation programmes and were going to start employment careers in accordance with the acquired specialisation or profession (i.e. graduates according to their profession or specialisation or individuals, who have completed vocational training programmes for unemployed people, according to the acquired qualifications). By 31 May 2008, more than 1 860 participants had participated in the supported employment measures and more than 2 590 participants participated in the subsidised employment measures.

To assess the project results, a survey of the effectiveness of ALMPs was carried out by the Institute of Labour and Social Research. The survey encompassed, inter alia, interviews with the former and current project participants involved in the ALMP measures, and also with participating employers.

3.2. Assessment of the effectiveness of project activities

3.2.1. Vocational guidance and counselling programmes

Assessment of the effectiveness of the project activities revealed that, after completion of the vocational training and counselling classes, unemployed individuals felt more confident in looking for a job outside the supported employment measure (i.e. on the open labour market) and were not afraid of prolonged unemployment and job search in order to find a suitable job. The vocational guidance and counselling programmes had positive effects on employability. Any further participation in employment support measures will further increase their chances of successful participation in the labour market. In this context, an important impact of vocational guidance and counselling (VGC) programmes is the fact that they provide job-seekers with more independence both when looking for jobs and taking decisions to accept or change jobs. This way, VGC contributes to the occupational mobility of the labour force.

It should be taken into consideration that not all project participants are equally capable of assimilating information. The survey found out that it was more difficult for long-term unemployed individuals to assimilate information and tasks compared to other target groups. They also faced difficulties in practising self-analysis. Therefore, it is reasonable in the organisation of VGC to pay more attention to long-term unemployed individuals by holding additional classes for them or extending the duration of classes.

3.2.2. Vocational training and informal education programmes

Assessment of the effectiveness of the vocational training and informal education measure, as an ALMP, with regard to graduates of vocational training and informal education programmes and employers showed substantial benefits of the training.

The survey demonstrated that the vocational training also provided high-quality and high-level theoretical knowledge. Most graduates of the vocational training and informal education programmes (between 65 % and 78 %) found general theoretical knowledge, profession-related knowledge and other general knowledge sufficient for future employment. Employers' valuation of general theoretical knowledge of individuals, who completed the vocational training and informal education programmes, and were employed thereafter, was also very high. As many as 96 % of the responding employers found theoretical knowledge of the employed individuals to be sufficient.

In addition, the survey showed quite a high level of practical knowledge provided by the training.

Graduates of training programmes had a higher opinion about their personal and career opportunities. Most respondents in the general group and in all the analysed target groups noted that training facilitated them: to look for suitable jobs after completion of the training (67 %), to improve their professional qualifications in accordance with the acquired profession in future (47 %); and to keep interest in the acquired profession (51 %). Training contributed to better self-confidence, confidence in their career opportunities (53 %) and to feeling more positive about future prospects and opportunities on the labour market (47 %).

Taking into consideration that the survey was carried out right after completion of the training programmes, employment results were high. Every third graduate trainee was employed. In relation to the type of training programme, the number of employed individuals ranged from 17 % (training programmes for administrators) to 47 % (training programmes for sales assistants). The number of employed individuals in the target groups conformed to the trends in the general group. In the period of the survey, employed graduate respondents accounted for 25 % in the group of the long-term unemployed people, for 28 % in the female group and for 32 % in the group of young individuals under 25.

3.2.3. Supported employment measures

The subsidised employment measure provides job-seekers with a source of earnings and opportunities to get employed on a permanent basis, thus ensuring stability of earnings. The vast majority of participants (84 %) went into employment.

The participants benefited not only in financial terms. They reported changes on individual and interpersonal levels. The participants gained more self-confidence and improved their self-esteem, changed their attitude towards future employment prospects and to their professional career, improved communication skills and increased contacts. Therefore, we can presume that the project participants under this measure will become more independent in building up and implementing their employment plans. This gives ground for subsidising further project participants in the labour market.

The support for acquisition of job skills measure helped 92 % of the participants to become employed. Half of them were employed in the same enterprise where the measure was implemented on an indefinite basis. This improved the social security of employed individuals and ensured sustainable financial standing. In addition, the vast majority of the participants continued doing the same job as they had done during the measure. Accordingly, they embedded the acquired vocational skills even better.

Individuals, who were still participating in the measure during the survey, noted positive effects of the support through the acquisition of job skills. On the one hand, they acquired new job skills (or improved the existing ones) and, on the other hand, they received payment.

The participants both under the subsidised employment measure and the support for acquisition of job skills measure experienced positive changes in their emotional state, attitude towards themselves and other people, as well as towards employment opportunities. The support for the acquisition of job skills measure contributed to better self-esteem, better self-confidence, positive evaluation of own opportunities on the labour market, determination to seek positive changes in life, better mood and communication skills and making new contacts. These factors will provide the project participants with more independence in building and implementation of their career plans. It is particularly relevant for job-seeking women, whose self-confidence and self-esteem are often quite low.

Indicators from the Commission's compendium were not used to assess the project activities, but information available at the LLE is sufficient to estimate such indicators as 19.M2, 19.M3, 19.A2, 19.A3, 19.A4, 19.A5, 19.A6, 19.A7, 19.A8.

4. Conclusions

To summarise, the measures had highly positive effects at the individual level, for employers and overall employment policy. These measures showed that more attention should be paid

Table 2: Project participants (unemployed individuals) by different measures and employment results

Measure	Number of participants	Number of graduate trainees	Number of employed individuals (share of the participants)
Vocational training	11 939	10 924	6 054 (55 %)
Subsidised employment	2 597	1 477	1 282 (86 %)
Support for job skills	1 838	1 061	961 (90 %)
Vocational guidance and counselling	5 050	5 009	1 413 (28 %)

Source: Lithuanian Labour Exchange (LLE).

to individuals who are more difficult to integrate, in order to improve employment opportunities for individuals and focus on their chances in the labour market. Cooperation with local employers (who, according to the survey, are very often inadequately informed about the capabilities of unemployed people and thus avoid employing them) and local authorities should be more active. Finding an optimal place for individuals in the labour market reduces employment costs and increases the individual's satisfaction with employment.

Such measures showed that ensuring appropriate relations with employers and providing them with a certain economic motivation contributes to more active involvement of employers into the implementation of ALMP measures and increases their social awareness. The outcomes supported economic growth and sustained development of society.

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Luxembourg

The single status in the private sector

1. Introduction

The changing economic context has led to a slowdown of the Luxembourg economy. This has been reflected in the decrease of the GDP (3.8 % in 2001, and 1.3 % in 2003, in comparison to the booming years between 1997 and 2000 with an average increase of GDP of 7.3 %) ⁽⁵⁹⁾.

During the meetings of the Tripartite Coordination Committee ⁽⁶⁰⁾ (commonly called the 'Tripartite') between 31 October 2005 and 19 April 2006, the government and the social partners ⁽⁶¹⁾ established an assessment of the economic situation. As a result of this evaluation, they noticed that there was a fundamental disequilibrium of the economic situation, which risked undermining the competitiveness of the national economy and the future of the country. This disequilibrium has created a deficit of the public finances, worsened the situation of the labour market (unemployment has increased from 2.4 % in 2002 to 4.8 % in 2006) and the housing situation and increased the level of inflation. The conclusion was that they had to trigger a process to balance the economy. This meant that the authorities had to put in place a number of new policies to modernise the country and develop long-term economic growth. Additionally, the analysis of the situation emphasised that, despite a recovery of the economic situation in 2006, disequilibrium has remained. The country depends solely on the financial sector. Consequently, the government and the social partners have decided to transform the productive structure of the economy and to develop economic diversification by creating a dynamic and strong industrial basis. One measure of this new basis was the proposition to introduce a single status for wage earners in the private sector.

On 29 April 2008, the House of Representatives approved Law No 5750 ⁽⁶²⁾ regarding the single status. The vote has taken place after numerous discussions between the trade

unions and employer organisations which often criticised the implementation arrangements. The law on the single status will become effective on 1 January 2009 and will affect around 275 000 wage earners (155 000 blue-collar workers).

The introduction of the single status for wage earners in the private sector is one of the six measures ⁽⁶³⁾ planned by the Tripartite. The objectives of the single status for wage earners in the private sector are ⁽⁶⁴⁾:

- to abolish differences between blue- and white-collar workers in the private sector which exist in social security legislation in Luxembourg (these differences have no objective basis and are counterproductive for the economy);
- to create a unique Labour Code for all wage earners in the private sector which will produce equal net wages for equal gross wages;
- the management of two different categories of wage earners by enterprises will disappear and, by doing this, administrative charges for the enterprises (the single status will be an administrative simplification for employers and thus will bring a competitive advantage);
- to simplify the existing structures for representation of wage earners and the organisation of social security (there will be a sole professional chamber for wage earners in the private sector and a sole health insurance in the private sector);
- to make the continuation of wage payment in the case of sickness general and, thus, to implement a new distribution of the costs between employers and social security.

The single status will contribute to the modernisation of the economic infrastructure and, in addition, to the increase in its efficacy. By reducing social security costs, simplifying the administrative procedures and ending the distinctions between blue-collar and white-collar workers, the measures respond to the EU Employment Guidelines No 17 (improving productivity and quality of work and strengthening social cohesion), No 21 (reducing the labour market segmentation through adapting the employment legislation) and No 22 (reviewing the structure of non-wage labour costs). As the decision has been taken within the framework of the Tripartite, the process has respected the role of the social partners as it is indicated in the employment guidelines.

(59) Service central de la statistique et des études économiques (Statec), *L'économie luxembourgeoise, un kaléidoscope 2006*. <http://www.statec.lu>

(60) Comité de Coordination de Tripartite.

(61) The trade unions OGB-L, LCGB, CGFP and representatives of employer organisations.

(62) <http://www.chd.lu>

(63) The other five measures are the control of inflation, the restoration of the budget balance, a number of complementary measures for the competitiveness of the enterprises, the improvement of the situation in the labour market, the measures in the field of social security.

(64) See Law No 5750, available at: <http://www.chd.lu>

2. Organisation, implementation and funding of the measure

The implementation (during a transition period until 2013) and the organisation of the single status in the private sector will lead to a number of transformations of existing institutions.

- Fusion of health insurances, pension funds and professional chambers

From the beginning of 2009, there will be only one health insurance entity for wage earners in the private sector and only one pension fund. The fusion of the professional chamber will be accomplished on 12 November 2008. In general, the blue-collar status will be levelled up with the white-collar status with a few amendments. These fusions will transform large parts of the Labour Code. One of the main changes will be the continuation of remuneration in the case of sickness. In the single status, the employer must continue to pay the wage, in the case of sickness, of a wage earner for 13 weeks (after that period, the health insurance fund will continue to pay). In the former (and still existing) blue-collar system, the health insurance fund paid from the first day of sickness onwards.

In the former separate systems (for blue- and white-collar workers), the contribution rate of blue-collar workers was 2.35 % for workers and their employers and for the white-collar workers and their employers 0.1 %. This has produced different net wages for equal gross wages. In the new single system, every wage earner and employer will pay 0.25 % of sickness payment continuation, which is a real cutback of the non-wage costs in Luxembourg, enhancing economic competitiveness.

After the transition period, the whole non-wage costs will be 12.35 % of the wage bill and will be composed of the following contribution rates: 0.25 % sickness payment continuation; 2.7 % health insurance payments; 8 % pension funds and 1.4 % long-term care insurance.

- Creation of a mutual company for employers

One of the challenges in the introduction of the single status was the cost neutrality for the whole economy. The additional costs for employers have been estimated at around EUR 56 million ⁽⁶⁵⁾. For example, for companies employing mainly blue-collar workers, it would be very difficult to assure the continuation of wages in the case of sickness. To solve this problem, the government has proposed the creation of a mutual company which will support employers. The government has guaranteed a working capital fund for the mutual company up to EUR 25–30 million until the end of the transition period.

(65) Proposal for Law No 5750 regarding the introduction of the single status in the private sector, Report of the Commission of Health and Social Security and of the Commission of Work and Employment, available at: <http://www.chd.lu>

Furthermore, the State will sustain the funding of the mutual company through an annual contribution of 0.3 % of the obligatory contribution sum of contributions from the insured from 2014 onwards.

In addition, the blue-collar workers have to pay a decreasing tax until the end of the transition period (from 2.1 % in 2009 to 0 % in 2013; in 2012 and 2013 they will recover 50 % of this tax).

The mutual company has been declared obligatory for enterprises by law and will reimburse 80 % of sickness payment costs to employers. This reimbursement rate has been defined to encourage employers to be actively concerned about the health of their employees.

- The regulation of overtime compensation

In the old system, one overtime hour was compensated by 1.5 hours of free time or for the blue-collar workers by a supplement of 25 % of the hourly wage and for the white-collar workers by 50 %. At the moment, blue-collar workers are mainly being paid extra wages, while white-collar workers are compensated with free time. In the single status, every overtime hour will be compensated by 40 % and it will be free of taxes and social security costs, except for health insurance payments. This has led to a number of criticisms. On the one side, employers are arguing that overtime payments will be too expensive and, on the other side, overtime work is no longer funding the pension fund, which is penalising blue-collar workers.

Another problem of the new overtime regulation is that numerous blue-collar workers, who are working for the minimum wage, have been earning a highly needed additional income by doing overtime work. This income will be lowered if the employers are reducing their overtime work volume due to the increased compensation rate.

In the case of the death of a worker, the surviving partner will receive a quarter of the wage as is the current situation in the white-collar system. The enterprise has to pay a quarter of wages and will be reimbursed by the pension fund. In the old blue-collar worker system, the worker received a low level allowance by the pension fund.

- Harmonisation of termination payments for all wage earners

After 20 years of tenure, a person will receive six months' wages; after 25 years, nine months' wages; and after 30 years, 12 months' wages will be paid.

- Concentration of the collective agreements (one collective agreement for all staff)

The law allows a transition period for companies where only one part of the staff (for instance, blue-collar workers) is covered by a collective agreement in order to avoid the other part (for instance, white-collar workers) being affected by an agreement that has not been agreed with their representatives. The transition dispositions will end on 31 December 2013.

The implementation of the single status in the private sector has been discussed several times by social partners. Mainly, employers have resisted the creation of the single status because of doubts about the cost neutrality of the overtime compensation and the fight against abusive absenteeism.

In order to emphasise their arguments on the cost neutrality and the fight against abusive absenteeism, the employer organisations have had several meetings with members of the government, but, in the end, the employer organisations have accepted the single status.

3. Performance and achievements

The adoption of the law is too recent to allow real evaluation. But without any doubt, the main achievement of the law is the abolition of the discrimination between blue- and white-collar workers. It is the expression of a fundamental social equity. The harmonisation between the two statuses is the result of a process that began decades ago, and that has finally ended in the law of the single status. However, the question of the two statuses still exists in the public sector.

The second achievement will be a competitive advantage for the national economy due to the lowering of non-wage costs and the administrative simplification through a single management of staff.

The performance of the new regulation could only be evaluated in the long term. Nevertheless, and with regard to the critics emanated from the employers' organisations, an annual evaluation of the effects of single status will take place for the first time in 2010. This has been explicitly appreciated by the craftsmen federation ⁽⁶⁶⁾.

One element of this evaluation will be a high-level working group, which will analyse the causes of sickness absence, taking into account each profession's vulnerability to sickness. The discussion on absenteeism has gained importance due to the obligation for the sickness payment continuation for companies with many blue-collar workers.

4. Conclusions

The single status has often been defined by the social partners as a social milestone or as 'the reform of the century'. By ending the discrimination between blue-collar and white-collar workers, it contributes to a more egalitarian labour market, even if the public sector is excluded by the new legislation.

The reduction of non-wage costs, the harmonisation of other status-related charges, as well as the fusion of health insurances, pension funds and the professional chambers in the private sector are significant changes affecting around 275 000 wage earners. This might lead to a competitive advantage of the national economy in addition to the administrative simplification that is linked to the single status act.

In terms of performance, the first evaluation of the single status will take place in 2010, and one of the central points of the evaluation will be, besides a study on the cost neutrality, an analysis of the causes of absenteeism.

Finally, the single status act is a symbol for the success of the 'Luxembourgish model' in the field of social dialogue.

(66) Lëtzeburger Journal, Eine jahrhunderreform di keine ist, 30 May 2008, p.3.

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Hungary

The Start+ and Start Extra programmes ⁽⁶⁷⁾

1. Introduction

The Start+ and Start Extra programme is among the most innovative labour market measures currently in place in Hungary, aiming at the labour market integration of disadvantaged groups. The programmes focus on a problem at the heart of the low employment situation in Hungary, which could account for much of the 7.5 percentage point employment rate gap relative to the EU-25 average. The less educated, older workers and mothers find it difficult to find a suitable job, especially if they have been unemployed for a longer period of time. Consequently, the employment rate of these groups is much lower than even the national average ⁽⁶⁸⁾.

The Start+ and Start Extra programmes provide credit for social security contributions to employers who employ individuals from any of the target groups. The credit runs as high as 21 % of wage costs (in the first year of Start Extra), while the lowest level of the benefit provides a 5 % reduction of total wage costs (in the second year of Start+). Through such credit and the reduction of labour costs, the programmes can effectively promote work experience amongst the target groups and also the reduction of discrimination towards them, rooted in information asymmetry or prejudice. Indeed, the project emphasises that its primary aim is not increasing wages, but facilitating employment possibilities that would otherwise be seen as unattractive by employers. Besides the importance of such aims and the simplified administration of the programmes, the programmes are innovative in that it is presented to the target group in the form of a card, similar to a commercial product, which makes the programme more tangible.

The two programmes were originally conceived as a balancing act to the recent stabilisation package of the Hungarian government (convergence programme), but they have

(67) The author of the article would like to thank the kind cooperation of Kármén Fodróczy and Sándor Ádám of the Ministry of Employment and Social Affairs, Hungary. All errors are the author's.

(68) One has to note institutional factors that affect employment rates and can only indirectly be adjusted by employment policy. For a long time, retirement age was below the EU average (55 for women and 60 for men until 1997, rising to 62 until 2009) and there were several options available for early retirement. Maternity benefits are also relatively generous, while day-care facilities are underdeveloped both in terms of quality and quantity. These factors are important not only for providing contextual information for the programme, but have to be kept in mind when evaluating its potential and performance.

the potential to perform beyond this original aim. As both programmes target labour market entrants, mothers and older workers, they also directly address central issues raised in the EU employment guidelines (No 19). A significant share (85 %) of the costs associated with the programmes is financed by the ESF.

The project has been prepared and is managed solely by the Ministry of Social Affairs and Labour (hereafter, the ministry). It is integrated into the social renewal operative programme as Measure 1.2.1 under Priority 1. The Start+ and Start Extra programmes were put in place on 1 July 2007, providing social security contribution credit to employers of certain target groups in cases of at least four hours per day employment with a minimum duration of 30 days. The idea and organisation of the programme builds on experiences drawn from the general Start programme for labour market entrants (put in place in 2005). This proved to be attractive partly because of its streamlined and cost-effective administration (the burden on employees is almost non-existent), which the new programmes have inherited. The maximum amount of credit is the full waiver of the 29 % social security contributions payable by the employer, contribution base being capped at twice the minimum wage. The last card with the entitlement to participation will be given out on 31 December 2008, with 31 December 2010 being the end of the eligibility period. Even though the first phase runs out soon, the programme will restart after that and the second phase will follow automatically.

Start+ provides a 17 percentage point (first year; the cap was HUF 22 100, EUR 96, in 2007) to a 7 percentage point (second year; cap was HUF 9 100, EUR 40, in 2007) contribution credit to employers, so they have to pay contributions of 15 % and 25 %, respectively. Individuals are eligible for the card if:

- they want to work one year after using up maternity benefits;
- they want to work after the first post-childbirth year, not having a workplace to return to;
- they are long-term unemployed ⁽⁶⁹⁾;
- pension eligibility invalidates eligibility to the Start+ card, but appropriate changes in circumstances result in a transfer to the Start Extra card.

The Start Extra programme provides a 32 percentage point (first year; the cap was HUF 41 600, EUR 182, in 2007) to 17 percentage point (second year; the cap was HUF 22 100, EUR 96, in 2007) contribution credit, therefore contributions are fully waived or are payable at the rate of 15 % respectively. Individuals are

(69) Although the word 'unemployed' is used here for clarity, note that official language currently uses the term 'job-seeker' to describe the same phenomenon. The reason for this is the very welcome aim to explicitly communicate the job-seeking requirement of the unemployed. Also note that the phrase 'long-term unemployed' is defined for the current purpose as an individual who has been unemployed for at least 12 months during the last 16 months (for six months during the last eight respectively in case of new labour market entrants).

eligible if they are registered as long-term unemployed, are past the age of 50 or have, at most, primary education.

The feasibility study underpinning the project identified around 94 000 and 86 000 individuals respectively as a target group of the two policies and anticipated that 18 000 out of those enrolling in one of the schemes will be newly employed by the end of 2008 (see Table 2 for these and summary performance data). Out of these new employees, 8 750 are expected to be employed for six months or more thereafter.

2. Organisation, implementation and funding of the policy

The programmes target individuals directly. Although the benefit of the contribution credit benefits the employers, it is the eligible individuals who have to take note of the initiative and obtain the appropriate cards from the local office of the tax authority. After proof of eligibility, applicants receive the appropriate card. Upon employment, they hand it over to the employer who stores and produces it to the tax authority in case of a check. All administration is done by the employer, and amounts to making a note of the special employment in the standard paperwork. The credit operates on a net basis and only the reduced contribution has to be paid.

Operation of the programme is decentralised due to the normative nature of the credit and the use of already existing administrative infrastructure. Eligibility is checked by local offices of the tax authority (for those on or exiting maternity leave) or the regional labour offices (for the long-term unemployed). Cards representing eligibility are issued by offices of the tax authority. As a result, administrative costs of the programme are low, although some remaining cost is actually hidden (see Table 5). Also, as the operation of the programme is carried out as part of the normal activities of governmental agencies, the motivation and supervision follows the normal governmental procedure.

The programme is managed by an office of the ministry employing five permanent staff members. Core management duties include follow-up on the issue of cards, payments, data collection and communication. Data for monitoring the project is supplied by the National Tax Authority, the Central Statistics Office and the PES on a monthly basis for some and on a half-year basis for a broader set of indicators. Some activities, such as the media campaign for the project and the final evaluation, including the evaluation of the six-month-plus employment target, will be fully or partially contracted out.

ESF funding (see below) was uncertain for a period of two quarters after the programme launch, the government could not pre-finance all costs and other administrative obstacles emerged. The supporting media campaign is still being

contracted. Although the foreseen date for the estimated launch is quite late (September 2008) for the present programme, there is a possibility to harvest the benefits in the second, automatically commencing period. There are no arrangements for the evaluation of the programme as yet.

Funds are provided partly by the central government (15 % and pre-financing to a larger extent) and to a larger extent by the ESF (85 % post-financing). A total of 97 % of the budget is spent on the actual contribution credit and, partly because of this, support from one source or the other is not broken down by activity. Table 5 gives details of the planned timing of expenses and some information on the actual costs already incurred. Because the credit is given on a normative basis, the reach of the target population and hence target budget was calculated in a way that is not binding. For this reason, using the full budget, without meeting an employment target, cannot be considered a success indicator and using less than all the funds is not a failure in itself.

As the project is co-financed by the ESF, there are specific monitoring requirements to be fulfilled. As already mentioned, the project specified two output indicators, the number of individuals employed through the support given by the project and the number of programme participants employed after six months. Although these indicators are well-conceived and are in line with the goal of the measure, one has to be aware of the indirect nature of the effect such a programme can have on the labour market situation of the target group. Although participation can be influenced more or less directly, the likelihood of employment after participation is largely out of the direct control of the administration of the programme. This indirect link has to be kept in mind in the case of both seemingly good and bad performance. Due to this indirect link, the limited set of indicators and the programme's integration into normal governmental administration, motivation and evaluation of the project follows normal ministry procedures. A project progress report is produced for ministry officials as part of procedures. Due to the late underwriting of the ESF financing contract and other complications with public procurement procedures, the first of these reports was expected to appear in July 2008.

3. Performance and achievements

The Start+ and Start Extra programmes provide support on a normative basis and are fully integrated into the workings of the involved government offices. Due to this and the indirect effect the programme can have on the target groups, appropriate monitoring is not straightforward, especially on an aggregate level. Even if the reach of the project is considerable, the number of those who actually take advantage of the possibility offered may still be low, if considering the actual stocks of the target groups. Accordingly, the project description considers stocks and target-group employment rates (as suggested by the EC indicator compendium) as indirect indicators only and sets out two programme-specific employment ratio targets. The first is the employment rate of participants until 2008, while the other

is the share of programme participants employed for more than six months after their cards have expired.

Considering the relatively short life of the programme, there has been no evaluation of it so far. It is perhaps also too early to draw far-reaching conclusions, but elementary participation data are available. Table 2 provides simple measurements of participation and employment rate based on such data. Until March 2008, 10 000 and 4 500 cards have been issued for the Start+ and Start Extra programmes, which imply roughly 10 % and 5 % shares of the proportion of the target group reached by one of the programmes, respectively. This result might be surprising, given that the Start Extra scheme provides a potentially much larger credit than does the Start+ scheme. On the other hand, it also aims at contacting a more difficult to reach population, which can explain the modest results. The employment rate of cardholders is similar in the two groups, somewhat below 50 %. A much larger amount of funding already allocated in the project budget shows that Start Extra was expected to be much more popular than it actually became. Details on employment rates are given in Table 3, showing balanced growth over time and also the expected pattern that employment is concentrated on the higher credit rates (available in the first year of the scheme). Note that considering the prolonged running time of the project, the employment target set out initially is unlikely to be met by the end of 2008. Nevertheless, the effect of the media campaign rolling out during the autumn 2008 is still to be seen.

Although the chosen indicators are very much in line with the aim of the programme, they are either not available or are somewhat crude and so are alternative indicators which can be calculated on the basis of available data. Because data permitting the examination of longer-term employment effects are not yet available, any kind of evaluation would be premature. The project proposal realises the need for further analysis, but has chosen a somewhat limiting method. Currently it plans to carry out the evaluation of only one longer-term employment effect on the basis of survey data to be collected later on. Unfortunately, such one-off data collection is expensive or has a narrow focus and provides limited precision in the case of smaller but important sub-groups.

The reason for the limited set of originally proposed indicators can be simple. It is still rare that detailed government registry data in Hungary is used for the evaluation of any type of programme. At the time of the project proposal, data provision still had to be regulated by special arrangements. Fortunately, the data availability has improved in Hungary and anonymous individual data for the whole population can be obtained by a governmental agency to evaluate performance of a government-run programme ⁽⁷⁰⁾. In the current case, use of registry data is appropriate: it can provide continuous (almost real-time) detailed data on employment and earnings of all recipients. It is promising that the project office is considering the use of such data, hence the final evaluation, and perhaps interim reports might already be produced relying on them.

4. Conclusions

The employment rate is rather low in Hungary, compared to most EU countries. This prompted the introduction of measures, such as Start programmes, directly aiming at its root causes. The programmes are targeting individuals who have the potential to enter the labour market, but for whom such entry is difficult either because of a loose attachment to the labour market or due to discrimination. Wage subsidy gives long-term unemployed people, mothers after receiving maternity benefit and older workers a chance to reintegrate into the labour market.

The project has not yet provided data on the rate of sustained employment of the participants, so evaluation has to be very cautious at this stage. Nevertheless, comparing employment rates of the participants to employment rates of the respective target groups shows promising results. It seems that the method and intensity of evaluation is possibly the most challenging aspect of the project at this stage. To understand and appreciate the impact of this relatively expensive measure, new ways of monitoring could be explored. Given the good data availability for such an evaluation, detailed results could emerge in due course.

(70) This possibility was brought about the 2007/CI Act, giving the right to a number of governmental officials (most notably but not restricted to ministers) to request the anonymity of otherwise personal register data.

Annex

Table 1: Labour market indicators of the target groups in 2006 (%; base population: 15–64 years)

	Women	Men	Men and women
Employment rate			
Overall	51.1	63.8	57.3
People with less than primary education	4.7	14.6	9.3
People with primary education	26.1	32.9	29.1
55–64 year olds	27.1	41.4	33.6
Difference between employment rate of people raising children and those who do not (*)	- 35	7.4	

Source: Ministry of Employment and Social Affairs, programme data.

(*) Data relates to 2005, base population: 24–49 years.

Table 2: Performance summary for the Start+ and Start Extra programmes)

	Start+	Start Extra
Size of target group	94 000	86 000
Employment target by end of 2008	18 000	
6+ months employment target	8 570	
Cards issued (until May 2008)	10 283	4 682
Valid cards out (by May 2008)	10 244	4 585
Employed cardholders (in March 2008)	4 655	1 980
Reach of programme (cards/target group)	10.9 %	5.4 %
Share of employed out of cardholders	45.4 %	43.2 %
Proportion of employment target until March 2008	37 %	

Source: Ministry of Employment and Social Affairs, programme data.

Table 3: Number of individuals employed under the different criteria)

		Start+		Start Extra	
		15 % contribution requirement*	Growth of employment	No contribution payment (*)	Growth of employment
2007	July	173		117	
	August	512	339	324	207
	September	1 126	614	578	254
	October	1 997	871	893	315
	November	2 572	575	1 112	219
	December	2 839	267	1 200	88
2008	January	3 032	193	1 327	127
	February	3 832	800	1 623	296
	March	4 598	766	1 980	357

Source: Hungarian Tax Authority via Ministry of Employment and Social Affairs.

(*) There are some participants reported in both type of cards.

Table 4: Employment and contributions paid by type of card and amount of contribution credit

	Start+						
	Employers	Employees	Employee/ Employer	15 % contribution		25 % contribution	
				Base (1 000 HUF)	Due (1 000 HUF)	Base (1 000 HUF)	Due (1 000 HUF)
Public sector	88	396	4.5	141 012	21 153	1 200	300
Companies with legal entity	2 494	3 062	1.2	879 428	131 913	7 405	1 851
Companies without legal entity	775	853	1.1	222 525	33 379	2 775	695
NGOs	229	298	1.3	105 606	15 842	912	228
Sole proprietors	1 249	1 339	1.1	318 073	47 712	2 582	647
Total	4 835	5 948	1.2	1 666 641	249 999	14 873	3 719
	Start Extra						
	Employers	Employees	Employee/ Employer	0 % ontribution		15 % contribution	
				Base (1000 HUF)	Due (1000 HUF)	Base (1000 HUF)	Due (1000 HUF)
Public sector	35	131	3.7	42 443	0	0	0
Companies with legal entity	1 163	1 341	1.2	402 410	0	3 439	515
Companies without legal entity	364	391	1.1	115 024	0	899	136
NGOs	93	106	1.1	36 732	0	0	0
Sole proprietors	538	568	1.1	160 954	0	1 454	217
Total	2 193	2 537	1.2	757 566	0	5 793	868

Source: Ministry of Employment and Social Affairs. Data as of 30 April 2008.

Number of employees broken down by contribution rate is based on 2008 March detailed data. Shares projected on up-to-date totals.

Table 5: Financial data for the Start+ and Start Extra programmes (in millions of HUF)

	Planned				Fact (*)			
	Start+	Start Extra	Other	Total	Start+	Start Extra	Other	Total
Q3-Q4 2007	29.9	44.6	20.1	94.6				
Q1-Q2 2008	525.3	783	92.7	1 401.0				
Q3 2007-Q2 2008	555.2	827.6	112.8	1 495.6	284.4	195.8		
Q3-Q4 2008	1 271.3	1 895	90.6	3 256.9				
Q1-Q2 2009	1 698.8	2 532	32.2	4 263.0				
Q3-Q4 2009	1 407.3	2 098	28.3	3 533.6				
Q1-Q2 2010	830.2	1 237	31.8	2 099.0				
Q3-Q4 2010	391.6	584	37.9	1 013.5				
Q1-Q2 2011	35.6	53	2.7	91.3				
Together	6 745.2	10 054.2	449.1	17 248.5				
Share of cost types	39 %	58 %	3 %	100 %				
Funded by ESF				14 661.2				

Source: project data sheet and project monitoring data by the Hungarian Tax Authority (via Ministry of Employment and Social Affairs).

(*) Fact figures refer to the period between July 2007 and April 2008 as opposed to the full comparison period in the plan.

Malta

Training and employment exposure scheme

1. Introduction

Increasing the labour market participation rate, in particular amongst disadvantaged groups, is a major challenge faced by the Maltese government. According to the LFS October–December 2007 (National Statistics Office, 2008), 49.5 % of the working age population were inactive, while 3.1 % were unemployed. Malta also has the lowest female participation rate amongst the EU Member States. This article will focus on the issue of unemployed older workers and, in particular, on the impact of the training and employment exposure scheme (TEES).

1.1. The nature of the problem of unemployed older workers in Malta

Data issued by the Employment and Training Corporation (ETC) for December 2007 indicate that unemployment amongst workers over 40 is high. This group amounts to 45 % (2 458 out of the total of 5 469) of the registered unemployed. Of these, 81 % are men, while 19 % are women. Besides, over 4 % (109) of them have some disability. Almost half of the unemployed people who are over 40 are unskilled, out of whom 19 % (479) are illiterate, while a further 30 % (739) are registered for unskilled jobs as they have only an elementary level of education. Some 44 % (1 081) have been registered for more than one year while 10 % (244) have been registered for five years and over (ETC website).

This significant rate of older unemployed workers could be influenced by a series of factors including a lack of motivation and skills and discrimination due to age. When recruiting, employers seem to overlook the positive attributes of older workers, such as work experience, maturity and accountability, whilst opting for younger workers considered to be healthier and more willing to perform. In addition, a number of older unemployed workers could be engaged in undeclared work, whilst being registered for work in order to obtain social benefit allowances. Between October 2006 and September 2007,

a total of 1 799 persons were struck off the unemployment register for being caught working while registered, or for having refused to participate in a scheme or service (ETC, 2007a).

The ageing of the working population brought about by enhanced longevity and the decrease in the birth rate is also putting a significant burden on the welfare system and pensions in particular. The solution of early retirement schemes, based on agreements between the government and unions in the recent past, worsened the overall situation and must have contributed to further impoverishment of the labour market of important skills such as engineering and skills in the metal industry. Indeed, employers frequently complain of a mismatch between the skills possessed by unemployed people and those required in today's labour market (FOI website). This situation spurred the government to find new ways of coping with the challenges posed by the ageing working population.

1.2. The training and employment exposure scheme and its objectives

In recent years, the government, through the ETC, launched several initiatives aimed at assisting the reintegration of older workers in the labour market. The agency regularly organises training courses, motivational seminars and job clubs ⁽⁷¹⁾ intended to improve the employability of those people over 40. The training and employment exposure scheme, launched in March 2004, was one of the most important initiatives in this respect. The scheme aimed at tackling the abovementioned socio-economic constraints and fulfilling the recommendations of the European Commission (2007) annual progress report on the national reform programme 2005–08 for Malta to step up efforts to attract more people into the labour market, particularly women and older workers, maintain efforts to tackle undeclared work and take further action on the benefit system to make declared work more attractive.

The TEES was a one-year-long project spread over three phases for unemployed people aged 40 and over, who had been unemployed for more than six months. The target was the training of 400 participants. During the first four-week phase, the participants followed a core skills training programme which included a skills sampling and aptitude test, whilst enhancing their self-esteem and motivation. The second phase, with a duration of 21 weeks, consisted of training the participants in a skill or trade in areas where they could be re-integrated in the labour market. In the last phase, participants were attached for 26 weeks on a full-time basis with an employer to gain on-the-job exposure. The final aim was to have 50 % (200) of the participants retaining the job on a full-time indefinite contract.

(71) Job clubs are courses aiming to help participants to find good jobs in the shortest time possible.

2. Organisation, implementation and funding

2.1. The allocation of responsibilities

The running of the scheme was delegated to a management company (OutlookCoop) following a public call for tenders across the EU. The company was also responsible for the allocation of the available funds to job-seekers and employers in the relevant phases. A Joint Management Consultative Committee was set up in order to monitor the operations related to the scheme. This committee was composed of the ETC, the Outlook Coop, the General Workers' Union (GWU), the Union Haddiema Maghqudin (Union of United Workers, UHM), the Malta Chamber of Small and Medium Enterprises (GRTU), the Malta Employers' Association (MEA), the Federation of Industry (FOI) and the Malta Tourism Authority (MTA). Committee meetings were held once a month to discuss and address day-to-day problems. These included dealing with the behaviour of some of the scheme's participants, drop-outs, claims by the Gozitans for reimbursement of travelling expenses and others. Moreover, the Committee had to decide on the eligibility of certain employers requesting to participate in the scheme and the number of employees they requested to take on.

2.2. Implementation

Interviews were held with all eligible participants (3 204 persons) in order to categorise and prioritise their participation according to specific criteria provided in the TEES application. Some 1 066 interviews were conducted for the first intake, 1 038 interviews for the second intake and 1 100 interviews for the third intake. Following the interviews, a pool of potential candidates for the scheme was created.

The scheme was marketed among 13 000 employers, to offer the TEES participants a six-month work exposure in the third phase of the scheme, giving them the possibility of full-time employment on completion of the scheme. A number of meetings with employers were held in order to encourage them to enrol the most promising candidates. Over 900 meetings were conducted with potential employers. As a direct result of these meetings, 1 007 vacancies were obtained and 270 employers were accommodated with a participant from the scheme. It was not possible to make use of the remaining vacancies due to their nature.

The planned number of participants to be recruited on the scheme was 400, although 460 were finally chosen and recruited in order to substitute early drop-outs. The recruitment was spread in three intakes in a two-year span. There were 130 participants in the first intake, 160 in the second intake and 170 in the third intake. While 77 % of the participants were men, 23 % were women. As can be seen from the table below, most

Table 1: Type of unemployed participants in the TEES

Type	Count	%
Registered disabled person	14	3.0
Special case	12	2.6
Very long-term unemployed	26	5.7
Long-term unemployed	408	88.7
Total	460	100

Source: Adapted from ETC, 2007c.

participants were long-term unemployed, i.e. unemployed for more than 12 months (ETC, 2007c).

2.3. The role of the social partners

As mentioned above, the social partners played an active part in the TEES. The GWU insisted that such schemes should respect the principle of equal pay for equal value and that participants should be trained in a professional manner, whilst maintaining health and safety standards. It acknowledged the benefits brought about by such ETC schemes and called for their expansion and improvement (GWU, 2007). Indeed, the principle of equal pay for equal value appears to have been respected during the TEES. While participants earned EUR 140 weekly directly from the scheme, the TEES coordinator stated that many of the employers topped this up on their own initiative.

In 2003, the FOI administered a survey amongst its members about ETC schemes, including a previous version of the TEES. The majority of the respondents (67 %) said that they did not need the TEES, 7 % were not aware of it, while 15 % were aware of the scheme but they did not want to participate in it for various reasons. Only 11 % of the respondents have made use of the scheme. The FOI complained that the scheme obliged employers to offer a 40-hour indefinite contract to the selected participants and guarantee the worker a certain level of wage, thus discouraging employers to take part in the scheme (FOI, 2003). Indeed, it is useful to note that all employers participating in the scheme were regulated by an employment contract. Employers were obliged to give reasons when not keeping the employees. However, as pointed out by the TEES coordinator, like all other employers not participating in the scheme, they also had the right to make redundancies or not employ the participants on reasonable grounds. Moreover, the formal employment starting after completion of the scheme was subject to a maximum of a six-month probation period.

2.4. Funding of the scheme

During the two years in which the scheme was operating, its costs amounted to EUR 3.6 million, 75 % of which was funded through the ESF under the Structural Funds programme for Malta 2004–06. Employers have benefited from the scheme,

Table 2: Project expenditure

	Amount (EUR)
Marketing	54 837.15
Consumables	13 885.88
Transport	6 310.27
Training (phase 1)	62 988.94
Participant salary (*)	2 282 785.9
Administration and phase 2 training	1 199 040.3
TEES clerical costs	22 102.52
Total	3 642 000

Source: Adapted from ETC, 2007c.

(*) The salary consisted of the wages, NI and statutory bonuses.

since it covered the cost of training and workplacements, and the participants received an overall pay packet above the rate of the national minimum wage. Moreover, training was provided in areas with a shortage of skilled people demanded by employers. Since the scheme was compulsory, the participants chosen were obliged to attend the whole period unless there was a sufficient cause to stop. Otherwise, participants were liable to refund the difference between the wages gained and the amount of social benefits they would have been entitled to during their participation in the scheme. The project expenditure is shown in Table 2.

Participants' weekly salaries amounted to EUR 133 + pro-rata bonuses in phase 2 (for 21 weeks) and EUR 140 + pro-rata bonuses in phase 3 (for 27 weeks).

Table 3: Participants' outcomes

	Count	%
Failed to appear on day 1	38	8.3
Completed phase 1 but failed to start phase 2	22	4.8
Dropped during phase 2	29	6.3
Completed phase 2, but never started phase 3	91	19.8
Dropped during phase 3	33	7.2
Completed the scheme	247	53.7
Total	460	100
Remained in employment (56th week)	213	46.3

Source: Adapted from ETC, 2007c.

3. Performance and achievements

Following the completion of the scheme in December 2006, the ETC conducted a study to evaluate the impact of the three intakes of the scheme. The results indicated that 46 % out of the 460 selected participants retained their employment after the end of the scheme. Some 30 % of participants were not invited by their employers to continue with their job after the expiry of the scheme. According to the TEES coordinator, the reasons why employers did not retain these employees varied from mismatch of vacancies, medical reasons, resignations of employees from the scheme, lack of motivation shown by the participants, expectations of high salaries from participants and others. Some 9 % left the scheme when they found an alternative employment and a further 2 % when they started their own activities as self-employed. A proportion (3 %) of the participants reverted to drawing benefits, while a further 10 % abandoned the scheme without a sufficient reason (ETC, 2007a). The table below further indicates the participants' outcomes.

Before joining the scheme, 84 % of the participants had been registered for work for more than one year, while a further 9 % were on the ETC unemployment register for more than five years (Government of Malta website). Further evaluation of the impact of the scheme can be assessed through the European Commission's 2008 compendium, mostly the statistics about lifelong learning, old-age employment and unemployment and exit age. Noteworthy are the improvements shown in the exit age data, from 58 years in 2004 to 58.5 years in 2006, and the lifelong learning participation rate in the 45–54 age group rose from 2.6 % in 2004 to 3.9 % in 2007. However, one should note that some of the data concerning Malta listed in the compendium is either not reliable due to the small sample size or unavailable.

The success of the TEES scheme generated an increase of national insurance (NI) contribution and income tax payments from some of those participants who remained in employment on completion of the scheme. Besides, it also resulted in savings of social benefit payments.

4. Delivery of training and work exposure

The TEES delivered 176 660 hours of training and work exposure in 2005, and 299 600 in 2006 (ETC, 2007c). Formal training was delivered in various areas in which employers identified shortage of skills in the labour market. The training covered a variety of topics including general skills, such as personal development and business English, and more technical subjects such as manufacturing (sheet metal and welding), electrical foundation, woodworking, painting and upholstery and several others (ETC, 2007c).

5. Conclusions

Overall, the TEES was a successful exercise by the ETC, and was recognised as such by both employers and participants (ETC, 2007b). Indeed, social partners were very positive about the scheme. They have already committed themselves to take part in a new similar scheme, aimed at employing people from several disadvantaged groups, which should be launched by the ETC in the near future.

The inclusion of social partners in the Joint Management Consultative Committee contributed to the success of the TEES. On the other hand, the dependence on social security benefits and undeclared work by a number of older unemployed persons might have discouraged some participants from retaining their job at the end of the scheme. New schemes must be planned with a greater effort to control the abuse of the social security system. By ensuring that the principle of equal pay for equal value at the workplace is respected, and employers offer employees just wages, formal employment should become more attractive.

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The Netherlands

Can labour force participation growth and productivity growth be combined?

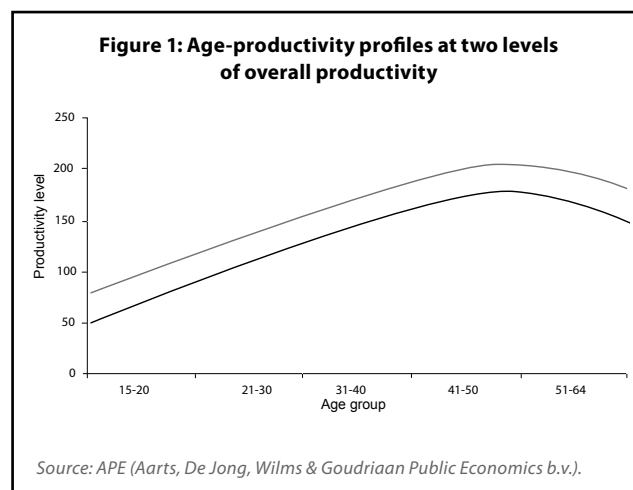
1. Introduction

In the long term, labour markets are supply driven. Hence, shortages in labour supply may reduce employment and economic growth. Productivity growth and/or expansion of labour force participation may counter this negative spiral. Accordingly, one of the main current objectives of the EU are the twin goals of increasing participation in the labour market and growth in labour productivity. These objectives are reflected by the Integrated Guidelines (e.g. No 17 and 19) of the Lisbon strategy.

Growth in labour force participation focuses on groups with unused capacity, such as women, people of pre-retirement age, people from minority ethnic groups and people with disabilities. The Dutch government has taken a series of measures in order to activate these groups and to increase their labour participation rates, namely, measures on:

- childcare provisions;
- tax rules;
- early retirement;
- disability insurance;
- young disability;
- social assistance;
- ALMP for minority ethnic groups;
- LLL.

Economic research asserts that an increase in labour force participation is negatively correlated with productivity growth, at least in the short term (Beaudry and Collard, 2002; McGuckin and Van Ark, 2005; Pickelmann and Roeger, 2008; Dew-Becker and Gordon, 2008). The main reasons for this negative trade-off are that new entrants may lack practical skills and that it takes time until they become fully productive. Immigrants may also lack general skills in relation to native language or formal education. Older workers may suffer from declining physical abilities and slightly lower cognitive capacities, although this may be compensated by higher levels



of experience and social intelligence (Avramov and Maskova, 2003; Skirbekk, 2003). On balance, a higher participation of older workers, or an extension of their work life, is not likely to contribute to productivity growth.

Figure 1 summarises the findings in the research literature on age and productivity profiles. Productivity increases up to around age 50, and then decreases. Obviously, the main driver of productivity growth is technological change. Thanks to pervasive innovations (like ICT), productivity increases universally. This is shown in Figure 1 as an upward shift of the productivity curve. This shift presumes that everyone learns to use the new technology.

Hence, participation growth does not lead to productivity growth only if workers are unable to adapt to innovations that increase productivity. LLL, therefore, is key to adopting new technologies, and ensuring that participation growth leads to productivity growth.

The aim of this article is to review the recent trends in employment and productivity growth in the Netherlands and their inter-relationships, and contrast these with the findings in the literature. In addition, factors influencing the participation-productivity relation are identified and some peculiarities of the Dutch labour market are highlighted.

2. Recently proposed and implemented measures

In the first quarter of 2008, the Dutch Ministry of Social Affairs and Employment took a series of measures to boost the labour force participation among specific groups such as disability beneficiaries, part-time workers, self-employed women and older workers. These measures are part of a longer-term programme pursued in line with the EES.

2.1. Measures for disability beneficiaries

The Cabinet has agreed on a bill (proposed by the Minister for Social Affairs and Employment) whereby the trial work period for disability benefit beneficiaries (WAO) who start working will be extended from 0.5–3 years (depending on disability status) to 5 years in all cases. During the trial period the benefit entitlements stay intact, so that a person may go back to the acquired benefit status if the work turns out to be too hard. This change intends to stimulate WAO beneficiaries to work because they will have more certainty in relation to their income.

In addition, from March 2008, employers can get a wage subsidy (50 % of the statutory minimum wage) during the first year of employing a former disability benefit beneficiary.

Measures to activate young disabled benefit beneficiaries are high on the political agenda. This benefit scheme (Wajong) entitles disabled people who are unable to earn the statutory minimum wage to a benefit from 75 % of the minimum wage. The before-tax benefit is about EUR 1 000 per month. The entitlement may start at 18, and stops at 65. The current number of beneficiaries is 170 000 and is expected to grow to 500 000 in 2050, if current trends continue.

2.2. Measures for increasing female labour force participation

Another measure recently undertaken by the Dutch government to increase labour force participation of women is the establishment of the taskforce 'Part-time Plus' (DeeltijdPlus). This is a team appointed and funded by the government to develop measures to encourage women with part-time jobs to work more hours. The vast majority (about 65 %) of female employees work part-time and 32 % of these work less than 20 hours per week. Therefore, many of their capabilities remain unexploited. The taskforce will seek support from the social partners to address existing barriers and increase the working hours of part-time female workers.

In the same vein, the Dutch government proposed a bill establishing a right to a paid pregnancy leave of minimum 16 weeks for self-employed women. The self-employed

and pregnancy benefit (ZEZ) equals (at most) the statutory minimum wage. Self-employed women, who worked 1 225 hours or more during the year preceding the start of their pregnancy leave, get a benefit at the minimum wage level. For self-employed women who worked less than 1 225 hours, the benefit depends on the income in the year before the entitlement starts. The ZEZ scheme is administered by the Social Insurance Institute (UWV) and is paid from general public resources.

2.3. Measures for older workers

In order to boost the labour force participation of older workers, the State Secretary for Social Affairs and Employment announced EUR 3.3 million available to specific industry branches (such as construction and transport) to experiment with ways to counter premature retirement. The current average retirement age is 61, whereas pensionable age is 65. The Cabinet finds it important that older employees continue working until 65, to address the tight labour market and keep pension expenditures at a sustainable level.

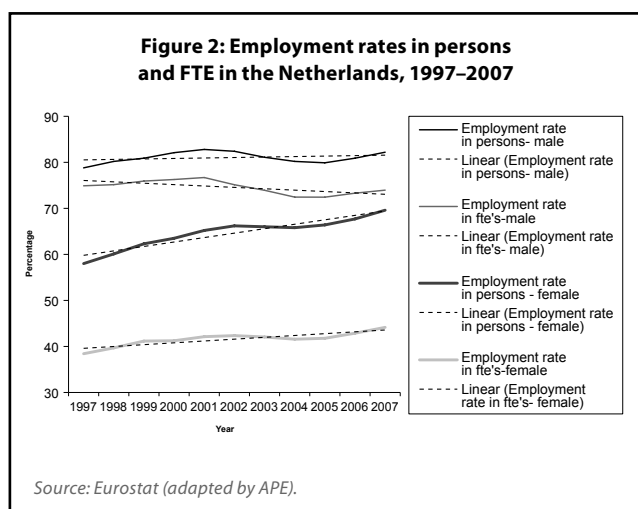
3. Trends in employment and productivity growth

In the Netherlands, there is little research done on the effect of employment growth on productivity growth. In order to elaborate on this relationship, the trends in the labour force participation by gender in persons and full-time equivalents (FTE) are presented.

3.1. Employment rates by gender

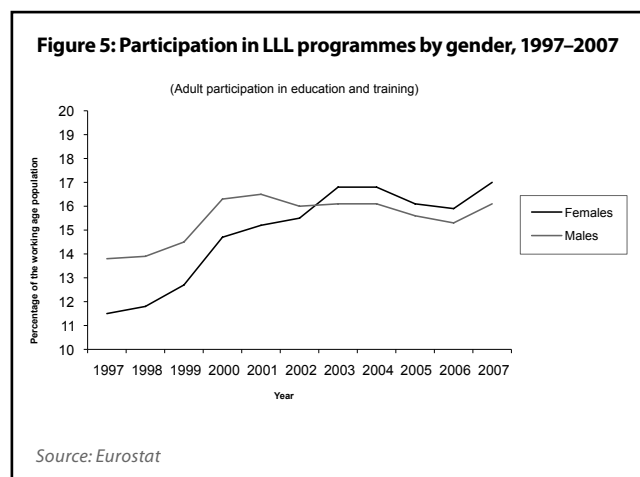
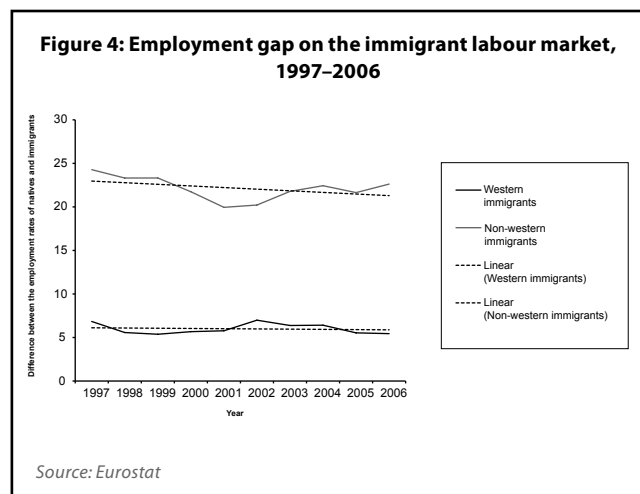
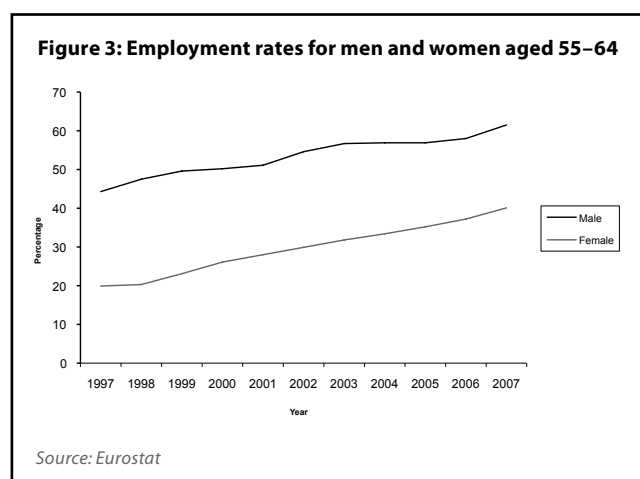
As illustrated in Figure 2, the employment rate of men increased from 79 % in 1997 to 82 % in 2007, while in the same period the employment rate of women increased from 58 % to 70 %. These different growth patterns reflect that the drastic change from a single-earner household model to a dual-earner model is still ongoing. The increase in employment rates testifies to the effectiveness of several measures the Dutch government took to increase labour force participation rates.

However, in terms of FTE, the male employment rate has slightly decreased from 75 % in 1997 to 74 % in 2007, whilst the female employment rate increased from 38 % in 1997 to 44 % in 2007. The difference between the employment rates in persons and in hours worked is the result of the fact that the Netherlands has the highest rate of part-time employment among both female and male workers of all OECD countries (OECD, 2008). In particular, two thirds of Dutch female workers opt for part-time employment, bringing down the country's average working time to one of the lowest levels in the OECD countries (1 362 hours annually).



One study shows that over a period of 25 years (1980–2005), the male labour force participation rate stayed stable, while the female participation rate increased by 25 percentage points. Over the same period, the average hours worked per year decreased about 12 % for men and 15 % for women, while the relative number of men and women in full-time jobs did not change (Plantenga, 2008).

The large share of part-time employment persists in the Netherlands. It may be attributed to a combination of social preferences, high income per capita, and high income taxation rates (McGuckin and Van Ark, 2005; OECD, 2008).



3.2. Older workers

Figure 3 focuses on older workers and shows employment rates by gender for 55–64-year-olds. Employment rates increased among males and females equally. The older male employment rate increased from 44 % to 62 % within the 10 years. Similarly, the older women employment rate increased from 20 % to 40 %.

The fact that employment of older female workers has increased may have opposite effects on productivity growth. As shown in the literature, increased participation of older women has a relatively strong negative effect on productivity growth due to lower skill levels among older generations of women (Dew-Becker and Gordon, 2008). However, given the positive trends in educational attainment of females and greater equality between male and female workers, this negative effect is likely to be smaller or may even disappear in the future.

Figure 4 shows the difference between the employment rates of Western and non-Western immigrants and the employment rates of the native population ⁽⁷²⁾. First of all, this gap in employment rates is much smaller for Western than for non-Western immigrants because the latter are dominated by families that originate from Turkish and Moroccan guest workers with very low schooling levels. The gaps for both groups are slowly reducing. The employment rate gap for Western immigrants decreased from 6.8 to 5.4 % over the 1997–2006 period, while for non-Western immigrants this gap declined from 24.3 % to 22.6 %.

The trends underlying these gaps are even more pronounced. Whilst the working population of Western immigrants increased by 15 % (from 621 000 to 715 000), the non-Western working population increased by 60 % (from 381 000 to 607 000), over the 1997–2006 period.

4. Productivity growth

4.1. Educational attainment and lifelong learning

Not only do current cohorts of women attain higher levels of basic education, their involvement in LLL is also increasing faster than that of men. This is illustrated in Figure 5. Over the last decade, the LLL participation rate of men has increased from 14 % to 16 %, while the same rate of women has increased from 11 % to 17 %. The female working age population invests more in developing skills and may contribute more to productivity growth in the future.

(72) Non-Western foreign background is defined as people born in, or of whom at least one parent was born in, Africa, Asia (excluding Japan and former Dutch East Indies and Indonesia), South America and Turkey. The largest groups are Moroccans, Turks, and people from Surinam and the Dutch Antilles/Aruba.

4.2. Employment growth versus productivity growth

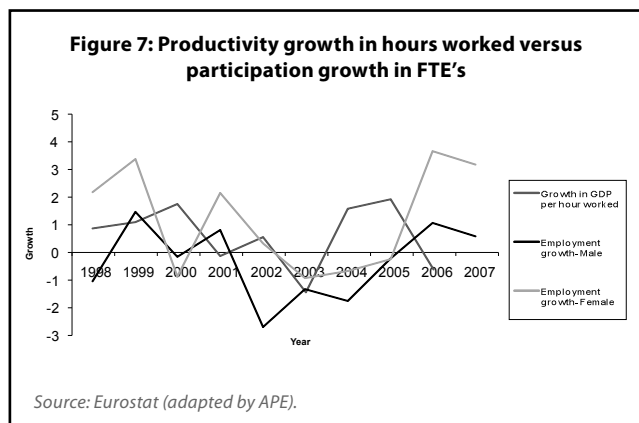
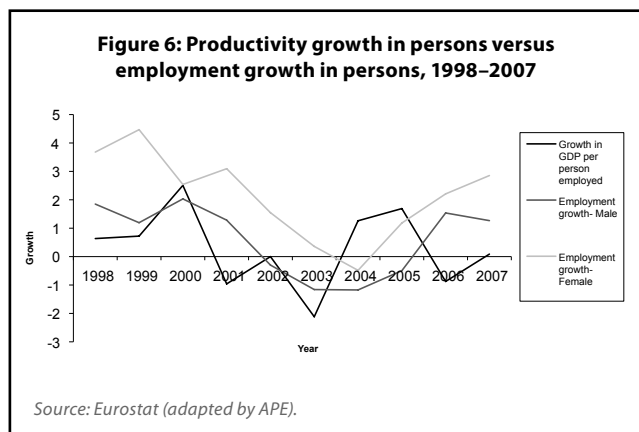
The following figures present the relationships between productivity growth and employment growth in persons and in FTE.

Figure 6 shows productivity growth per person and male and female participation growth over the period 1998–2007. The figure does not yield a clear picture. Between 2004 and 2006, productivity growth and employment growth go in opposite directions, but this intuitive link is not found for other years.

The link between productivity growth per hour worked and employment growth in FTE is more obviously negative when looking at Figure 7, where the lines, productivity growth and employment growth seem to go in opposite directions.

In addition, the correlations between the productivity and employment growth by gender are presented in Table 1, both in terms of persons and FTE. In the 1998–2007 period, the correlation between productivity growth per person and male employment growth is 0.20, whilst for women it is only 0.08.

The correlation of productivity growth per hour worked with participation growth in FTE is negative, and more so for women. These correlations suggest that an increase in the female labour force participation would induce a negative productivity growth.



5. Conclusions

The measures taken by the Dutch government have succeeded in increasing the employment of target groups so far. However, the strong preference of Dutch women for (small) part-time jobs remains unchanged. This preference may be a factor in explaining the negative correlation between female employment and productivity growth.

Table 1: Correlation between productivity growth and participation growth in persons and FTE

	Male	Female
Correlation in persons (*)	0,20	0,06
Correlation in FTE's (**)	-0,06	-0,024

Source: APE

* In the period 1998-2007 ** In the period 1998-2006

More generally, Dutch policymakers should be aware of the possible negative impact on productivity growth of increasing labour force participation among target groups. This, however, is only a short-term effect. As the research literature shows, over a longer period both male and female preferences may change, and technical progress may increase productivity, also among target groups with lower productive capacities (such as older workers and people with disabilities).

From a policy perspective, supporting LLL and activation programmes (also targeting immigrants) may boost both employment rates and productivity since people acquire skills on the job. In the longer term, therefore, the increase in the LLL and higher skills developed through employment is likely to have a positive impact on productivity growth.

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Austria

‘fFORTE: Frauen in Forschung und Technologie’ — ‘fFORTE: women in Research and Technology’

1. Introduction

1.1. Background

fFORTE is an innovative initiative that addresses the structural problem of women’s employment in Austria. There are few women working in technical jobs or completing technical or natural science studies at university. In the academic year 2004–05, only 19 % of all alumni from technical studies were women (Spörker and Ponocny, 2007; Riesenfelder, Schelepa and Wetzel, 2007). In natural science studies, this quota is much higher (67 %). However, 40 % of these women gained their degree in psychology. In other natural science subjects, such as physics, the share of women is much lower, around 20 %. This indicates that R & D is still dominated by men. In 2004, only 23.6 % of all researchers in the field of natural sciences at universities were women; in technical studies this was only 13.5 %. In 2004, 23.6 % of all researchers in Austria were women (this takes into account all areas of study), which is a rather low percentage, compared to other EU Member States (European Commission 2006). The fFORTE initiative addresses this problem, in line with the Integrated Guideline No 18 ‘Promoting a life-cycle approach to work’.

The government aims to improve research and innovation activities at universities as well as external research and development in companies by extending the transfer of technology and expertise, and promoting national and international cooperation in research, technology and innovation. Plans also include an increase in the number of technology-based business set-ups. Against this background, the fFORTE initiative is an attempt to contribute to the objectives of national technology policy.

At the same time, employment in the research and technology sector has to be seen as an important future market with comparatively good working conditions (e.g. payment) and career options. Supporting women’s access to this sector and supporting their careers constitutes an important contribution in the context of tackling gender segregation.

1.2. The fFORTE initiative

fFORTE is an initiative for advancing and encouraging women in science and technology, launched in February 2002, following a recommendation of the Austrian Council for Research and

Technology Development. The initiative is characterised by its broad target groups, focus on research policy, and efforts to combine and coordinate the projects and programmes of four Austrian federal ministries. It is implemented by the Federal Ministry of Science and Research (BMWF), the Federal Ministry for Transport, Innovation and Technology (BMVIT), the Federal Ministry for Education, the Arts and Culture (BMUKK) and the Federal Ministry of Economics and Labour (BMWA).

The central aim of the initiative is to promote women’s participation at all educational levels and to contribute to the career enhancement of female scientists. The objectives of fFORTE, among others, are:

- facilitating women’s access to training in science and technology;
- improving their chance of successfully pursuing careers in science and technology;
- facilitating access to research funding and infrastructure;
- improving awareness of gender issues amongst key actors in education, the economy and public administration;
- providing accompanying cross-disciplinary research about women and science.

The fFORTE initiative consists of the following programmes with a specific focus:

- fFORTE academic;
- w-fFORTE;
- FEMtech-fFORTE;
- FEMtech career paths;
- fFORTE-Schule (fFORTE school).

fFORTE academic is the responsibility of the Federal Ministry for Science and Research. Its main purpose is to support women in all phases of university education and their scientific careers. Furthermore, structural barriers at the career entrance stage are to be addressed. Activities at universities, funded by fFORTE academic, intend to increase the proportion of women in high-level university positions. Graduates may receive grants for postgraduate studies.

Integrated gender and technology research is also stimulated by fFORTE academic resources. Women are supported in participating in calls for international research projects in the field of natural sciences and technology. There is also a broad scope of public awareness activities in order to increase awareness of the public about women in research and engineering.

w-fFORTE has been initiated by the Austrian Federal Ministry of Economics and Labour and is implemented by the Austrian Research Promotion Agency (Österreichische Forschungs-

förderungsgesellschaft mbH—FFG). w-fORTE focuses on career options for women in science. The w-fORTE programme covers three areas, namely: contact points which offer information and serve as a support and networking base; Laura Bassi centres of expertise; and knowledge-base activity fund studies.

Laura Bassi centres of expertise serve to enable first-class basic research in the areas of natural science, technology and life sciences at the interface between science and economy. The promotion campaign aims to improve equal opportunities for women in cooperative research, raise awareness of visible research achievements and offer new career options for all research personnel at the centres. The six planned Laura Bassi centres of expertise are to be established to work in collaboration with industry. They will carry out applied basic research in the natural sciences, engineering and technology. Mathematics is included in the programme as well as biology, medicine, chemistry, engineering, architecture and information technology.

Knowledge-base activity fund studies are primarily scientific studies on women in research and innovation, with a focus on modern job profiles and the world of work. Only little, if any, research work exists on the topics of specific gender and cross-organisational matters. The objective is an expansion of basic knowledge and a substantiated processing of information and data to close existing knowledge gaps, to enable new perspectives on and approaches to the situation of women in research and innovation. A further focus in this area is on the future of research and innovation policies with an integrated gender aspect. The aim is to implement the gender mainstreaming approach in research and innovation programmes and activities of the Ministry of Economics and Labour. The programme is coordinated by the Austrian Society for Environment and Technology (Österreichische Gesellschaft für Umwelt und Technik — ÖGUT).

FEMtech-fORTE aims to improve women's access to positions in research and technology by motivating them to aspire to a career in science and engineering and, thus, enhance their career opportunities. This is also supposed to be in the interest of companies wishing to use the full potential of their employees. Companies hoping to attract more female technicians and scientists and develop the potential of their female employees may apply for a FEMtech grant.

Another programme provides grants to universities of applied sciences. A third strand supports activities to promote women in research and technology programmes of the Federal Ministry of Transport, Innovation and Technology.

FEMtech career paths promote cooperation between universities, universities of applied sciences and research- and technology-intensive companies with the aim of encouraging young female scientists to pursue a career in industry. As part of this programme, selected female students are prepared for a career, while still at university. Together with the companies, the educational institutions implement a motivation and qualification programme. Besides imparting practical expertise, the programme also aims to provide key qualifications with a strong relevance for a career in R & D-intensive companies.

The success of research and innovation depends on how ideas and products are received by the market and by customers. In this respect, the different realities of men's and women's lives and their different needs can have a relevant influence on the development of technologies and products and, subsequently, on the market. The aim is to increase the level of interest among scientists for the gender-specific usability and to improve the quality and capability of solutions, products and technologies.

The Federal Ministry for Education, the Arts and Culture regulates fFORTE-Schule (fFORTE school), which is focused on supporting young women in schools. A broad variety of initiatives and projects have been designed and implemented for its target groups. For example, the Austrian-wide project MUT! (Mädchen und Technik — girls and technology; the acronym also means to 'take courage') focuses on the career choices of girls and supports them by furthering their knowledge and competencies in technological and scientific fields. IMST3 (innovations in mathematics, science and technology teaching) is an initiative aimed at the improvement of mathematics and natural science teaching in Austria by integrating gender awareness and gender mainstreaming measures into science teaching. FIT (Frauen in die Technik — women in technology) is designed to reduce inhibitions and to facilitate access to technological fields of studies by inviting girls to information events and on-site visits. In this way, they learn more about study courses in technology and natural science.

2. Organisation, implementation and funding

The responsibility for the fFORTE initiative is split among four ministries. Each of the ministries implements a range of activities within its competence. Programme management and implementation are delegated to the Austrian Research Promotion Agency (Österreichische Forschungsförderungsgesellschaft — FFG). To coordinate the various activities of the four ministries, an inter-ministerial coordination group was established.

To implement the individual programme strands, each ministry contracted external organisations, which work directly with the ministries.

The partnership approach is an integrated part of all four sub-programmes. One main partnership model is the cooperation between universities and R & D-intensive companies. This cooperation focuses on a better linkage between basic technology research at universities and applied research and product realisation in private companies. Another example is the joint preparation of a career path for women from university to companies in the field of science and technology.

In order to promote the participation of women, universities, schools and companies participating in the fFORTE initiative

launched an intense public relations programme. Networking activities, to bring together managers from private companies, people of high public standing and research managers, are also an integrated part of fFORTE.

There is also a link with the Austrian ESF programmes. In the 2000–06 programming period, the promotion of women in universities was a priority, and, in the current programming period, the gender issue is of great importance. Therefore, ESF resources were also used for the fFORTE initiative, mainly for grants for university graduates from technical studies and the coaching of women in order to motivate their participation in ESF co-funded international research networks.

In 2007, the total budget for the programme was as follows:

- fFORTE academic: EUR 4 595 000;
- w-fFORTE: EUR 800 000;
- FEMtech-fFORTE: EUR 2 500 000;
- fFORTE-Schule (fFORTE school): EUR 970 000.

3. Performance and achievements

The fFORTE initiative has not had an encompassing evaluation yet, making its impacts difficult to assess. The most appropriate indicator to analyse the measure's impact is the extent of gender segregation (in occupation/sectors). However, it has to be taken into account that the impact might only become visible with a certain time lag.

Only parts of the programme, such as the fFORTE academic, have been evaluated so far (Wroblewski et. al., 2007). The evaluation shows that fFORTE indeed opens new possibilities to women in science and technology. Programmes were successfully combined and had boosting effects at different levels, even though there is still room for improvement. However, the objective to create compact inter-linked measures has been achieved.

In addressing specific departments of corporations and industries (e.g. the human resources department), the fFORTE reached new ground, as such departments had little involvement with gender mainstreaming measures before. This had positive effects on the integration of women into the labour market and their professional career progression. The individual interventions of fFORTE addressed numerous critical areas and succeeded in providing links between

different educational and professional career stages in science and technology. Above all, they have managed to increase the enrolment of women and the number of female students at Master and PhD levels. In addition, they provided better access for women to graduate study programmes and research infrastructure. This, in turn, led to a broadened integration of gender aspects into the planning of research in the areas of science and technology.

Nevertheless, evaluators remain sceptical about the overall effects of fFORTE. They have pointed out that individual researchers outside academic structures are not sufficiently included in strategies and programmes. Further efforts are needed to integrate women with different backgrounds into science and technology. Until now, only one programme addresses female drop-outs in science, engineering and technology. Furthermore, a far-ranging strategy to prepare graduates for their entry into working life still remains to be formulated.

Different target groups, activities and individual measures would, in fact, require fine tuning and coordination. Therefore, the extension of fFORTE programmes and strategies is advisable in order to ensure a sustainable integration of women into all aspects of science, research and technology.

At the moment (spring 2008), the evaluation of the MUT programme (which is covered by fFORTE-Schule) is in the pipeline. Apart from that, internal output monitoring is carried out and feedback discussions take place in the coordination group.

A rising awareness of the gender issue in technology, engineering and research can be observed. A series of handbooks and brochures offer practical advice for the improved consideration of the gender topic (e.g. when designing a gender-sensitive research programme).

4. Conclusions

The reduction of gender segregation in occupations and sectors is a long-standing issue and requires a broad range of support activities. These, above all, have to lead to a change in attitudes and values of women and employers concerning education and employment of women in the field of natural science, research and technology. There has been improvement in the consideration of the gender issue in natural science and research. Progress has also been made in increasing the number of women choosing a subject in the areas of natural science and technology. Nevertheless, the entry into working life and an improvement of women's careers in natural science and technology still lacks coherent support.

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Poland

Lifelong learning in enterprises (SMEs and large corporations) — the role of the corporate training fund

1. Introduction and objectives

The participation of adult Poles in education and training is relatively low, far lower than the average in the EU-27 (Table 1). The creation of a knowledge-based economy requires a constant increase in knowledge and skills through lifelong learning.

The scale of engagement of enterprises in the organisation of training is impossible to assess because of the lack of systematic data. According to one study (IPSOS 2006), 90 % of firms employing over nine employees offer training, which indicates significant engagement of enterprises in LLL. However, one needs to bear in mind that a lot of training is obligatory and enforced by the law (e.g. health and safety at work). Other studies (Matysiak, 2003) indicate that training for employees was available in only 41.4 % of enterprises, and this was twice as likely amongst large enterprises (those employing at least 250 employees) in comparison with small businesses (up to 50 employees) ⁽⁷³⁾.

The scale of engagement of Polish enterprises in training activity is increasing but, on average, is still lower than in the EU-27 (Table 2).

LLL in enterprises can be financed in total from either the employer's or employee's resources, or from both sources. The costs of training can be partly refunded (from the Labour Fund's resources or the resources of the State Fund for the Rehabilitation of the Disabled) or co-financed (from EU resources, especially from ESF).

In 2004, with the aim of increasing employers' willingness to take part in employee training and investment in employees' own vocational development, the opportunity to create corporate training funds (Zakładowe Fundusze Szkoleniowe — ZFS) was offered ⁽⁷⁴⁾. ZFS is a human resource development tool earmarked for the financing or co-financing of the costs of LLL of employees and employers.

(73) For further information see EEO review autumn 2007, 'Lifelong learning and skills development: a review of trends and policies with a particular focus on gender and age in Poland'.

(74) The Act of 20 April 2004 on the promotion of employment and labour market institutions (Journal of Laws, 2004 No 99, item 1001 with further modifications).

ZFS plays a motivational role in the education of employees and employers because it facilitates gaining resources for training. It leads to an increase in the access to LLL of both groups. Employers were given a tool to apply and contribute to the improvement in qualifications and adjustments of labour demand and supply, hence, a limitation to the risk of unemployment.

The introduction of ZFS is part of the implementation of the EU Employment Guideline No 21 (Promoting flexibility combined with employment security and reducing labour market segmentation) and Guideline No 23 (Expanding and improving investment in human capital).

Table 1: Adult participation in education and training (%)

	2001	2002	2003	2004	2005	2006	2007
EU-27	7.1	7.2	8.5	9.3	9.7	9.6	9.7
Poland	4.3	4.2	4.4	5.0	4.9	4.7	5.1

Source: Eurostat.

Table 2: Engagement of enterprises in the organisation of training (%)

	Investment by enterprises in training adults		Participation of employees in CVT	
	1999	2005	1999	2005
EU-27	2.3	1.6	39 (*)	34 (*)
Poland	0.8	1.3	16	21

(*) EU-25.

Source: Commission's compendium of indicators, 2008

2. Organisation, implementation and funding of the measure

Currently, the implementation of ZFS is not obligatory ⁽⁷⁵⁾. Employers can create it individually or in agreement with other employers. Resources for financing or co-financing of the costs of education are taken mainly from employers' contributions ⁽⁷⁶⁾. The amount of the resources cannot be lower than 0.25 % of the payroll fund. The regulations concerning the creation, functioning and liquidation of a ZFS are established in the regulation of the training fund or

(75) According to the suggestions from the national employment plan 2005, the creation of ZFS was meant to be obligatory from 2008. However, that decision was not taken.

(76) The Act of 20 April 2004 on the promotion of employment and labour market institutions (Journal of Laws, 2004 No 99, item 1001 with further modifications).

a collective agreement. This also includes information on the amount of fees paid by employers to the ZFS. The expenditure of the fund's resources is based on the company's training plan, which should include:

- diagnosis of training requirements;
- number of people estimated to participate in training;
- range of training;
- method of monitoring the effects of training;
- financial expenditure earmarked for training.

The employer is obliged to arrange a plan of training with company trade unions. If there are no trade unions in the company, the arrangements should be done with an employee representative. If the training plan is not accepted by both parties during the defined period, the employer starts the implementation of the plan in its previously suggested form.

After fulfilling particular conditions, employers who created ZFS can apply for a refund from the Labour Fund. Such a possibility exists in three cases ⁽⁷⁷⁾.

- If the employer signposts employees, at risk of unemployment due to the fault of an employer, to specialist training — in such cases, the employer can apply for a refund of 50 % of the cost of training those employees. The amount of the refund cannot exceed the average pay per person. The employer must employ people who have completed training in other posts for at least 12 months in order to get the co-financing.
- The employer directs the employee to at least 22 working days duration of training, amounting to the working time of that employee, and will grant the employee paid training leave, and (for the period of training) will employ an unemployed person in his/her place, appointed by the district PES. In such case the refund includes:
 - the costs of training — up to 80 % of the average wage per employee on the day of the start of training;
 - remuneration of the social security fees of up to 40 % of the average wage on the day of the start of training for each appointed unemployed person.
- The employer intends to dismiss at least 50 employees within a three month period — in such cases the employer is obliged to ensure a series of labour market measures for employees due for dismissal (or during the period of notice, or within six months since the cessation of the employment

relationship) ⁽⁷⁸⁾. In particular, the employers with the ZFS can finance training benefits from ZFS resources (on an employee's request). The benefit is granted after the termination of the employment agreement (within a period of six months) for the time of the employee's participation in training. After granting a training benefit, the Labour Fund reimburses pension and disability fees paid from the employer's own resources.

The basic condition for the reimbursement from the Labour Fund is the creation of a ZFS in the firm. Moreover, financial resources can be granted to the employer only for training connected with an employee's qualifications and skills, as demanded in his/her current post. Furthermore, the range of training to be refunded needs to be connected to the core business of the firm. These precautions limit employees' opportunities to train and acquire knowledge and skills for working in another enterprise, whereas employers do not have the possibility to use trained employees in other branches of the firm's economic activity.

3. Performance and achievements

After over two years of there being the opportunity to create a ZFS, a special research project, contracted by the Ministry of Labour and Social Policy was carried out to identify the functioning of the fund. The study aimed for a comprehensive analysis and evaluation of the scale and range of the application of ZFS by employers, and the assessment of its effectiveness as a tool to support LLLt ⁽⁷⁹⁾. The results of the research indicate the following.

- Most employers (55.8 %) did not have any knowledge on the rules of creation and application of ZFS. Only 22.1 % of respondents declared knowledge of the regulations of the functioning of ZFS, and a further 22.1 % had 'heard something about it'. The lack of knowledge on ZFS was most often cited in small enterprises (the knowledge of regulations of the creation and functioning of ZFS in micro-companies was declared by only 3.4 % and in big firms by 38 % ⁽⁸⁰⁾).

(78) The employer, who intends to dismiss at least 50 people within three months, is obliged to come to terms with the district PES concerning the range and method of support for the dismissed employees, including their vocational guidance, training and support in active job search.

(79) Research was carried out by the Institute of Labour and Social Studies within the framework of the human resources development operational programme co-financed by the ESF. Full results of the research are included in Krynska and others (2006). The document is a source of data and information included in this excerpt of the report.

(80) The number of employed indicates the size of an enterprise. Small enterprises employ between one and 49 people (the research omitted entities not employing hired employees, i.e. self-employed persons), among them micro-companies employing one to nine persons; medium enterprises employing from 50 to 249 employees; and large firms employing over 250 persons.

(77) Minister for the Economy and Labour regulation of 10 November 2004 on the reimbursement of the costs of training and social security fees from the Labour Fund (Journal of Laws, 2004, No 249, item 2496).

- Only 4.2 % of employers created a ZFS. Big companies, employing 250+ people, dominated among the employers who had a ZFS. Medium enterprises create ZFS less frequently and small firms the least. This indicates a greater willingness to create the fund in economic entities employing more people. ZFS were created mainly by the employers' initiative. The decision came less frequently from trade unions. Usually a ZFS was created without the participation of other entities or institutions. This indicates that, in practice, only employers show initiative within that area, and they decide about the resources for ZFS. The main cause for the creation of ZFS was employees' training needs. The existence of adequate legal regulations and prospective profits for the firm had a lesser influence.
- Employers came across difficulties in the creation of ZFS, and small firms more often indicated permanent difficulties. The most significant difficulties in the creation process of ZFS included the lack of adequate resources for its creation (most often cited by micro-companies), unclear legal regulations and procedures concerning the creation, difficulties in the definition/forecasting of training needs, lack of adequate experience, and the lack of an organisational unit responsible for the creation and functioning of ZFS (a problem for small enterprises in particular).
- Employers also indicated difficulties connected with the application of ZFS resources. The difficulties were more often noticed by the owners of small firms, and most often in micro-companies. Employers in medium and large companies indicated the difficulties far less frequently. The fundamental difficulties included the impossibility of reconciling work with training, a risk of inappropriateness of planned training, lack of offers on the educational market, which would be adequate for the needs of firms and lack of employees' willingness to learn. Employers are afraid that sending employees on training can disturb the swift functioning of the business.
- Employers very rarely cooperate with the PES in the implementation of tasks connected with the application of ZFS resources. Moreover, they are reluctant to use the reimbursement of costs on education within the framework of ZFS from the Labour Fund's resources. The main reason is that the procedures are strenuous and time consuming and employers were afraid of numerous controls. Reimbursements from the Labour Fund were assessed as minimal and hard to access.
- Generally speaking, employers assessed public funding support for LLL in enterprises negatively. They expect changes in legal solutions, an increase of subsidy from national public resources and an increase in the financing from EU funds.

Despite some shortcomings in the functioning of ZFS, most employers supported the concept but put forward the following points:

- vocational preparation, skills and qualifications are not always adequate for specific job posts/tasks;
- ZFS facilitates the organisation of LLL to employees and can contribute to better preparation of the firm's staff;
- the education of employees will be planned according to the development of the firm, and will not be accidental, owing to the existence of ZFS;
- training results in profits both for employers and employees;
- training can motivate employees to increase the productivity and effectiveness of work.

The results of research indicate that if there is a ZFS in enterprises, it is very useful. Its wider application would be a chance to improve the participation of the adult population in education and training (overall and employed population).

4. Conclusions

Previously, the range of creation and application of ZFS in Polish enterprises was insignificant. Generally speaking, a ZFS is applied more by large companies, whose productivity depends strongly on the quality and stability of human resources. The interest in a ZFS from SMEs is insignificant. Simultaneously, ZFS is assessed highly by those employers, who created and used it. Hence, it might be worth modifying and adjusting the fund to meet the expectations of employers. The increase in interest of enterprises in LLL should be the result of the decrease of training costs borne by employers. Generally speaking, in order for employers to create and apply ZFS more willingly, solutions should be suggested to improve the co-financing of training activity. Simultaneously, procedural incentives should be applied, mainly to the decrease of obligations and the simplification of the proceedings connected with the creation and use of ZFS. Furthermore, a well-developed information campaign on the rules and benefits of ZFS is needed.

It would also be possible to consider the introduction of the obligatory creation of ZFS by employers. This is a radical action but possibly the most effective. However, the obligation should not concern SMEs. Generally, different rules of the creation of ZFS in SMEs are necessary. The range of public support for various sized companies should have a regressive character. The lesser the entity, the greater the support it can get; with the increase of the size of entity, the support would be limited.

In summary, a ZFS is an innovative practice, well adjusted to the needs of the Polish labour market. Actions to improve its functioning are worth taking, as it is highly useful and its usefulness will only increase with time.

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Portugal

The modernisation of the social protection system

1. Introduction and objectives

In the NRP 2005–08⁽⁸¹⁾ (PNACE) the recently elected government highlighted the need to conduct a comprehensive reform of the social security system. This reform was presented as a driver to achieve both macro-economic and employment policy goals. Several studies stressed that, due to demographic (ageing population and lower fertility rates), economic (increasing wages) and social (higher labour market participation rates) trends, considerable budgetary imbalances would arise in the medium term if things were left unchanged. This need to reform the social protection system to restore financial sustainability raised the possibility of achieving other economic and social aims such as active ageing, social inclusion, faster reintegration of unemployed people into the labour market and a better work–life balance.

A study of the Ministry of Labour⁽⁸²⁾ showed that if no measures were introduced, the Fundo de Estabilização Financeira da Segurança Social (Social Security Trust Fund, FEFSS) would be exhausted in 2015. According to the findings of the Economic Policy Committee working group on Ageing Populations (ECFIN, 2006), Portuguese public pension spending was relatively high at that time and was expected to register one of the largest increases among the Member States.

In April 2006, the prime minister initiated the debate over this issue in the parliamentary monthly debate. This first step brought social security reform to the top of the agenda. In October 2006, after a period of negotiations, the government and social partners (with the exception of the Confederação Geral dos Trabalhadores Portugueses — General Confederation of Portuguese Workers — CGTP-IN) signed the agreement on the reform of social security (Acordo sobre a Reforma da Segurança Social)⁽⁸³⁾.

Since 2007, changes have been introduced in the methodology used to determine old-age pensions, the unemployment insurance system and invalidity pensions. Incentives were created

to discourage early retirement and to persuade workers to remain active after the legal retirement age, and family benefits were enforced. The reform was not limited to measures aiming to re-define social security payments. It also involved measures on the revenue side, such as plans to tackle fraud and evasion of contributions, and the 'Viável' programme to offer a personalised and quick payment solution for those who owe social security. In 2005, the government had already taken some measures that complemented the reforms that would be implemented in 2006 and 2007: for example, the convergence between pension schemes for the public and private sectors, and changes in self-employed people's contributions (Law Decree No 119/2005 of 22 July 2005)⁽⁸⁴⁾.

The modernisation of the social protection system contains considerable potential for delivering results within the context of EU Integrated Guideline No 17 (Implement employment policies aiming at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion), No 18 (Promote a life-cycle approach to work) and No 21 (Promote flexibility combined with employment security and reduce labour market segmentation, having due regard to the role of the social partners).

It is important to notice that there are other programmes (for example, the national strategy for active ageing, the action programme for the integration of disabled people, the national action plan for inclusion, the network of community proximity services, and the new immigration law) directly linked with this reform that increase its ability to meet some of the challenges in the coming years, such as flexicurity. The process of simplification and modernisation of public administration, carried out during the last three years, feeds into the social security reform through the development of the Segurança Social Directa (direct social security service). This is an electronic platform that allows firms and workers to deal with several issues through the Internet. For example, firms can consult information on debts to the social security system, and take the necessary steps to admit or discharge employees, while workers can consult their identification details and contributory career payments, and apply for unemployment insurance, maternity, illness or invalidity allowances. The use of the service is shown in Table 4.

2. Organisation, implementation and funding of the policy

Following the agreement between the government and social partners regarding social security reform, parliament approved the social security law on December 2006, which came into force in mid-January 2008 (Law No 4/2007, Lei de

(81) http://www.estrategiadelisboa.pt/document/PNACE_2005-2008.pdf

(82) 'The analysis of the long-term sustainability of social security', MTSS, Análise da Sustentabilidade de Longo Prazo da Segurança Social, 2006. http://www.portugal.gov.pt/NR/rdonlyres/232EE9AD-530F-4D0D-A2E0-0A08CCDFF9BF/0/Analise_SustentabilidadeSegSoc_Longo_Prazo.pdf

(83) http://www.portugal.gov.pt/NR/rdonlyres/BF2E7DA8-4F29-469D-ABDC-7D7089F116E5/0/Acordo_Reforma_Seguranca_Social.pdf

(84) http://www.igf.min-financas.pt/inflegal/bd_igf/bd_legis_geral/leg_geral_docs/DL_119_2005.htm

Bases da Segurança Social) ⁽⁸⁵⁾. The socialist party majority voted for the law against all of the opposition parties.

To restore social, economic and financial sustainability in the social security system, the government introduced measures that apply to the public sector workers' pension scheme (Caixa Geral de Aposentações, CGA) and the social security system for private sector employees. The following apply under the new scheme.

- Old-age pensions are determined in relation to the contributing career of the pensioner. To smooth the transition between the new and old schemes, special rules will be applied until 2016 (during this period, persons with longer contribution careers will receive special attention to ensure that they benefit from the most favourable terms).
- Replacement rates are differentiated according to the level of reference earnings.
- A sustainability factor is introduced in the formula used to determine old-age pensions to take life expectancy into account.
- Since the sustainability factor decreases the expected old-age pension, complementary retirement pension plans are encouraged to compensate for the decrease in the replacement rate.
- Updates in cash benefits will relate to Indexante de Apoios Sociais (social support indexation, IAS), instead of the national minimum wage, which was used until the beginning of 2007. (The IAS value is defined each year to accommodate changes observed in consumers prices index and real output growth).
- Early retirement is subject to stricter eligibility rules and therefore only workers aged 55, provided that they have contributed for at least 30 years or more, are considered eligible to apply for early retirement (the pensioner must accept a penalty of 6 % per year prior to the legal retirement age and those who remain active after the legal retirement age benefit from an increased pension).

In addition to this reform, a new type of invalidity is considered in the Portuguese system.

In addition to relative invalidity (i.e. a situation in which the worker, before reaching retirement age, becomes unable to earn more than one third of a normal wage, as a result of a permanent incapacity due to an illness or accident not covered by the specific legislation on employment injuries and occupational diseases), absolute invalidity (i.e. a situation in which the worker deals with complete and permanent incapacity to carry out any working activity) is also now considered.

(85) http://www.portugal.gov.pt/Portal/PT/Governos/Governos_Constitucionais/GC17/Ministerios/MTSS/Comunicacao/Outros_Documentos/20070116_MTSS_Doc_Lei_Seg_Social.htm

The Law Decree No 220/2006 of 3 November 2006 ⁽⁸⁶⁾ brought considerable changes to the previous unemployment insurance system.

- Emprego conveniente (convenient jobs), emprego socialmente necessário (socially necessary jobs), active job search and non-voluntary unemployment were defined more clearly, in order to overcome some of the limitations arising from insufficient specification.
- Stronger relevance was given to vocational training and to the Plano Pessoal de Emprego (the personal employment plan).
- Compulsory visits to job centres every 15 days were enforced for unemployment insurance beneficiaries.
- The duration of unemployment insurance is determined considering age and contributing career.
- The concept of involuntary unemployment became stricter.
- Sanctions against illicit behaviour were enforced.
- An enlarged support for beneficiaries of the PES was established.

This new scheme, which came into force in January 2007, demands more from the beneficiaries of unemployment insurance, who now have to search more actively for employment and be willing to accept a wider range of jobs. However, at the same time, it also offers beneficiaries more from the PES. Their responsibilities in this framework include providing information on national and European job vacancies, building a database with all registered unemployed people which is easily available to potential employers, encouraging firms to offer internships or permanent contracts to long-term unemployed people and people at the margins of the labour market, monitoring of job search efforts carried out by unemployment insurance beneficiaries, and suggesting vocational training to job-seekers to promote their employability.

This reform of unemployment insurance contains a set of mechanisms to promote faster reintegration of beneficiaries into the labour market. To reduce the number of long-term unemployed people, the government began granting fiscal incentives to companies that hire young job-seekers or long-term unemployed people through permanent employment contracts (Law No 53-A/2006). The benefit is a 50 % reduction in their corresponding tax contributions.

The fight against fraud and evasion to contributions, launched in 2005, plays a decisive role in the government strategy to increase the financial sustainability of the social security system. Through the 'Viável' programme, more payment options are offered to firms and independent workers with social security debts, in order to raise the likelihood of collecting this debt and, therefore, increase social security revenues. As part of the strategy to avoid fraud and evasion, there is also an action to

(86) <http://www.fenprof.pt/?aba=27&cat=36&doc=1944&mid=115>

identify cases of beneficiaries receiving benefits without proper justification. To prevent these situations, stronger surveillance started to be exercised over:

- beneficiaries of unemployment insurance, who refuse job offers or training suggested by the jobcentres, do not appear in jobcentres when invited, or receive social unemployment insurance;
- beneficiaries receiving an illness or invalidity pension.

With the reforms of old-age, invalidity and unemployment insurance in place, the government began focusing on measures with respect to family benefits. In July 2007, the prime minister announced that incentives to have children would be created and that benefits to families with more children would increase. Since then, in terms of social protection, family benefits and benefits for older people with lower income levels have been the target in the government's agenda. The two agreements signed between the government and social partners in 2006 (the agreement on the principles of reforming the social security system and the agreement on the reform of social security) include a set of measures that imply the involvement of the social partners in monitoring the evolution of the social security system. In addition, the tripartite Comissão Permanente de Concertação Social (Standing Commission for Social Dialogue, CPCS) also regularly discusses issues related to this reform.

3. Performance and achievements

At the moment, the key reforms in this area have been launched. A comprehensive set of changes has been introduced and further changes are only expected regarding the revision of the Labour Code.

Assessment of the achievements must consider several aspects:

- These reforms will produce limited effects in the immediate short term. Moreover, since the majority of the new schemes came into force in 2007, the current statistics do not reflect their impacts, as most indicators are only available until 2006. An assessment of the impact of the new old-age pensions on the labour market or on income inequality is only possible in the future. Regarding projections of the financial sustainability of the system, there is some research to report. The EES indicators that are more likely to reflect the changes introduced so far are employment rate in age groups 55–59 and 60–64; activity rate in the age groups 55–59 and 60–64; average exit rate from labour force; unemployment rate and long-term unemployment rate; preventative services; new start; and activation of long-term unemployed people.

- There are, however, some areas in which it is possible to evaluate the results of the policies recently carried out, such as the effects of the changes introduced in the unemployment insurance system and the plans to tackle fraud and evasion to contributions.

A study carried out by Banco de Portugal (Pinheiro and Cunha, 2007) concluded that the reforms implemented in the social security system 'with continuation of the process of fiscal consolidation under way should allow for the country's public finance sustainability assessment to be improved from high to average risk' ⁽⁸⁷⁾.

Tables 1–3 show the very positive results from the measures taken to tackle fraud and evasion of contributions between 2005 and 2007. The amount recovered from inspections and agreements to employer entities and independent workers increased from EUR 280 704 000 in 2005 to EUR 555 000 000 in 2007 (+ 97.7 %). Debt recovery is the key explanation for these results — it grew by 377.24 % between 2004 and 2007 (Table 2).

In the past two years, the number of actions to verify illness or incapacity reported by a beneficiary increased considerably. The effectiveness of these actions has been rising over the period. The identification of mis-use by the beneficiaries of unemployment insurance, according to the terms of the system, should lead to their benefits being suspended or ceased. This is due, to a great extent, to the interface between the Instituto do Emprego e Formação Profissional (Institute for Employment and Vocational Training, IEFP) and social security services.

In the autumn economic bulletin 2007 released by the Portuguese Central Bank ⁽⁸⁸⁾, the high replacement rate and duration of unemployment insurance were identified as causes for high long-term unemployment. The changes on beneficiary duties and closer surveillance, introduced into the unemployment insurance system, have assumed an important role in tackling this kind of unemployment. In this bulletin, it was stressed that the decrease in the costs of unemployment insurance is explained by these changes.

Increased surveillance and the redefinition of the obligations of the beneficiaries of unemployment insurance reduced the overall number of beneficiaries in 2007 (Table 5). This is a particularly good result given that unemployment kept rising during this period (Figure 1).

(87) URL: <http://www.bportugal.pt/publish/bolecon/artigos/op.asp?Lang=p&Ano=2007&Numero=3>

(88) http://www.bportugal.pt/publish/bolecon/artigos/bol_outono07_e.pdf

Table 1: The number of actions and amounts recovered (2005–07)

	2005		2006		2007	
	Results	Amount recovered (1 000 EUR)	Results	Amount recovered (1 000 EUR)	Results	Amount recovered (1 000 EUR)
Notification to employer entities and independent workers	402 266	94 688	271 332	68 613	168 506	37 900
Criminal investigation offices						46 300
Inspection actions	22 620	29 642	23 723	23 315	17 802	41 900
Debt recuperated through the confiscation of the debtor's assets		129 353		238 263		313 700
Programme of agreements with debtors (with considerable debts) on favourable terms and conditions of payment		44 085		88 601		115 200
Total		280 704		418 791		555 000

Source: Ministry of Labour and Social Solidarity (MTSS).

4. Conclusions

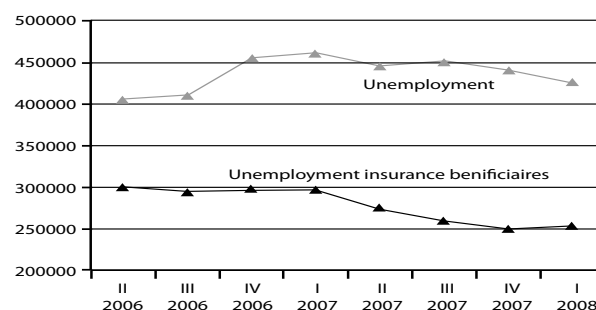
The research carried out so far shows that the set of measures adopted to improve financial sustainability will be sufficient to meet the upcoming challenges of economic, social and demographic trends. The reform of the unemployment insurance system, in line with the plans to combat fraud and evasion, has reduced the number of beneficiaries in a period of increasing unemployment. However, such kind of structural reform will mainly deliver results in the medium and long term.

In the reform of social security agreement, the stepping stones of the new system were agreed. Efforts to achieve the budgetary goals were tied to social and economic aims and important steps occurred in the past years. The revision of the Labour Code, which is currently under discussion between the government and the social partners, can also add another dimension to the framework and the modernisation process.

Table 2: Contributors — Debt recovery evolution (1 000 EUR)

Years	Debt recovery	Change in %
2004	65 732	
2005	129 353	96.79 %
2006	238 262	84.19 %
2007	313 700	31.66 %

Source: MTSS

Figure 1: Unemployment and unemployment insurance beneficiaries (2006–08)

Source: MTSS and INE.

Table 3: Beneficiaries — Evolution of the number of actions and amount recovered (2005–07)

	2005			2006			2007		
	Results	Suspensions and cessations	Estimated saving (1 000 EUR)	Results	Suspensions and cessations	Estimated saving (1 000 EUR)	Results	Suspensions and cessations	Estimated saving (1 000 EUR)
Interviews under SVI	122 252	14 419	8 314	144 180	54 430	9 398	245 150	81 504	18 700
SVI verification actions	96 126	24 132		117 010			n.a.		
Housing inspection actions — illness benefits	19 516	6 796	1 748	21 739		1 611	18 077		
Inspection actions and interface with IEFP unemployment insurance	22 316	1 076	1 595	22 867	56 265	35 130	7 101	85 152	62 100
Inspection actions to households with RMG/RSI (guaranteed minimum income/social insertion income)		6 073	5 215	24 176	4 157	3 751	25 778	5 234	7 000
			16 872			49 889			87 800

Source: MTSS.

NB: Sistema de verificação de incapacidades, SVI (system to verify disabilities).

Table 4: Use of the direct social security service

	Target 2006	December 2006	May 2007
Number of service's users	150 000	218 042	299 039
Number of updates to social security databases	100 000	275 411	515 009
Total number of website visits	1 000 000	992 564	1 733 785
Number of services made available	20	27	33

Source: Instituto de Informática e Estatística da Segurança Social, IIES. (Institute for Social Security Informatics and Statistics).

Table 5: Unemployment insurance beneficiaries

	January 2006	January 2007	January 2008
Unemployment insurance beneficiaries	312 999	297 211	258 319

Source: MTSS.

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Romania

Increasing investment in human capital, strengthening the relationship between education and the labour market and improving the transition from school to work via the route of apprenticeships

1. Introduction

Apprenticeships are one of the oldest known ways of training an individual into the intricacies and specificities of a trade and/or profession. So ancient is this route into the world of work that in many countries there is a long-standing tradition of using this path that combines work and training.

In today's dynamic and global labour markets, apprenticeships are viewed as an alternative way of making the transition from school to the world of work. The aim is to combine theoretical training with practical, hands-on job experience in an apprenticeship that is usually acquired by young people while being employed, under the terms of specifically designed contracts, with an employer who practises a certain trade or profession.

It is from this point of view, combining learning in its most practical form with actual employment, that apprenticeships are captured as part of the EU Integrated Guideline No 23. This encapsulates apprenticeships as measures aimed at expanding and improving investment in human capital via 'inclusive education and training policies and action to facilitate significantly access to vocational, secondary and higher education, including apprenticeships and entrepreneurship training'.

Therefore, apprenticeships are rightly regarded not merely as an alternative way of vocational training, but also a major instrument for greater social inclusion. It is a specific path of combined training and employment, highly beneficial to categories of the population at risk of being marginalised or excluded or people in regions and localities that are remote and isolated. Apprenticeships are also beneficial for the trades, professions and occupations for which industrial-type training is at best ill-suited, including among traditional occupations that play such an important role in the preservation of the cultural identity and diversity of our continent.

Accordingly, support for apprenticeships as a route from school to work, has been rightly classified by Eurostat as a labour market intervention (labour market policy, LMP). Therefore, the financial

schemes providing support, in a variety of forms, either to the organisers of apprenticeships programmes (enterprises or individuals exercising a certain trade/profession), are categorised as ALMPS and are included for statistical purposes into the second category of LMPs, namely those dedicated to vocational training and the support of such activities, with a special sub-category of 'support for apprenticeships'.

This article will look at the renewed interest into the practice and regulation of apprenticeships in Romania.

From the very beginning of plan-to-market transition, voices were heard among both unions and among employers in favour of the re-establishment of apprenticeships not only as a distinct route of vocational training but also a self-standing institution of the Romanian labour market. However, the very pace of transition prevented a proper re-establishment of this institution until the new Labour Code was finally elaborated and enacted at the beginning of the current decade and just as Romania was ending its transition period and approaching its entry into the EU.

As such, the Labour Code, also known in Romanian legislation as Law No 53/2003, states in Title VI dedicated entirely to vocational training that apprenticeships are a recognised form of vocational training (Article 189 in the current as well as in the initial form of the law). An entire chapter is dedicated in the Labour Code (Chapter III/Title VI) to apprenticeships as self-standing-institutions of the Romanian labour market. While stating clearly that apprenticeships are to be considered an established, distinct form of vocational training, the Labour Code also established that they are to be undertaken under the terms of a specific type of determined duration (closed-end) labour contract, thereby assimilating fully apprentices with regular salaried employees and granting them all the associated rights, including those of social security.

Although the code explicitly left most of the technicalities for a future specific law to define, it nevertheless initially attempted to more strictly regulate the form of employment with training which apprenticeships are in essence, leaving less room for manoeuvre for the special legislation. As both unions and employers strongly protested at the initial provisions, with employers claiming that there was too much rigidity embedded in the code and the unions claiming that a modern form of slavery had been enacted, the government in office at the time did not manage to implement this part of the code. It was therefore left to the centre-right coalition that emerged after the 2005 elections to amend the code in 2005 and strip the chapter on apprenticeships of all but its basic provisions, with the rest being left for a special law to legislate. The act which therefore emerged has therefore been thoroughly negotiated by the unions and employers.

The law, known as the Apprenticeships Act (Law No 279/2005), was passed in 2005. However, it only entered into force in 2006, when the Ministry of Labour finally elaborated its application norms without which, according to Romanian legislation, it would not have been able to produce any tangible effects. Therefore, the time since the application of the act and the policy itself is rather short and, as such, there are few if any evaluations of its efficacy. There are also very few, if any, reliable statistics

on the issue. Nonetheless, based on the information that does exist, as well as the fact that the provisions of the law have now stabilised, it is possible to provide a brief review of its provisions and make a range of qualified observations on the topic.

2. Organisation, implementation and funding of the policy

According to the special law that regulates the institution of apprenticeships in Romania, apprenticeships are regarded as a special and distinct form of vocational training combining employment, in the form of a closed-end, determined duration contract, with vocational training, to be provided by the employer, both practical and theoretical. People entitled to apprenticeships must be individuals aged between 16 and 25 years of age, with no prior qualification in the trade for which they are entering as an apprentice. The apprenticeship contract cannot be longer than three years but not shorter than six months, in accordance with the qualification to be provided. Actually, the law clearly states that the contract cannot exceed 24 months so as to be in full compliance with the provisions of the Labour Code for determined duration contracts.

It is important to mention that while the apprentice is considered a full-time employee of the firm or of an individual authorised person or family association, he/she is entitled to all associated rights, including the minimum salary and working time regulations. The apprentice also benefits from theoretical training which is to be provided within working hours. Employers have to provide housing and accommodation for apprentices if they are unable to commute between home and work.

The State encourages apprenticeships and perhaps this is one of the most important aspects of the law. It provides employers committing themselves to providing apprenticeships with a financial incentive from the Unemployment Insurance Fund. The incentive equates, per trained and employed apprentice, to 50 % of the statutory minimum wage (currently at RON 500/EUR 139 at market exchange rate, which makes the subsidy equal to RON 250/EUR 70). To this one can add a further subsidy equal to the equivalent of the expenses incurred by the employer for the theoretical training of each apprentice, but no more than the equivalent of 20 % of the statutory minimum wage.

This link with the minimum wage, which in Romania is particularly low, is, in the author's opinion, not conducive to the application of the measure. The fact that so many incentives and stimuli are tied to the low threshold of the minimum wage makes them very unattractive as the amounts received are so low that they simply do not justify the bureaucratic procedures needed for their administration. It would be better for there to be a closer link between benefits and contributions and, in the case of incentives, between the amount to be disbursed and the objectives to be achieved. It should therefore be

understood that while stability of the social protection schemes is paramount (in this case the Unemployment Insurance Fund), the fact that most of them are financed via contributions turns them also into vehicles for the promotion of their contributors' interests and not only into additional pillars of overall/consolidated budget stability. Therefore, while in the case of non-contribution financed benefits, a link with the minimum salary is welcome, in the case of contribution-financed incentives and benefits, such a link is counter-productive. It is clear therefore that in this particular case, linking subsidies, which are meant as incentives for engaging apprentices, with the very low level of the minimum salary makes them wholly unattractive to the business community as the amounts disbursed cannot cover any expenses. Therefore, the way in which these subsidies are designed, to date, makes them more of a disincentive rather than a much-desired incentive for engaging into apprenticeships.

3. Performance and achievement

Activity reports of the National Agency for Employment (NAE) ⁽⁸⁹⁾ show that intake rates for the LMP destined for the support of apprenticeships have been particularly low. Only one firm has until now been reported as applying for the support offered via the PES (i.e. the NAE). Moreover, it seems that nationally only 30 individuals have been certified as 'apprenticeships supervisors' according to the stipulations of the law. This is particularly worrying, as the legal conditions for the authorisation of the apprenticeship supervisor are the legal hurdle most often cited by employers as an insurmountable barrier to the expansion of apprenticeships. To a certain extent this is true, as it is not multinationals that are the most likely to engage into apprenticeships programmes but SMEs as well as individual craftsmen and family associations undertaking traditional craft and trades, many for whom this requirement is a difficulty. This difficulty is compounded if apprenticeships are also meant as a way of preserving, via traditional occupations, the cultural identity whereby practitioners of these trades are often aged and therefore, the mere requirement of them getting a certificate as an attested 'trainer of adults' is a particularly difficult barrier to overcome.

(89) It has to be noted that the annual report for 2006 of the NAE clearly mentions that, while at the beginning there was great enthusiasm from employers for apprenticeships, this soon faded as they had to confront the necessity of getting their training personnel attested according to the methodological requirements enshrined in the law (the apprenticeships foreperson). As such, the NAE 2006 annual report clearly states that 'no apprenticeship contract has been financed by the agency throughout 2006 according to the provisions of the Unemployment Insurance Act (Law No 76/2002). If this is the case for 2006, for 2007 it seems that matters did not improve. On the contrary, the annual report of the agency chose to ignore the measure and failed to mention anything with regard to 'support from apprenticeships' as an active measure in the area/category of vocational training.

Indicators for monitoring

There are no indicators dedicated specifically to apprenticeships and the support to apprenticeships as an ALMP. Although Guideline No 23 clearly mentions apprenticeships, none of the indicators circumscribed to this guideline specifically looks at this measure. Therefore, one can only pick 'investment by enterprises training adults' and the more than obvious 'participation in continuing vocational training', as the most likely though not necessarily the most suitable of candidates.

One can point to other indicators that are concerned with the ALMP measurements and therefore look at:

- amounts disbursed for apprenticeship programmes from the Unemployment Insurance Fund;
- number of participants in Unemployment Insurance Fund-financed apprenticeship programmes;
- transitions from the Unemployment Insurance Fund-financed apprenticeship programmes by participants into such schemes.

Also, as all of the apprenticeship programmes have to be registered with the local directorates of the Ministry of Labour, a more than obvious set of indicators to be collected administratively would be:

- number of apprenticeship programmes registered with the local labour directorates;
- number of apprenticeship contracts registered with the same local labour directorates;
- number of individuals certified as 'apprenticeship supervisors' by the same bodies, number of licences and authorisations revoked by the same bodies and number of controls and verifications carried out by Labour Inspectorates on enterprises or other entities licensed to organise apprenticeship programmes.

4. Conclusions

The new Romanian Labour Code together with the Apprenticeships Act create a modern framework for apprenticeships as a distinct, self-standing institution of the Romanian labour market.

In the meantime, the Romanian government has committed itself to the support of apprenticeships as a novel, innovative labour market policy by providing an incentive from the Unemployment Insurance Fund to those employers that engage in this specific form of employment with training.

However, while these are the positive aspects, the disadvantages are linked to the rather strict and demanding conditions

regarding the organisation of apprenticeships. This is especially with regard to the apprenticeship supervisor, where the conditions for most of the small entrepreneurs and especially for individual craftsmen and traders to whom the measure is aimed initially, are hard to accommodate.

Nonetheless, it is certain that a relaxation of the many restrictions in the law (such as the accreditation and attestation of the apprenticeships monitoring and training staff, and the tough conditions regarding the support for apprenticeships) would be beneficial in persuading employers to engage more actively in apprenticeship programmes.

On the other hand, the National Agency for Employment as a public body, which is entrusted with the administration of what is actually the support for apprenticeships as an active measure, would have to increase information and awareness measures. It seems that the most important obstacle in the application of the law is actually the lack of knowledge regarding it and greater promotion of the measure is required.

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Slovenia

Guidance for unemployed people as an active labour market policy

1. Introduction and objectives

In Slovenia, as in other European countries, (vocational and career) guidance, defined as 'services intended to assist individuals, of any age and at any point throughout their lives, to make occupational, training and educational choices and to manage their careers' (Sultana and Watts, 2006) is a fast-developing policy area, especially over the past 10 years.

On the other hand, it is not an entirely new concept in Slovenia. Vocational guidance was first introduced in the 1950s, when vocational guidance services within the regional employment service were established. During the 1960s and 1970s, the guidance services were offered as a part of school counselling centres addressing the needs of pupils and students in primary and secondary schools. Until the mid-1990s, they were the primary target group for career guidance. In the second half of the 1990s, when the unemployment rate increased dramatically, the Employment Service of Slovenia (ESS) reoriented its guidance services towards adults and especially unemployed adults. The major reform of guidance services in the ESS was carried out between 1997 and 1999, when vocational information and guidance centres were established (as a part of the PHARE project). In 2000, through the Slovenian National Centre of Vocational Guidance, the ESS became a member of Euroguidance (formerly NRCVG), a network of EU centres for vocational guidance.

As a part of the Slovenian ALMP, guidance is one of the four main policy areas of the Slovenian Ministry of Labour, Family and Social Affairs (Molfsa) to improve the competitiveness of the Slovenian labour market and Slovenian workers. Development of career guidance should have a positive influence on the vocational education and training system in Slovenia for it to become more effective and efficient and address labour market needs and the needs of unemployed people.

Important influences on the development of career guidance in Slovenia are the relatively new strategies developed at the European level. The EES in the field of the labour market, and lifelong learning strategy in the field of education, are the most important. They have influenced the changes of existing social and employment as well as educational policies in recent years. One of the recent concepts, affecting the position of unemployed people in the labour market, is the concept of activation. The introduction of activation policy is intended to increase activity

rates (or to lower unemployment rates) and to make social protection schemes more 'employment-friendly', and more effective and efficient. The activation strategy emphasises the role of work. It raises the question on the new role of guidance — should it provide only information for quicker re-entry into the labour market or should it provide a more comprehensive service for greater employability, regardless of the duration of unemployment? Furthermore, 'within the activation context, career guidance has increased the role of mediator between the individual and the system and who plays the role of an agent, who should create 'cognitive' change in individuals, especially in the sense of accepting the existing circumstances of the functioning of the labour market (flexibility, precarious employment, etc.)' (Kopač, 2007).

2. Organisation, implementation and funding

In the labour market, the ESS is the most important provider, contractor and coordinator of guidance services in Slovenia. ESS activities are financed by the State budget together with the Structural Funds (especially active labour market policy programmes).

The ESS was established by Molfsa and its responsibilities are defined by the Employment and Unemployment Insurance Act (most recently from 2006). Within the ESS, a special Department of Vocational/Careers Guidance is responsible for a wide spectrum of activities regarding guidance — from developing methods and tools for guidance and counselling to delivering guidance services for pupils and adults (especially unemployed people).

Within the ESS, guidance services are organised in a three-tiered system (Kopač and Ignjatović, 2006). At the first level, clients (adults and young people) have free access to information in a self-service mode, through a network of vocational information and guidance centres (VIGC)⁽⁹⁰⁾. Their primary goal is to provide individuals/clients with sufficient information, enabling them to make independent decisions about their future activities.

A second tier provides group-based guidance, which can include job clubs, sessions that help clients to regain self-confidence and motivation, learn about job-searching skills, etc. Group-based guidance is a part of active employment policy measures, which are mainly contracted out to private organisations through tenders.

In addition, there are also labour funds — institutions set up to implement active employment policy programmes, which

(90) There are three VIGC in Slovenia (in Ljubljana, Maribor and Koper) plus 18 VIGC (information points) and eight VIGC (information corners). In 2005, 65 % of all visitors were unemployed people (ESS, 2006).

work on re-activating and finding alternative employment for redundant workers. They are private legal entities set up to carry out active employment policy measures within one or several municipalities, or within one or several companies. There are regional, branch and business labour funds. Labour funds bring together social partners and stakeholders at the local, regional and national levels (municipalities, trade unions, chambers of commerce and craft, companies, business centres, business incubators, technology parks, the ESS, etc.).

A third tier of guidance services within the ESS provides individual-based career guidance (*poklicna orientacija*), which is performed by career counsellors to those who are perceived to need it ⁽⁹¹⁾. This is the most comprehensive, in-depth career guidance service available in Slovenia. Additionally, all registered unemployed people have a right and responsibility for an individual employment plan in which they define, in cooperation with employment advisors, their employment goal and 'active' steps (measures) for reaching such a goal.

Besides the ESS, adult educational guidance centres are also important in terms of delivering educational guidance to adults ⁽⁹²⁾. The Slovenian Institute of Adult Education regulates their activities, which are financed by the Ministry of Education and Sport. Centres are attached to or situated within local training centres called People's University (*Ljudske univerze*) — which are the most important providers of adult education and training. There are currently 14 local adult educational guidance centres situated all over Slovenia. They demonstrate good practice in the area of LLL policy and have established cooperation with other stakeholders at the local level. Each centre has its own network of partners (i.e. experts and strategic partners), whereas the educational providers play the key role.

The existing guidance service in Slovenia thus mainly consists of public providers (financed through direct service provision), where private or non-profit organisations play only a very marginal role. On the other hand, some companies do have organised internal career guidance, while certain organisations (and associations), such as chambers of crafts, chambers of commerce and industry, and especially trade unions are not involved enough in guidance.

(91) Career counsellors also undertake individual counselling for pupils making an educational choice.

(92) However, adult educational guidance centres have different clients; half of them are employed, while the other half are unemployed, pensioners or students and pupils.

3. Performance and achievements

As already stated, vocational and career guidance in Slovenia has expanded in recent years. Besides the institutional promotion of guidance, unemployed people as well as those already employed and younger generations especially are more and more aware of the importance of education and guidance services. Within the ALMP measures, Molfsa and ESS have noticeably increased planned activities in the field of counselling and guidance. Table 1 shows the number of implemented sessions per year for the most recent period.

Only quantitative criteria (the number of sessions and the structure of unemployed people included in the programme) are used in evaluating the programme (Molfsa, 2007).

On the other hand, a more qualitative evaluation of the guidance programmes is relatively rare and primarily internal. According to the survey undertaken during the international project 'Guidance in Europe' ⁽⁹³⁾, Slovenian counsellors reported that there were no officially defined intended outcomes of the activity. It can be concluded that the intensity of work and pressure on the employment and career counsellors increased dramatically in this period. The guidance services (the whole three-tier system) are usually subordinated (also financially) to other tasks of the ESS — especially to job placement and activation. Thus, career guidance seems primarily to function to make job mediation and the use of available active employment policy measures more effective. Even if there are no concrete performance targets, career counsellors feel the increased 'pressure' towards 'making their contribution to employment exit or inclusion of clients into education'. However, regardless of such pressure, all interviewed personnel gave an assurance that this is not done at the expense of individuals. Integration in the labour market is a priority but long-term goals are taken into account as well.

The same assurance was also given by the interviewed clients — none felt any direct 'force' towards their reintegration into the labour market. All interviewed users were unemployed, attending career guidance sessions prior to their inclusion into education or training programme (i.e., Programme 10 000 +). The

(93) Spain, France, UK, Slovenia and Germany participated in this Leonardo da Vinci project (2004–07).

Table 1: Implementation of ALMP programmes, number of sessions per year

	2004	2005	2006	2007
1. Measure: Counselling and job searching assistance		155 280	1 221 771	924 899
1.1 General counselling and information		145 427	1 075 764	813 968
1.2 VIGC	86 289	108 321	91 295	74 023

Source: ESS, 2005, 2006, 2007, 2008.

expectations of users regarding career guidance were very much alike. They expected to receive assistance in making a choice in respect of their further career or selecting the most appropriate occupation. The key task of career counsellors, according to the clients, was to make a 'balance between personal wishes and capabilities' of their 'clients. In the end, guidance counsellors had to estimate the chances of clients to successfully finish the educational or training programme. Thus, it is not a surprise that all interviewed users had a very positive attitude towards such 'activation' measures. They were also very satisfied with the help they received from the career counsellors. On the other hand, the interviewed users were less satisfied with the work of employment counsellors. They have perceived the relationship as highly instrumental. One said that 'employment counsellors do not care for us, while the situation with career counsellors is totally different. They take time and listen to you.' In relation to the employment advisors, there were also wider gaps between expectations and the services actually provided, especially in relation to the expected influence of employment advisors on the labour market or the recruitment policy of employers. Users tend to expect that employment counsellors will do more for them — that they will find them work.

In general, career guidance tends to have a more positive, direct outcome for those who are seeking advice in respect to further training or education — and a less direct influence on labour market integration. Nevertheless, it is interesting that career counsellors manage to establish a relationship of trust, which enables them to 'produce' cognitive change within clients without adverse reactions. As one of the counsellors stated, 'we inform them about currently perspective professions and employment possibilities. No one will be able to avoid a change of employment, working place or even profession. Such a situation in the labour market forces us into constant adaptation to changes, both in a professional and a personal sense. Only people who will be prepared to continually learn and adapt themselves will be successful and perform their work well' (Jamnik, 2007).

4. Conclusions

The importance of (vocational and career) guidance in Slovenia is increasing. The introduction of the activation concept as one of the main policies for unemployed people also increased the dilemma for guidance counsellors.

One dilemma is obtaining the right balance between the needs of the individuals (their wishes, expectations, and aspirations) and the needs of the system (labour market, educational programmes or employers). The counsellors find themselves in the situation where the needs of employers (and the labour market) and unemployed people need to be balanced, by taking into account the wishes and career interests of unemployed people and the actual needs of the labour market. 'The needs of employers in employing new workers are specific. Mostly they require a suitably educated/trained worker, who can perform his work independently right away' (Vaupotič, 2007). For the majority of guidance counsellors, it is still important that the primary purpose of career guidance remains the personal and professional growth of individuals and not just a reduction of unemployment and increasing population activity at any cost. While the policymakers see guidance as a 'tool for increasing employment and reducing unemployment', the professionals emphasise guidance as a tool 'to facilitate the successful development of individuals' (Niklanović, 2003: 4). According to the Kopač (2007), 'career guidance should thus, in connection with the labour market, follow long-term and not short-term goals and especially take into account the need to ensure life-long employability of the individuals and not just the need for their immediate 'activation' with no regard for the quality of the service. The latter is naturally closely connected to the labour market situation, especially the quality of available workplaces. The change in the primary role of career guidance, that is, from the individual towards the system and understanding of career guidance as a key element that contributes to the building of an individual's security (that is, the ability of the individual to adapt to a flexible environment), can be most prominently noticed in the European employment strategy, which consequently also determines national employment policies, at least on a declarative level if not on a practical'.

Furthermore, in searching for the balance, employment and career counsellors in practice are still dealing with relatively high caseloads and increasing performance targets (in respect of employment/education exits). They have reported the need to introduce new counsellors into the field, their comprehensive and continuous education, closer cooperation between different institutions and the need for setting up national standards for performing counselling and guidance and national criteria for evaluating the results of their performance.

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Slovakia

One-stop shops for entrepreneurs

1. Introduction

Slovakia has made considerable progress over the past five years in terms of promoting job creation. The main drivers of growth were extensive reforms that eased conditions for doing business and increased people's motivation to work, in conjunction with the growing interest of foreign investors, and, not least, the country's EU accession. Slovakia has received international credit for implementing policies in favour of improving business environments from the World Bank and the European Commission. Despite certain accomplishments, the challenge to improve conditions for entrepreneurship remains vital, particularly in creating a better regulation framework, improving law enforcement and reducing administrative and fiscal burdens on businesses.

During 2006–07, when the business community signalled a general worsening of the entrepreneurial climate, one initiative, the concept of creating a network of one-stop shops, was met with outstanding acclaim. The main objective of creating one-stop shops is to simplify access to the market for entrepreneurs through integrating all necessary administration related to business start-up and operation into one place in a time- and cost-efficient manner. Another aim is to optimise administrative procedures and electronic contacts with other authorities.

The policy is in full compliance with key national strategic documents, which unanimously emphasise the importance of creating a favourable business environment, particularly for SMEs (the manifestos of the Slovak government 2002–06 and 2006–10, the competitiveness strategy of the Slovak Republic, and the national reform programme). An important impetus for the policy was the adoption of Directive 2006/123/EC of the European Parliament and of the Council on services in the internal market⁽⁹⁴⁾, which calls on Member States to simplify administrative procedures through the creation of 'points of single contact' for service providers by the end of 2009. With the aim of reducing administrative costs associated with regulation, the policy refers to Microeconomic Guidelines No 9 and 10 of the 2005–08 integrated guidelines for growth and jobs ('To create a more attractive business environment, to promote a more entrepreneurial culture and create a supportive environment for SMEs'), and also to Employment Guideline No 21 ('Promoting flexibility combined with employment security and reducing labour market segmentation, having due regard to the role of the social partners'). The policy is aligned with the 2007 spring

(94) <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32006L0123:EN:HTML>

European Council's conclusions on reducing administrative burden⁽⁹⁵⁾ and the Commission's better regulation strategy⁽⁹⁶⁾.

2. Organisation, implementation and funding of the policy

In April 2006 the government approved a draft 'Concept of creating a network of one-stop shops'⁽⁹⁷⁾. The concept laid down basic principles for the creation and operation of one-stop shops in Slovakia. According to the document, one-stop shops were supposed to:

- improve and streamline access to the market for a wide group of entrepreneurs in the business start-up phase as well as in the course of undertaking business activity, through more efficient administrative procedures and provision of assistance related to entrepreneurship;
- concentrate administrative procedures into one centre;
- optimise the administrative process in terms of quality and time necessary for issuing relevant documents.

In response to the EC directive on services in the internal market, one-stop shops should provide for all procedures and formalities needed to access a service activity, charge fees proportionate to associated costs, provide additional services beyond the basic scope, respect the optional use of services by providers, and make services accessible across the entire country.

The Ministry of the Economy, charged with the transposition of the services directive, considered several alternatives to the setting-up of the network. Following inter-ministerial discussions, the decision was taken to establish one-stop shops within the existing network of tradesmen offices (tradesmen departments of district offices under the public administration), taking into account their infrastructure, technical and professional capacities, experience and the coverage of a decisive part of entrepreneurs. The Ministry of the Interior is responsible for small-scale trading and crafts. Therefore, joint responsibility for the implementation of the concept was agreed between the Ministry of the Economy and the Ministry of the Interior.

The Ministry of the Economy is responsible for the coordination and methodical activities, including the development of an integrated information system. The Ministry of the Interior bears responsibility for the execution of the policy, i.e. the setting up and operation of one-stop shops.

(95) http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/93135.pdf

(96) http://ec.europa.eu/governance/better_regulation/index_en.htm

(97) <http://www.rokovania.sk/appl/material.nsf/0/DAFA4A617262C72CC12571460044B79F?OpenDocument>

The implementation of the policy is planned in phases. In the first phase, one-stop shops shall provide services for entrepreneurs, who carry out business based on trade licences (i.e. tradesmen). This concerns approximately 95 % of the total number of entrepreneurs. The first phase was launched in October 2007 with the amendment of the Trade Licence Act. Entrepreneurs who perform activities on the grounds of other permissions and registries, such as persons registered with the business register or persons in freelance occupations shall gain access to one-stop shops in the second phase. The concept envisaged 31 December 2008 as the deadline for the second phase. However, this date may not be feasible in view of the policy adjustments ⁽⁹⁸⁾.

The amendment of the Trade Licence Act ⁽⁹⁹⁾ enacted the creation of one-stop shops within the existing network of district (tradesmen) offices. Since 1 October 2007, the 50 district offices provide one-stop shop services within their territorial competence for all persons and legal entities, commencing or operating business activities according to the respective law. Foreign persons, originating from EU/EEC countries, can access one-stop shops in district offices located in the eight regional centres. The official language for all procedures and participants is Slovak. For the time being, staff and technical capacities do not allow for the use of foreign languages.

One-stop shops widen the existing agenda administered by tradesmen offices. Most importantly, they:

- enable persons and legal entities, applying for a trade licence, to complete income tax registration and registration in the system of compulsory health insurance;
- provide for the electronic issuance of a defaulter sheet.

Under the previous regulation, commencing entrepreneurs were obliged to arrange the abovementioned formalities in person, which was a time-consuming and thus costly operation. One-stop shops collect data from applicants needed for the registration, verify it and submit it instantly by electronic means to the respective authorities, such as the territorial tax office, health insurance company, and prosecutor's office. Against initial plans, registration for the purpose of social security is not included in the service package. The main reason is the deficient interlinking of information systems, but also the current terms of registration of tradesmen with the Social Insurance Agency (liability to register after 18 months since the commencement of a trade).

(98) This concerns the different claims and interests on the part of competent authorities (State administration bodies, self-governments, professional chambers). The Ministry of the Economy is expected to draft new legislation that would tackle the discrepancies. Otherwise, the Ministry of the Interior is ready to amend anew the Trade Licence Act to integrate 'other' entrepreneurs so that they can take advantage of one-stop shops.

(99) http://www.nrsr.sk/exeIT.NRSR.Web.Webclass/SSLP.ASP?WCI=SSLP_NZWorkitemHist&WCE=Master=2158

One-stop shops also assume advisory functions. Specifically, they provide information about general and specific conditions related to the operation of trades, procedures associated with the acquisition of a trade licence, contacts and information about relevant authorities and institutions, access to public registries and databases of service providers, and available procedures of settling disputes. Information provided is only advisory and the service is not a legal consultancy. Information may be requested electronically.

The integration of administrative procedures into one centre does not interfere with the allocation of functions among competent authorities. The service provided by one-stop shops is optional, i.e. entrepreneurs may decide to complete procedures and formalities individually. One-stop shop services are free of charge. Fees are charged for the different administrative procedures, such as issuance of trade licences and certificates of professional qualification, according to a tariff of rates. The amended law introduced formal changes in trade licences, which are now issued separately for each business activity. Under previous regulation, the number of activities registered per trade licence was not limited. Fees were lowered accordingly. The new Trade Licence Act also transposes provisions of Directive 2005/36/EC on the recognition of professional qualifications. In summary, the recognition of qualifications — an important condition for the acquisition of a trade licence — has been liberalised, which should facilitate labour market entry, particularly for school leavers.

The policy is financed from the State budget, specifically, from the budgetary chapter allocated to the Ministry of the Interior. There is no co-financing from EU funds. The total cost of creating one-stop shops, (the adjustment of tradesmen offices to perform functions of one-stop shops), is estimated at less than SKK 2 million (EUR 67 000) ⁽¹⁰⁰⁾. Services are usually carried out by tradesmen offices' employees, who are primarily responsible for the registration of trades. Special departments with staff performing exclusively 'one-stop shops' services were only set up in offices situated in bigger cities, mainly regional centres.

There is no specific involvement of social partners in the policy. Trade unions and employer associations participated in standard legislative procedures, but did not decisively impact on the setting and/or performance of the policy.

(100) Source: Ministry of the Interior of the Slovak Republic.

3. Performance and achievements

One-stop shops are in operation for a relatively short time ⁽¹⁰¹⁾. Even though the policy requires further adjustment and fine-tuning (see conclusions), it may be already assessed as a useful measure. Since its launch on 1 October 2007, almost 100 000 persons have made use of one-stop shop services (see Table 1). This is roughly one quarter of the total number of tradesmen (physical persons) ⁽¹⁰²⁾.

There is no comprehensive evaluation of the policy available so far. The Ministry of the Interior is interlinked with tradesmen offices and regularly monitors and publishes general data on output indicators (see Table 1) for each district office, including data on the number of office employees broken down by basic scope of work (registration, inspection). Data primarily serve the ministry for internal analysis.

The policy was met with a clearly positive response from beneficiaries and providers of the service ⁽¹⁰³⁾. The most praised assets of the policy are simplified business start-up and reduced (or faster) red tape. The project 'Evaluation of economic and social measures', run by the economic think-tank INEKO, awarded the policy the second highest ranking among 20 key economic and social measures approved or implemented in the first half of 2007 ⁽¹⁰⁴⁾. The evaluation committee formed of 50 independent experts evaluated the creation of one-stop shops as the best measure in the

(101) At the time this report was prepared, one-stop shops were operating for eight months.

(102) One of the indicators, which could serve to follow the impact of the policy, is the number of employed by sector and status in employment. Alternatively, employment growth could be a relevant indicator. The Commission's compendium of indicators for monitoring the employment guidelines includes the indicator of employment growth (annual percentage change in employed population) broken down by main sectors.

(103) This assessment is based on the author's interviews conducted for the purpose of this article with representatives of the Slovak Tradesmen Union and the Ministry of the Interior.

(104) <http://www.ineko.sk/heso/projekt-heso-1-a-2-stvrtrok-2007>

area of business environment improvement since the current government came to office in June 2006.

4. Conclusions

One-stop shops represent an important step towards reduced administrative costs of starting and doing business, improved quality of services and better governance of policies and institutions in charge of business environment regulation. During the short time in operation, one-stop shops received credit from the business community for their contribution to improving the entrepreneurial climate. In spite of indisputable assets, the policy includes certain limitations which require further policy attention.

- Development of an integrated information system — this is perhaps the most important challenge. Flawless functioning of one-stop shops requires a reliable interaction of information systems operated by all competent authorities. An upgrade of technical capacities, adjustment of procedures and formalities, audit of data accuracy and reliability, but also the introduction of electronic procedures in all spheres of public administration, as well as the fine-tuning of existing legislation (such as simplified use of electronic signature) is necessary.
- Widening the scope of services provided by one-stop shops — this requirement is directly connected with the implementation of the previous condition. The existing package of services provided by one-stop shops is rather limited and could be potentially widened. New services could include the registration of entrepreneurs for the purpose of social security, registration of other tax liabilities (VAT, excise taxes and motor vehicle tax among others), and mediated registration with the Business Register. Foreign entrepreneurs could be given the opportunity to complete procedures in at least one commonly used foreign language (e.g. English).
- Reduction of procedures — along with the concentration of administrative procedures and formalities into one centre, a re-assessment of their purpose, structure and number should be undertaken in order to further reduce red tape. Procedures and formalities should be reduced to the essential level, duplications should be removed, and the ultimate principle

Table 1: Key performance indicators of one-stop shops (1 October 2007 to 31 May 2008)

Number of subjects entitled to start business activity (new trades)			Number of subject which made use of OSS services			Number of OSS operations for the purpose of tax registration	Number of OSS operations for the purpose of health insurance
Physical persons	Legal entities	Total	Physical persons	Legal entities	Total		
29 042	10 579	39 621	86 325	9 944	96 269	103 668	69 628

NB: OSS — one-stop shops.

Source: Ministry of the Interior of the Slovak Republic.

should be pursued that information already filed in the information system should not be requested from citizens/entrepreneurs again, unless for serious and clearly defined reasons.

- Removal of territorial competence — this would allow people to use services in any office irrespective of their residence. Preconditions include a well-functioning information system and easy use of secure electronic signatures.
- Capacity building in one-stop shops — suggested improvements imply increased demands for financing and capacity building. Investments into quality of human resources and technical assistance are necessary pre-requisites for enhanced quality and access to services. Activities should focus on human resource development (training of personnel, possible staff increase, development of language skills), and measures to improve policy monitoring and evaluation and quality management. Possibilities of co-financing from the ERDF and ESF should be explored.

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Finland

The renewal of public administration and new activation measures for long-term unemployed people

1. Introduction and objectives

After the economic recession in the early 1990s, unemployment expanded to record proportions in Finland. As a result of the change in the economic output structure, brought on by the prolonged recession, the problems of long-term unemployment rapidly became critical.

The share of those unemployed for over a year (of all unemployed people) rose from 2 % prior to the recession to 30 % after. At the turn of the decade, long-term unemployment decreased slightly and stabilised to about 22 % in the first few years of the present decade (Figure 1).

High long-term unemployment and its slower decline in comparison to short-term unemployment led to a re-evaluation of labour market policy in the early 2000s. The renewal of labour market policy was made concrete in the government's employment programme in 2003. Lowering structural unemployment via cross-governmental measures, entailing reforms in labour administration and the unemployment benefit system, was singled out as one of the prime objectives.

2. Links with EU employment policy

Due to structural unemployment expanding sharply at the end of the 1990s, a broad reform of labour market policies was undertaken. The general direction of the policy, for example, in the reform of labour administration and improving labour market eligibility of those in the most difficult situations, followed the Lisbon strategy quite closely.

Finland can also be regarded as something of a forerunner in terms of the EU's employment policy reforms implemented in 2003. The new EU guidelines placed a stronger emphasis on measures aimed at balancing regional development and the social dimension. These were in harmony with the employment programme of the government drafted in 2003, focusing on lowering structural unemployment.

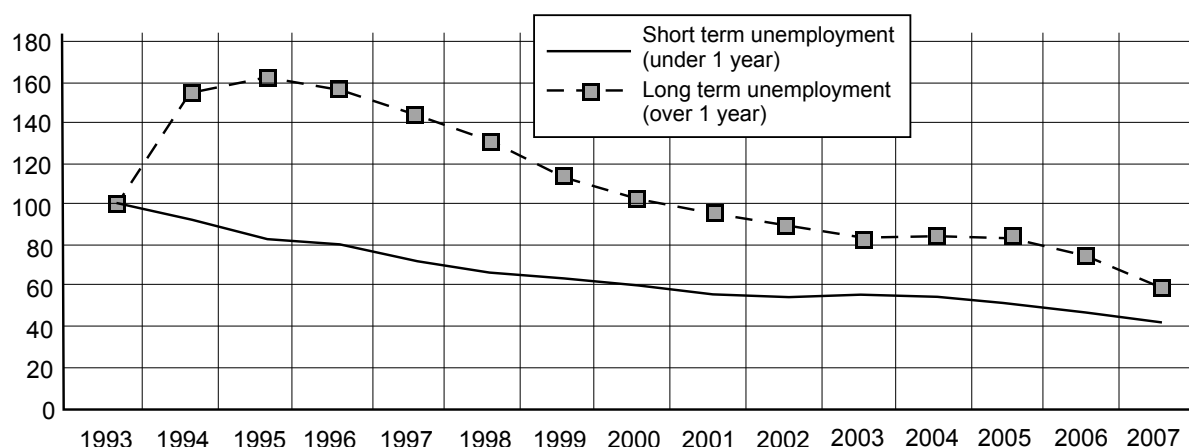
The comprehensive policy strategy integrating different governmental areas and interest groups was in unison with the review of the EES carried out in 2005. The national objective of Finland aimed at lowering structural unemployment corresponds well with Integrated Guideline No 19 of the EU employment strategy (to ensure inclusive labour markets, enhance work attractiveness, and make work pay for job-seekers, including disadvantaged people and the inactive).

3. Measures and timing

The employment policy introduced by the government consisted of three parts. The supply part of the package included the reorganisation of job referral services and making the PES customer service more effective.

In fact, the reforms focusing on making labour administration more effective had already started in 2001, when the

Figure 1: Unemployment in different groups 1993–2007 (1993=100)



Source: Ministry of Employment and Economy, Employment Bulletin.

government decided to set up regional service points alongside employment offices. From the beginning of 2004, after a trial period, employment service centres became established as service organisations for long-term unemployed people and other people difficult to employ.

According to the employment programme, a total of 40 employment service centres were to be set up by 2006. The operative model of the service centres is to integrate the services for people most difficult to employ by including employment offices, social and health functions of municipalities, youth functions, the Social Insurance Institution and other service providers, mostly from the third sector.

The demand aspect of the programme package, aiming at lowering long-term unemployment, included the condition that recipients of benefits must participate in activation measures and that the employment incentives for municipalities should be increased. These reforms came into effect from the beginning of 2006. The eligibility conditions for long-term unemployed people receiving unemployment benefits were tightened and job-seeking obligations were increased to activate unemployed people to participate in ALMPs.

Additionally, the reform included a component where the funding responsibilities of municipalities and the State were changed so that the responsibility of municipalities for the employment of long-term unemployed people would increase.

The three reform projects formed a solid whole. The objective of the renewal of the labour administration was to make unemployed people more accessible through increasing the supply and quality of services, to encourage long-term unemployed people (who do not have the inclination) to participate in activation measures and also to increase the willingness of municipalities to decrease long-term unemployment with their own actions.

4. Organisation and implementation of the reform programme

The employment policy programme started in 2003 and continued with the present government, coordinated by the Ministry of Labour (from 2007 onwards, the Ministry of Trade and Industry). A ministerial task group was founded to support decision-making and the development of the policy programme. A separate programme leader assisted the Ministry of Labour. The content of the policy programme and the organisation remained essentially unchanged in the programme of the present government, appointed in 2007.

In the integrated model of the employment programme, special project managers were appointed to each ministry. Their task was to ensure the programme was successfully implemented by the ministries and central interest groups (the association

of Finnish local and regional authorities, and labour market organisations).

In addition to the management and the project managers assisting them, the implementation of the programme was carried out in close cooperation with the association of Finnish local and regional authorities, the Social Insurance Institution and organisations offering services furthering education and employment. Labour market organisations and other organisations constitute key interest groups with whom the implementation of the programme was regularly monitored in the labour policy committee.

By setting up employment service centres, local government (and other service providers) became involved in the network-type cooperation. This sort of network-based way of work fosters multi-vocational work experience, which is necessary in the case of long-term unemployed people who are the most difficult to employ and are in danger of becoming alienated from working life.

The management of the employment programme and programme leaders have supported the activities of regional and local government (employment and economic development centres, labour force offices), for example, by organising communications campaigns and education in every province.

5. Cost and financing of the reform programme

The operation costs of labour service centres had already risen to about EUR 30 million by 2007. Service centre expenditures are split in half between municipalities and central government labour administration. Expenditures in the municipal sector are determined by the number of residents receiving labour market support.

According to the employment programme, about 100 new civil service jobs were to be established in 2006. According to the newest figures, an average of 325 full-time and part-time people was employed in service centres in 2006 and 2007.

The increase in demand for staff stemming from the establishment of the new service organisation is visible in the development of the amount of labour personnel specifically in 2005 and 2006 (Table 1). The work input of municipalities and the Social Insurance Institution has most probably also grown, so that the overall number of public employees necessitated by the reform has probably increased by about 300 people.

The funding of labour market support was changed in the beginning of 2006. The labour market support costs of people having received labour market support for over 500 days passively would be divided evenly between municipalities and

Table 1: Development of public labour personnel, 2003–07

Year	Ministry of Labour	Employment and economic development centres	Employment offices (including service centres)	Total	Change
	Persons				
2003	340	413	3 256	4 009	
2004	337	410	3 351	4 098	+ 89
2005	334	437	3 433	4 204	+ 106
2006	338	464	3 533	4 335	+ 131
2007	335	452	3 510	4 297	– 38

Source: Ministry of Labour employment bulletin (including part-time and fixed-term workers).

the central government (passive support receivers). The costs of passive support are about EUR 500 million annually and the costs of the reform will be split evenly between municipalities and central government. The costs of beneficiaries participating in activation measures will be financed by central government alone, which was anticipated to increase the measures of local government to tackle long-term unemployment.

Regarding the tightening of eligibility conditions for long-term unemployed people receiving unemployment benefits, the objective was to ensure that unemployed people seek jobs on their own initiative. The conditions of labour market support were tightened through obligating long-term unemployed people to participate in activation measures or risk losing labour market support. According to the new rules, unemployed people can lose labour market support if they have received labour market support for over 500 days or the maximum time period of income-linked daily benefits, and after this 180 days of labour market support if they refuse to participate in, discontinue or resign from labour market measures to which they have been referred.

The municipalities received compensation for the financial costs of the labour market support reforms. The cost compensation to the municipalities caused by the reform was about EUR 180 million in 2006 and it will gradually decrease during the three-year transition period to the target level of about EUR 150 million a year. The final costs depend on the extent to which municipalities are active in placing long-term unemployed people in activation measures (rehabilitating work activity, workshops, social companies and third sector organisations) and being employed in the open labour market.

6. Achievements and results

The most significant achievements of the service centre reform are indirect processes that have improved the customer service

for long-term unemployed people. The more network-based approach of regional and local authorities produced further information on the obstacles to finding work for potentially employable persons and has, in part, increased the willingness of long-term unemployed people to return to the labour market with the help of tailor-made rehabilitation and working life training programmes. On the other hand, the number of unemployed people who voluntarily become involved in the activation measures has increased through tightening the eligibility conditions for receiving unemployment benefits and also through measures of municipalities to decrease long-term unemployment.

The central tool of the labour market support reform is the threat of losing support stemming from the tightening of eligibility for unemployment benefits. It has been noticed that unemployed people's active search for work or training does not really start until unemployment benefits are threatened by a decrease or its duration is ending (the job-seeking of unemployed people accelerates to its peak just before placement measures). The effect of this threat can also be seen in the growing participation of long-term unemployed people in placement measures from 2006 onwards when the eligibility for receiving labour market support was tightened (Table 2).

According to follow-up reports of the labour market support reform, the wage support paid to employers has proved to be the most significant of placement measures. In 2007, 62 % of the activation measures of labour market support consisted of wage subsidies paid to employers. The second most used activation measure was training, where 12 % of those engaged in activation measures participated.

In the statistical compendium compiled by the European Commission, the results of the Finnish programme aimed at lowering structural unemployment are best illustrated in Table 19.M1 (Long-term unemployment rate).

According to the statistical data, the number of long-term unemployed people in relation to the labour force decreased especially fast during the years 2006–07. The statistical data

Table 2: Activation and job-search plans of long-term unemployed people and disadvantaged people

Year	Activation and renewed job search plans, numbers	Activation and renewed job search plans, percentage of all unemployed over five months	Number of employment service centre clients
2003	31 039	19.3	
2004	30 275	18.5	12 676
2005	36 051	22.1	20 614
2006	59 289	30.9	24 567
2007	57 238	30.6	26 171

Source: Ministry of Labour employment bulletin (including part-time and fixed-term workers).

Table 3: ALMP placements in different unemployment groups

Year	Total placements	Recipients of labour market subsidy for over 500 days
	Percentage share of unemployed	
2004	30.2	
2005	30.8	19.7
2006	34.2	27.4
2007	40.2	34.8

Source: Labour market subsidy report, KELA (the Social Insurance Institution of Finland).

show that the steepest drop occurred at a time when eligibility for long-term unemployed people receiving labour market support was tightened and the terms of its funding were changed.

7. Assessments on impact of reforms

The impact of the employment programme on structural unemployment has been assessed in Finland in four different reports. The first report published by the parliamentary auditors in 2005 stated that the service centre reform is a step in the right direction. The parliamentary auditors saw the weak availability of drug and mental health services and the scarcity of suitable work and training places as the greatest dilemmas. A more concrete impact assessment was not made in the report, because the reform was still in a starting phase.

Another significant study assessing the operation of service centres was conducted by the Social Insurance Institution in 2006. According to the study, cooperation between public authorities was proceeding well. Additionally, labour service centres seem to have avoided, at least the largest, pitfalls of network cooperation. The general tone of the report is more positive.

A third more extensive research report, from the Ministry of Employment and the Economy, concerned the impact of the reform of public labour services. In the study, special attention has been directed to assessing separate effects and the overall effect. According to the report, employment service centres have been targeted as service providers for persons difficult to employ and disadvantaged job-seekers, as the objectives for the reform stipulated.

The service centres have only been operating for a relatively short time and their customer volumes have been small in relation to the amount of the difficult to employ and disadvantaged job-seekers, so it was premature to assess their impact, for example, on structural unemployment. Additionally, the assessment of effects had been made difficult by the lack of follow-up and statistical data concerning the achievement of employment and social policy goals.

However, the separation of customers and services had in part led to the fact that the newly established service centres might end up with the 'bottom of the barrel', separate from employment office functions and the basic duties of job referral.

The fourth extensive study, also from the Ministry of Employment and the Economy, dealt more generally with the activities and functioning of employment offices and service centres. According to the study, the reform has been fulfilled relatively

well by employment offices. The best aspects of the reforms have been the strengthening of the initial stage of customer service and the development of self-service assistance such as the use of online services and the establishment of job-search centres speeding up job referral.

The founding of job-search and joint service centres has led to positive customer results. The service models of the employment office have developed and networking has improved between different authorities. There is a need for strengthening the strategic position of the employment offices, broadening the clientele, improving service processes and service entities and the development of integrated services.

On a local level, the labour service centre concept has turned out to function well. Service centres have developed positively in finding out and supporting the working and functioning ability of customers, yet there is reason to develop their connections to the open labour market. Municipalities have become even more involved in service centre activities.

The study states that new indicators should be developed for monitoring the performance of service centres to measure both the effects on welfare and employment. Additionally, it is stated that the labour administration will be facing problems of labour shortages, the alleviation of which will require the strengthening of labour services and the business and customer-oriented activities associated with them.

8. Conclusions

The three reform projects of the government's employment programme aiming at lowering structural unemployment formed a comprehensive whole. The objective of the reform of the labour administration was to increase the accessibility of unemployed people by increasing the amount of services and to raise the quality of customer service, to encourage long-term unemployed people in danger of becoming alienated from working life to participate in activation measures and to increase the willingness of municipalities to decrease long-term unemployment with their own actions.

The overall effect of the different components of the overall programme lowering structural unemployment on the decline of long-term unemployment in the programme period of 2004–07 seems to be indisputable. This result is strengthened by the prolonged boom in economic growth and the excellent employment possibilities for short-term unemployed people (Table 4).

When taking into account the timing difference of the three different measures, the greatest decline in long-term unemployment, in light of the indicator data representing the number of people participating in active measures, did not take place until after 2005.

The results indicate that, in fact, the establishment of labour service centres had little effect on the number of unemployed people. The positive effect strengthened in 2006, when the eligibility for receiving unemployment benefits was tightened and a funding incentive for municipalities was created for encouraging unemployed people in the most difficult situations to participate in activation measures.

The reform package implemented shows that lowering unemployment in a welfare State requires a continuous increase in the number and productivity of ALMPs and encouraging those eligible for unemployment benefits to participate in activation measures. Increasing the supply of labour services is not by itself efficient, but rather will most likely lead to growing public expenditures at the same time as expenditure on unemployment remains unchanged.

In the coming years, and as the economic boom subsides, it will become more apparent how the reform programme has affected the level of long-term unemployment and unemployment expenditure. At least, in research studies conducted with macro-data, the efficiency of the active labour force policy seems comparatively modest, if it is not linked to eligibility requirements for receiving unemployment benefits. On the other hand, it must be noted that statistical open unemployment can be brought down in the short term through active labour policy measures. However, the price of this sort of policy is the growth of labour policy measures under conditions of sluggish growth.

Table 4: Short and long-term unemployment

Year	Unemployment	Short term unemployment (< 1 year)	Long-term unemployment	Long-term unemployment
	change, 1 000 persons			Percent of total unemployment
2003	- 5.1	0.1	- 5.1	25.1
2004	- 0.4	- 1.1	0.6	25.3
2005	- 13.1	- 12.4	- 0.7	26.3
2006	- 25.7	- 18.3	- 7.5	24.0
2007	- 32.7	- 19.9	- 12.8	22.0

Source: Ministry of Labour employment bulletin.

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Sweden

Plus Job scheme for long-term unemployed people

1. Introduction and objectives

Since the late 1950s, ALMP has played a vital role in stabilisation policies and constitutes one of the cornerstones of the Swedish model. ALMP programmes have been used not only to promote an efficient allocation of resources and to facilitate transitions from unemployment to employment, but also for the integration of marginal workers who, without public intervention, would have been excluded from the labour market. Traditionally, the social partners' support for this policy reflects their desire to foster the integration of unemployed workers, instead of relying on unemployment benefits. During recent years, Swedish ALMP schemes, in particular recruitment subsidies, have had a clear tendency to be more firmly targeted toward specific vulnerable groups (young people, older workers, long-term unemployed people and the foreign-born population).

Evaluation studies of Swedish ALMPs conducted in the 1990s have, however, indicated rather disappointing results for the participants, either in terms of subsequent employment outcome or earnings developments (see Calmfors et al., 2002). On the other hand, a number of studies (see Forslund et al., 2004) have also suggested that measures close to the regular labour market, i.e. measures close to ordinary jobs such as recruitment subsidies, have been more successful than other programmes.

In order to limit social exclusion and reduce long-term unemployment, a set of new ALMP programmes were launched by the former social democratic government in January 2006. Part of the former government's jobs package (a special recruitment incentives programme), the so-called Plus Job scheme, targeted towards long-term unemployed people, were implemented. The Plus Job scheme belongs to the set of ALMP

measures aiming at achieving full employment (Guideline No 17) and insuring inclusive labour markets (Guideline No 19).

A recent follow-up study (Lindqvist, 2007) indicates that the Plus Job scheme has been successful in achieving its objectives — long-term unemployed people (re)-entered the labour market and improved their employability, while employment in the public sector and the quality of services provided increased. Negative side effects traditionally associated with recruitment subsidies, such as deadweight loss, crowding out, creaming and displacement effects appear to have been limited.

2. Organisation and implementation

An individual employment subsidy, the Plus Job, was introduced by the former social democrat government from 1 January 2006. The recruitment subsidy was targeted at long-term unemployed people. The eligibility requirement stated that the potential participant has to be at least 20 and registered at the PES (Public Employment Service) as unemployed for at least two years. The subsidy covered 100 % of total wage cost and was paid for a maximum of two years and was limited to public employers (State, regional and municipal sector and also sub-contractors) ⁽¹⁰⁵⁾.

The Plus Job scheme had three main explicit objectives:

- enhance the employability and labour market prospect of long-term unemployed people;
- improve the extent and/or quality of public services through an increased number of employees — only public employers and/or associated sub-contractors could recruit Plus Job participants;
- anticipate and reduce skill shortages related to an expected large exit rate through retirement in the public sector, by training Plus Job workers who could replace the retired employees.

(105) Private childcare providers or private schools could also benefit from the recruitment subsidy.

Table 1: Regulations and eligibility criteria of the Plus Job scheme

Eligibility criteria	Unemployed job-seekers at least 20 and registered at the PES for at least two years
Duration of the subsidised employment	Maximum of two years, full-time employment
Type of employers	Public sector: State, municipal and county authorities and their sub-contractors
Labour cost	The wage subsidy covered 100 % of labour cost up to a ceiling of EUR 106 per day. A supplementary grant of EUR 16 per day could also be obtained in order to cover additional costs such as personal training.

Source: Lindqvist, 2007.

Table 2: Comparisons between participants in the Plus Job scheme, eligible long-term unemployed people and all registered job-seekers

	Plus Job participants	Eligible long-term unemployed	All registered unemployed
Share of women	52 %	44 %	47 %
Average age	45 years	46 years	39 years
25–34 years old	15 %	17 %	23 %
35–44 years old	24 %	26 %	20 %
45–54 years old	27 %	27 %	20 %
55–64 years old	28 %	29 %	17 %
Disabled	25 %	32 %	29 %
Average unemployment duration (months)	37	46	26
Total	20 228	40 573	426 707

Source: Lindquist, 2007.

The strengthening of the labour market situation for long-term unemployed people was expected to occur either directly throughout a transition from subsidised to ordinary non-subsidised employment and/or indirectly throughout the contact with employers (network effect) and also via an improved labour market experience.

The subsidised Plus Job employment could be a new job or tasks that had not been undertaken previously due to the budget cutbacks. The formal requirement was that the Plus Job should improve the level of activity and/or the quality of the service provided and that the task performed did not compete with ordinary activity at the workplace, i.e. that the Plus Job did not replace work tasks normally carried out at the workplace.

The selection of participants in the Plus Job scheme, i.e. the assignment process, involved four sets of actors: caseworkers at the PES office, eligible unemployed job-seekers, and the employer and trade union representatives at the workplace. In order to start a Plus Job, a prior cooperation-agreement between the PES and the public employers had to be concluded. An agreement between the employers and the trade union representative at the workplace regarding the content of work tasks was also required, in order to limit the possible crowding-out effect.

The planned volume of subsidised employment in 2006 was set to a maximum of 22 000, 1 000 of which were reserved to young long-term unemployed people (20–24 years old). In October 2006, the new elected centre-right government decided to abandon the Plus Job scheme, referring to the fact that only 19 700 job-seekers had participated in the scheme.

As shown in Table 2, comparing the participants and non-participants in the eligible population, the share of participating women is slightly higher. In contrast to other recruitment subsidies, the more even gender distribution might

be ascribed to the fact that the Plus Job scheme was restricted to public employers, where women are over-represented. The average duration of unemployment is significantly higher among the participants, compared to the whole population of registered unemployed people, but lower than in the eligible population. It should also be stressed that the average unemployment duration was significantly higher among Plus Job participants compared to other ALMP programmes. The PES seems therefore to have succeeded in reaching unemployed people with a long average unemployment spell. In other words, the caseworkers have respected the eligibility requirement suggesting that the scheme has, to a large extent, benefited the targeted population. The share of participants with reduced working capacity is slightly lower compared to the eligible population, but much higher than other recruitment subsidy programmes or labour market training schemes.

More than 90 % of the subsidised jobs are found at the local authority level (municipal and regional level (see Table 3).

Schools (31 %), childcare (11 %) and elderly care (23 %) are the more frequent workplaces for Plus Job workers. The most

Table 3: Distribution of Plus jobs by sector

Sector	Share
State	6 %
Municipalities	82 %
Regions	9 %
Sub-contractors	3 %

Source: Lindquist, 2007.

common occupations within the educational sector are teacher auxiliaries and janitors, while in the healthcare sector homecare and nursing auxiliary/assistants dominate.

According to Lindqvist (2007), the fact that four actors (caseworkers, job-seekers, employers and trade unions) were involved in the assignment process has positive synergy effects. Both employers and the participants have a strong interest that the tasks performed are meaningful: for the public employers, important tasks can be performed with reduced labour costs; for the Plus Job workers it implies a higher likelihood to get a stronger foothold in the labour market and also higher chance to get permanent employment. The involvement of the caseworkers and the trade union representatives in the content of the job is also a way of preventing the potential crowding-out effects and the usual displacement and substitution effect associated with recruitment subsidies.

3. Performance and achievements

The Institute for Labour Market Policy Evaluation conducted a follow-up and a partial evaluation of the Plus Job programme in 2007 (Lindqvist, 2007). This evaluation was partly based on a questionnaire to PES caseworkers who have been working with the programme and partly on register data of the Swedish National Labour Market Board.

The analysis of the survey suggests that the implementation of the programme has worked out well. A large majority of the caseworkers found that the available information about the programme was good and the regulations/rule sufficiently clear. Furthermore, a large majority of caseworkers (80 %) expressed that the scheme was an efficient instrument in improving the employability of long-term unemployed people. The result of the survey confirmed also that the PES has managed to recruit job-seekers with, on average, long unemployment records and often reduced work capacity.

The analysis of the assignment process also gives valuable information about the potential crowding out effect and the likelihood that the Plus Job workers obtain a non-subsidised job after the completion of the programme. There is reason to believe that if the initiative in the assignment process comes from the employers, the chance to obtain a non-subsidised job is greater. On the other hand, as stressed by Lindqvist (2007), if the initiative comes essentially from the employers, the crowding out effect could be larger. Furthermore, some creaming effect might occur with employers having a tendency of selecting job-seekers with shorter unemployment spells and better socio-economic characteristics than the average eligible job-seeker.

In the survey of PES caseworkers, a question about who normally took the first initiative was therefore asked. The results of the survey show that the initiative came essentially from the caseworkers, more than 70 % of the assignment to the Plus Job

came from the PES and only 20 % from the employers. Also it is interesting to note that in 80 % of the cases, the trade union representative at the workplace was directly involved in the assignment process.

As mentioned earlier, a Plus Job is supposed to consist of activities which are normally not carried out at the workplace. As stressed by Lindqvist (2007), this means that the labour market effect for the participants is presumably lower as compared to other types of subsidised employment. On the other hand, the programme seems not to have created crowding out of regular employment to the same extent as other recruitment incentives. A direct question to the caseworkers was also asked regarding the potential dead-weight loss and crowding out effect of the Plus Job scheme. A majority of caseworkers (91 %) answered that the employers would not have recruited the job-seeker in the absence of the Plus Job scheme or a similar recruitment subsidy. As also stressed by Lindqvist (2007), it seems that the crowding-out effect was lower in the case of the Plus Job scheme compared to other existing recruitment subsidy schemes.

The report also includes an analysis of the locking-in effect during programme participation. The locking-in effect implies that a job-seeker's time without regular employment is lengthened due to participation in an ALMP programme. By using register data and a matching estimator method, Lindqvist (2007) estimated the locking-in effect associated with the programme. The result of the estimation suggests that the job-seekers would, on average, have been working during 28 % of the programme period if they had not participated in the programme.

3.1. Reaction of social partners

Over 80 % of those who obtained subsidised employment through the Plus Job programme were affiliated to the Swedish Municipal Workers' Union (Kommunal). Kommunal expressed its satisfaction with the programme and deplored its removal. The trade union considers that the initiative fulfilled its objectives and that it was an appropriate way for long-term unemployed people to access the labour market. As mentioned previously, the trade union at the local level was involved in deciding the content of the job tasks through the conclusion of a collective agreement, reducing in this way the potential negative crowding-out effects usually associated with wage subsidies. The Sveriges Kommuner och Landsting (Swedish Association of Local Authorities and Regions, SKL) was also positive in its assessment of the appropriateness of the programme. According to employers' organisation SKL, the Plus Job scheme fulfilled its aim by both enhancing the employability of long-term unemployed people and increasing the service level in the public sector. One of the advantages of the programme was its relatively long average duration, which gave the participants a good insight into working life in the organisation, increased job experience and also provided a way of reducing the cost related to the asymmetry of information regarding the productivity of a job applicant. According to a survey conducted by SKL (2007), around 70 % of the local authorities intended to employ the Plus Job workers after the end of the programme, implying that

one of the objectives of the programme, namely, to ease the transition towards a regular job, has been fairly successful.

4. Conclusions

The evaluation of the Plus Job scheme seems to suggest that the scheme has been successful in achieving its objectives as long-term unemployed people entered the labour market and improved their employability. The usual negative side effects, such as deadweight loss, crowding-out, and creaming and displacement effects seem to have been marginal. Even though some locking-in effect could be identified, this effect seems to have been lower compared to other ALMP programmes.

The positive impact of this targeted recruitment subsidy contrast with other Swedish programmes such as labour market training where the available evidence suggests that these programmes have had negative or insignificant effects. This would seem to suggest that a heavier emphasis on targeted employment subsidies should be taken forward.

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United Kingdom

City Strategies Pathfinder

1. Introduction

The City Strategies Pathfinder initiative was first announced in the 2006 welfare reform Green Paper 'A new deal for welfare: empowering people to work'. It was intended to stimulate the debate on the future direction of welfare reforms. It also set out the government's intention to introduce new measures aimed at breaking down the barriers that prevented disadvantaged people engaging in the labour market — based on the premise that work was the most effective route out of poverty. A significant part of the Green Paper covered the problems faced by those receiving incapacity benefits where the dangers of slipping into long-term benefit dependency were high and where the level of support available to tackle this was, by the government's own admission, inadequate.

The approach in the Green Paper was set in the context of a target employment rate of 80 % and, in particular, the following three targets towards this goal were set:

- reduce by one million those on incapacity benefits;
- help 300 000 lone parents into work;
- increase by one million the number of older workers.

At the time, the UK had comparatively high employment rates within the EU for all of these categories. Nevertheless, the aim was to improve this performance.

The basic statistics show that there is a disproportionate concentration of these target groups in the urban areas, especially the large cities. The Green Paper pointed to the fact that over half the most severe pockets of deprivation are found in just 100 parliamentary constituencies that are also those areas with the largest number of incapacity benefit claimants. This explains the focus of the City Strategies initiative, with the pathfinders involving 15 'cities' ⁽¹⁰⁶⁾ of Birmingham, Blackburn, Dundee, Edinburgh, Glasgow, Heads of the Valleys, Leicester, London East, London West, Manchester, Nottingham, Rhyl, Sheffield and Tyne & Wear.

(106) The term 'city' is interpreted loosely here since some of the pathfinder locations are not strictly cities. For example, the Heads of the Valleys is a large geographical area in South Wales encompassing five local authority areas with many small towns and villages. Furthermore, some constitute city 'regions' such as Birmingham, which encompasses Coventry and the Black Country as well as Birmingham itself. However, all pathfinders share similar problems regarding the target groups of the initiative.

These 15 pathfinder areas account for around one quarter of the UK working age population but contain around 30 % of all unemployed adults, 34 % of all benefit claimants and 36 % of children in workless households. Furthermore, there is a high concentration of those with low or no skills (31 % have below Level 2 qualifications), which is out of line with the requirements of the new jobs being created (around half require at least a Level 3 qualification).

In April 2007 the Department for Work and Pensions (DWP) outlined the core ingredients of the City Strategy Pathfinder initiative:

- direct control of the Deprived Areas Fund after targets had been agreed (the total fund is around GBP 32 million (around EUR 40 million) per year);
- a key role in shaping delivery of the flagship 'Pathways to work' programme ⁽¹⁰⁷⁾ in helping people move off incapacity benefit;
- access to improved data sharing;
- greater ability to influence the provision of training opportunities and employment programmes at a local level;
- potential additional reward funding in meeting targets ⁽¹⁰⁸⁾ for getting people back into work.

The key innovative approach within the City Strategies initiative is to offer what can be called a 'progressive' approach to support, whereby clients are supported before they find work and afterwards when they are in work. This involves three key ingredients — full engagement with the client, bespoke support with training, and engagement with employers (on behalf of the client).

The approach of this initiative falls immediately within the Integrated Guidelines Nos 17, 18 and 19, with some relevance also to No 20 with its emphasis on the development of a new approach to harnessing job support and related services.

2. Organisation, implementation and funding of the policy

When the initiative was launched in 2006, the government provided an initial GBP 5 million (around EUR 6.3 million) to get the plans developed. Each area was required to produce its own business plan. These varied considerably between the 15 areas,

(107) More information on the Pathways to Work programme is available at: <http://www.dwp.gov.uk/welfare-reform/pathways.asp>

(108) The initial agreed target between DWP and the Pathfinders was a 3 % reduction in the numbers of people on benefit that would translate into a 3 % increase in employment.

Box 1: City Strategies Pathfinders — Example A: Large city

Partners — Six local authorities plus 12 others including JobCentre Plus, LSC, Connexions, regional development agency and employer and trade union bodies.

Approach — Comprehensive approach involving the strategic coordination of mainstream and additional provision as well as the commissioning of new approaches to meet the needs of employers and individuals. Demand led that engages employers and delivers effective recruitment and training packages.

Target groups — Lone parents, invalidity benefit claimants, those with low/no qualifications, young people not in education, employment or training, the over 50s, those in workless communities, women returners, residents in low-income households where children are living in poverty.

Resources — A complex mix of mainstream, regeneration and ESF sources with a stated objective of ‘maximising the pooling and alignment of funding’.

Management — Board comprising representatives of all the agencies and key stakeholders

reflecting the general stance of the initiative that areas should customise their approach to local needs.

Beyond the initial injection of money, there has been little additional funding and so reliance for delivery funding has been placed on the following sources:

- Deprived Area Fund (DAF) — a flexible source of funding that is allocated to deprived wards across the UK that fall within City Strategies and has now been devolved to the Pathfinders. The allocation of funds in 2007/2008 was GBP 32 million (around EUR 40 million) and the same is available in 2008/09;
- Learning & Skills Council (LSC) mainstream funding — the normal funding available for the provision of education and training falling within the approved framework;
- LSC Skills for Jobs funding — covers a range of pre-Level 2 provisions that aim to promote employment and progression with further learning for low-skilled adults (aged 19 plus) who do not have a job but want to work;
- European Social Fund (ESF) sources — encompassing the co-financing organisations such as DWP, LSC and regional bodies that ensure funds from this source complement national sources.

Some of these sources of funding are available through tendering, though others may be allocated by area or based on provision meeting the criteria laid down. Additional funding in cash or in kind might be available to the City Strategies projects. DWP has also set aside GBP 5 million (around EUR 6.3 million) as ‘reward money’ to successful City Strategies, though the terms for awarding this have yet to be clarified.

In terms of organisation of the initiative, it is difficult to provide an overall perspective as each City Strategy Pathfinder is customised to its own needs and circumstances so it is best to illustrate the approach by reference to two contrasting examples. These are summarised below in Boxes 1 and 2. Example A is what might be called the more typical City Strategies Pathfinder — a large

city encompassing six local authority areas while Example B is a small town with a long-term regeneration plan.

The basic approach to delivery is set out in the business plans ⁽¹⁰⁹⁾ though these are likely to have evolved since being first drafted during the first year of funding (April 2007–March 2008). These vary a lot in terms of their complexity and level of detail. Box 1 illustrates one of the more complex arrangements in a city with a long history of collaboration on addressing the local issues and access to an array of funding, especially the ESF.

In Example A (Box 1), the City Strategies initiative has been overlaid onto an existing complex set-up and appears to have had the effect of allowing the local partners to reassess their existing collaboration — from which has evolved the new structure. In the case of Example B (Box 2), the area covered by the City Strategies Pathfinder is a small local authority but with a familiar problem of economic malaise and large concentrations of hard-to-reach groups. However, the two cases illustrate that while the target groups are similar across the pathfinder areas, their structures are reflective of local circumstances. So, for example, in Example B, the initiative has been blended with the existing economic development initiative and while it has a distinct profile, it is less prominent than in Example A. In part, this is due to the lack of influence Example B has on the funding flows, which are organised on a wider spatial basis than the area covered by the pathfinder. In a sense, control and effective influence over funding is crucial to what City Strategies can achieve since the additional funding provided by government is relatively small and aimed at helping to set up and operate the organisation rather than delivery.

With the emphasis on developing local structures, there is no single model that applies across the initiative. However, there are some common elements that can be identified such as the need for partnership working to include all key stakeholders; the significant involvement of employers; harnessing the

(109) The business plans can be accessed at: http://www.dwp.gov.uk/welfarereform/pathfinder_business_plans.asp

Box 2: City Strategies Pathfinders – Example B: Small local authority

Partners — Representatives from key local organisations from the public, private and voluntary sectors with the overall lead vested in the county council.

Approach — City Strategies fits into the existing economic development initiative and supports this wider vision for the area and aims to harness the power of local partners to help people into employment, helping people to remain and progress in work and to rethink Welfare to Work.

Target groups — Incapacity benefit recipients, lone parents, older people who need to be re-skilled and re-energised, ex-offenders, young people not in employment, education or training, workless families and job-seeker's allowance recipients.

Resources — This small area faces the problem that most funding is organised on a larger spatial area so it has to focus on achieving change through the better coordination and integration of services.

Management — The initiative has been slotted into the existing development structure with overall responsibility falling under the county council but with City Strategies having its own executive board drawn from key stakeholders and comprising separate task groups.

available resources and making better, more coordinated use of them; and focusing on the hardest to reach groups among the inactive and customising the support accordingly.

The City Strategies initiative has at its centre the need to help those on benefits to find useful and rewarding work and from the start it was designed to tie in with the new employment and support allowance ⁽¹¹⁰⁾. This will be implemented in October 2008 offering an integrated contributory and income-related allowance that effectively replaces incapacity benefit and income support. Those receiving the new allowance must show their willingness to seek work by undertaking work-related interviews, agreeing an action plan and taking part in work-related activity — if not they will receive reduced benefits unless they have severe health or disability problems.

3. Performance and achievements

The Pathfinders have now been operational for just over 12 months of a two-year firm commitment to funding, but overall information on their performance is not currently available. Each Pathfinder has responsibility for monitoring its own activity and maintaining appropriate management information systems (MIS). However, the MIS adopted tend to vary, though a number are using a similar system that should allow a degree of comparability. Each Pathfinder has been allocated funding to carry out their own independent evaluation and most have commissioned external evaluators to assess the first year. In addition, the DWP has commissioned an independent organisation to undertake a national evaluation. Within this project, there is provision for a network of independent area evaluation advisers (AEA) to advise individual Pathfinders on methods and provide a link with the national evaluation team.

The first report of the national evaluation is not yet available and the individual evaluations that have been completed are not yet in the public domain, so only some observations from various indirect sources can be made.

The first year of their operation has been mostly focused on the establishment of the Pathfinders. This in itself is no modest achievement given the need to overlay the new initiative onto — in many cases established — partnership networks and structures. In some areas, the development of effective partnership working can take more time than others. Many Pathfinder areas have a number of local authorities to work with and this often requires a 'multi-area agreement', which in some cases have to be formed from scratch. Furthermore, the development of the Pathfinders comes at a time when other related initiatives are developing or being introduced. For example, employers are being encouraged to get more involved with a plethora of initiatives such as 'Train to gain' and in particular the more recent pronouncements on the 'Skills pledge' and 'Local employment partnerships' ⁽¹¹¹⁾ and the Sector Skills Councils following the Leitch Review. This raises the very real danger that their involvement in the City Strategy Pathfinders could be seriously curtailed because of these growing requirements — yet the success of the initiative depends to a great extent on effective employer interaction.

There is also the danger (as with any partnership activity) that the need to involve all the stakeholders in an area could make the resultant body unwieldy. In one Pathfinder area, for example, a complex structure of around 40 organisations has led to concerns that any decision-making process will be seriously impaired.

There is also the wider economic context to consider. The UK has experienced an unprecedented run of economic expansion but the signs are that the 'NICE' (i.e. non-inflationary, continuing expansion) period is ending and the weaker labour market

(110) More information on this is available at: http://www.jobcentreplus.gov.uk/JCP/Customers/WorkingAgeBenefits/Dev_015412.xml.html

(111) Further information can be found on these initiatives can be found at: http://www.dius.gov.uk/publications/ready_to_work.pdf

conditions likely to ensue will make the Pathfinder targets even more challenging.

This challenge of increasing the employment rate to 80 % through efforts such as getting more people off incapacity benefit and into work was highlighted in research by Fothergill and Wilson (2007) using a model of flows on and off incapacity benefit and their impact on the stock of claimants. They found that the flow off benefit and into work would need to rise significantly if the targets were to be met — but the problem is that in many of the areas where the City Strategies Pathfinders are focused, the availability of appropriate jobs was insufficient. Basically for such a strategy to work requires favourable economic and labour market conditions and these have deteriorated since 2007.

4. Conclusions

The City Strategies Pathfinders initiative is at present funded until 2009, though the fact that the employment rate target extends to 2012 suggests that an extension of funding might be a serious consideration at some stage. In fact this has happened already in some Pathfinders where the devolved administration has pledged a commitment for five years. It is certainly clear that to show results consistent with the target set will require more than two years, but the emerging scenario of a weaker economy and labour market in the UK must be a cause for concern for the initiative — it will make it much more difficult to get the people into jobs when there are fewer openings in the first place.

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Croatia

Adjustment of the mismatch between demand and supply on the labour market

1. Introduction

The Croatian labour force does not have the knowledge and skills required for a modern competitive economy, and the education and training systems have not yet taken adequate steps to remedy this situation. The skills of employed and unemployed people in Croatia are often obsolete, as they use outdated technologies (a consequence of the technological under-development of the economy) and/or they are not adjusted to the needs of the labour market. The education system is old-fashioned and produces workers with skills that are very often unnecessary. Furthermore, participation in LLL and adult education is generally low and does not provide the necessary knowledge and innovation. Possible accession to the EU puts further onus on Croatia to improve its education system.

This situation causes, on the one hand, relatively high unemployment (particularly among young people) and labour shortages on the other hand. The main reasons for high unemployment among young people are widespread skill mismatches (the qualifications obtained do not respond to the requirements of the labour market) and school drop-out rates. Young people are often not motivated to learn as they believe they have limited opportunities to find a job with knowledge acquired.

2. Background

Skills needed in the knowledge economy are reading, writing and arithmetic skills, technical/ICT skills, communication, learning ability, team work, capacity for self-management, problem identifying and solving, and analytical skills (OECD, 2004). Yet, these are not yet in demand in Croatia. According to the survey by Poloski and Frajlic (2004), Croatian employers still very much respect loyalty and obedience from their employees, and some basic requirements in the modern economy, such as inventiveness, self-reliance, team-work, are less sought after. Of course, the value placed on particular worker characteristics differ between jobs with diverse requirements.

Lowther (2004) stresses a significant discrepancy between required and acquired labour force skills. Croatian workers generally have high reading and writing skills, although computer literacy is very low, particularly for lower

skilled workers. Communication skills are good, with the exception of knowledge of foreign languages, which is quite low. Learning skills are good. Team work abilities are somewhat low. Capacity for self-management is also lower than it should be, particularly for middle and high skilled employees. Problem solving skills are good and analytical skills are somewhat low. Although there is widespread evidence of a mismatch in the labour market, there is also a general view amongst employers that far too many job-seekers lack basic skills.

Evidence suggests that a substantial proportion of long-term unemployed people in Croatia lack skills required by employers. In some part, this reflects the failings of the educational system. Workers need to be equipped with broad and transferable skills and provided with LLL opportunities to be able to meet the challenges of a dynamic labour market and to support strategic restructuring in firms. Skills mismatch between jobs lost in the old manufacturing sector and those created in the new service sector is one of the factors behind unemployment in the country. New jobs are created mainly in the service sector in urban regions, and these jobs may require skills not possessed by unemployed blue-collar workers in other regions.

In Croatia, spatial skill mismatches occur. Unemployed workers in declining regions (largely less-skilled blue-collar workers) may have been reluctant to migrate to expanding regions because they lacked the skills in demand in these regions (mainly white-collar skills in the service sector). Obadić (2006) calculated particular mismatch indicators for Croatia during the period 1993–2002 using disaggregated data in 21 macro-regions. The results show that such skills mismatch explains some unemployment and could be considered as a factor for increased unemployment.

3. Organisation and implementation

Various policies and actions on the issue of tackling skills mismatch have been proposed and accepted by the government, but their implementation differs. In 2004, Croatia adopted the first national action plan for employment (NAPE), based on the revised European employment guidelines. The first NAPE helped to develop a more strategic approach to employment policy. In this context, Croatia started to develop a capacity for analysis, implementation and assessment of employment policies. The background paper for the action plan for employment 2005–08 clearly states that:

After the year 2000, the occupations with the highest unemployment frequency were mostly the same, from which we can conclude that there is a constant structural mismatch between labour supply and demand. This should be solved by re-qualification programmes or by opening up job opportunities where these unemployed people could use their skills and knowledge.

Since the time NAPE was prepared in summer 2004, a high proportion of the unemployed people are under 30. Thus, one of the main obstacles to their employment (in addition to insufficient number of vacancies) is a significant mismatch between the outcomes of the education system and the labour market.

NAPE Guidance 4: 'Promote development of human capital and lifelong learning' proposed measures and policies for reducing skills mismatch and bottlenecks in the labour market. Among others, it stipulated the following key issues:

Vocational education has not adjusted quickly enough to the changes in the economy and to the needs of small and medium-sized businesses. There are three- and four-year educational programmes, special programmes for under-qualified workers or students with special needs, and a dual system of schooling with work placement. However, due to technological developments and structural changes in the Croatian economy, there is no longer a need for most of the listed specialisations. The curriculum is too focused on subject-specific skills, competencies and attitudes.

Universities are not sufficiently in tune with the needs of employers, although the universities are more influenced by the needs of the market than other parts of the education system. And as in primary and secondary education, there are no effective university standards relating to educational processes and learning outcomes.

Similar conclusions are drawn in the employment policy review for Croatia (International Labour Office and Council of Europe, 2006). The review emphasised skill mismatches, arising from a lagging response of the education and training system to changing demand of skills in young people and adults. The rather loose connection between the education and training system and the labour market is fairly well known and is due to several factors.

Firstly, public expenditure on education and training has been rather low, but is moving closer to the OECD average of 5–6 % of GDP. While public funding is low, enterprises are generally not prepared to subsidise schools. As a consequence, the quality of education and training suffers considerably.

Secondly, there is evidence that this low expenditure on education is not efficiently allocated. The network of schools and training centres overlaps. In some regions, there are several schools and centres offering the same courses and thus compete for students (and scarce funds), while their capacity is under-utilised and resources are wasted. Simultaneously, there is a shortage of certain programmes offering skills in high demand by employers.

Thirdly, educational programmes are still too narrowly specialised, their curricula over-emphasise factual knowledge, and teaching methods are based on passive acquirement of knowledge and practical skills instead of active involvement of students and trainees. New competences, required by the world of work, such as sound numeracy and literacy skills, 'learning to learn' skills, social and interpersonal skills, business

and entrepreneurial skills, multiple technical skills, diagnostic-analytical and technical (media) skills as well as good command of one or more foreign languages are either taught insufficiently or not taught at all.

Finally, schools and training centres are financed according to the number of students and are therefore not motivated to react to changing needs. School leavers or trainees, unable to find a job due to obsolete skills, have then to be retrained at additional costs, which come from the same limited public budget, mostly from the Croatian Employment Service (CES).

The 2007 joint memorandum on social inclusion of the Republic of Croatia (JIM) also underlines the existence of widespread skill mismatches which appear to be a major impediment to a more dynamic labour market. Among the key challenges identified in the JIM is the area of development of an inclusive labour market and promotion of employment as a right and opportunity for all citizens:

In order to facilitate and improve employment, the structural mismatch has to be eliminated or reduced first of all through an active labour market policy (ALMP) directed primarily toward those persons who have lower employability prospects or toward those who are long-term unemployed, such as young people, older workers, particularly women, people with disabilities and the Roma population. More attention has to be given to creating conditions for employment of the most endangered and vulnerable groups in the labour market, persons exposed to accumulated problems and the consequences of social exclusion, whose access to the labour market is consequently specially difficult (such as persons with intellectual and health problems, addicts, victims of violence, former inmates, homeless people and similar).

The CES developed a series of active labour market measures, including incentives to self-employment, loans for SMEs and public works. Some of the measures were directed to speeding up the hiring of young and highly qualified people by co-financing a percentage of their gross pay. Active labour market measures in Croatia have been monitored but not evaluated for their net effect, for example, assessing what would have happened to the individuals who had not participated in an active measure like training. Due to the lack of real evaluation of outcomes, it is not possible to draw clear and firm conclusions about the value of individual active labour market measures. It is apparent that the measures are not sufficiently integrated with the administration of unemployment benefit or the activation agenda. Active labour market measures reduce existing skills mismatch but their financial effectiveness are questionable. However, the evaluation of active labour market measures has begun and its first results are expected by the end of 2008.

The CES is being modernised and transformed through the introduction of modern management techniques, technology and advanced training for managers and counsellors. It is a key instrument of government policy in developing an efficient labour market. It has been successful in introducing measures arising from the recent legislative changes and has potential to play a more effective role in the labour market. It has a

considerable body of knowledge about the labour market(s) in Croatia and unemployed people and is piloting arrangements to obtain a better understanding of employers' labour requirements.

The CES and other governmental bodies were included in the EU CARDS (Community assistance for reconstruction, development and stabilisation) projects, aimed at initiating a systemic reform of the secondary technical and vocational education system. This has to be done through support to policy and legal development, labour market/sector analysis, VET profiles and curriculum development, better adjustment to labour market needs, school manager and teacher training, and equipment upgrading in pilot schools. One of the activities was an annual survey of labour needs implemented for the first time in 2008.

Activities are also planned in the educational system, as envisaged in the education sector development plan 2005–10 (Ministry of Science, Education and Sports, 2005):

Linking education with the labour market is a key factor in forming a Croatian education system which will be able to respond to market and social changes, thereby increasing opportunities for employment. For this reason, it is necessary to develop a unified system of school-based and professional guidance that is recognised in the EU countries as the 'tool' of a unified policy of education and employment.

4. Conclusions

Investments in human capital are necessary to keep pace with the growing demand for high skills. Although the workforce in Croatia is (mostly) well educated, employers have difficulty finding workers with the right skills.

The upgrading of skills will be one of the major tasks in order to overcome the problem of skills mismatch. Participation rates in education need to increase throughout the educational system and at all education levels.

The Croatian workforce should move towards knowledge-based industries, jobs and innovation-driven economic growth, and workers should be able to change jobs quickly, manage themselves and others, and engage in continuous

learning. Students and employees should learn to work together by developing a team spirit and appropriate social behaviour, while at the same time allowing their individual preferences and talents to develop.

Until recently, appropriate analyses of current and projections of future labour market needs were missing. Active labour market measures need to be further developed in order to remedy the current mismatch of skills on the labour market. A more strategic approach to employment policy needs to be developed and matched by appropriate capacity building for analysis, implementation and assessment. The strengthening of the PES should be supported by the continuation of modernisation initiatives.

Education and training have to adjust to changing skills requirements in the labour market. Schools and training centres should restructure their courses to discontinue inappropriate programmes and replace them with programmes offering skills in demand. Curricula have to be constantly adjusted and modernised to include newly required competencies, and teaching should be made more proactive and participatory. Employment of graduates should be an important criterion for assessing the quality of training programmes, while the funding of schools and training centres can be used as leverage.

Curricula in schools should be reformed to increase links with the needs of the economy, reduce the number of compulsory subjects and increase optional subjects, begin later specialisation in the vocational path, broaden specialisations, emphasise problem solving, develop teamwork, increase the ability to learn, develop students' ability to manage themselves and others, build communication and technical/ICT skills, and reduce the emphasis on the memorisation of facts. The curriculum reform should be accompanied by new textbooks, teacher guides and learning materials, changes in teaching methods, and new measurements of learning outcomes. Schools and universities should be accountable for education results.

Educational policy should be formulated in a partnership between the relevant ministries and the social partners. There is a need for regular analysis and short to medium-term projections of demand for labour and skills through surveys of employers and forecasting models to inform and direct educational policy. Social partners should also be actively involved in the implementation and evaluation of educational policy at all levels.

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Turkey

Non-governmental initiatives in vocational education

1. Introduction

This article describes and provides a preliminary analysis of non-governmental initiatives in vocational education. The challenge which the practice seeks to address in the national employment and labour market policy context is the shortage of qualified technical personnel in the labour force.

National policy ambition in terms of economic and employment goals in Turkey is fast growth that creates employment. High growth rates in Turkey that have averaged around 7 % in the past six years have failed to deliver a similar employment growth performance. Net employment creation remained far below the increase in working age population because of the haemorrhaging of workers from agriculture. Unemployment rates have not changed and the labour force participation rates have decreased.

Paradoxically, the large, organised manufacturing sector faces a bottleneck of skilled technicians. Predicting, and already suffering from the shortfall, industrialists in Bursa (a southern Marmara city in the north-west, which is an industrial hub in automotive and clothing and textiles) initiated two significant projects that surpass the usual context of building an occasional training facility in the local vocational school⁽¹¹²⁾. This was achieved through an umbrella foundation BEGEV (Bursa Education Development Foundation, www.begev.org.tr) and Koc Holding (the largest conglomeration in Turkey). The initiatives touch upon the EU employment guidelines that promote a life-cycle approach to work (through a renewed endeavour to build employment pathways for young people and reduce youth unemployment; resolute action to eliminate gender gaps in employment, Integrated Guideline No 17), improve matching of labour market needs (through better anticipation of skill needs, labour market shortages and bottlenecks, No 19), and expand and improve investment in human capital (through increased access to initial vocational, secondary and higher education, including apprenticeships and entrepreneurship training, No 22).

There is a strong consensus on the inferior quality of vocational and technical secondary and higher education training institutions in Turkey. Graduates fail to meet the skill needs of the labour market. Vocational schools are not preferred over general high schools by students or their families. The stigma is that they

are a poor person's fast track route to the labour market, instead of the coveted university degree, however useless the latter may be in many cases. It is hard for vocational school graduates to get into college. Interestingly enough, this understanding is also shared by the Ministry of National Education (MoNE) and by the Ministry of Labour and Social Security (MoLSS), both of which routinely acknowledge the problem.

In Bursa, a group of businessmen founded BEGEV in 1992. In 1999, the Bursa Association of Industrialists and Businessmen joined forces with BEGEV and vocational training courses began. BEGEV continued to grow through local support. In 2004, Butgem (Bursa Design and Technology Development Centre) was founded. In 2006, Bursa Chamber of Industry and Commerce also became a supporter. BEGEV currently boasts 12 000 square metres of space for vocational education, and it constantly revises its curricula according to the needs of Bursa's industry. Its certificates are approved by the MoNE. It remains unique in scope and vision among the industrial cities of Turkey.

Koc Holding describes its objective in instituting the initiative 'Meslek Lisesi Memleket Meselesi' (vocational school country issue) thus:

'within the framework of the joint 'vocational technical education incentive programme' by Koc Holding and MoNE, our objective is to encourage successful basic education graduates who lack the means to enrol in vocational high schools that train individuals for the industrial, informatics and services sectors; augment their knowledge, skills, and qualifications through industrial practice; and train qualified technical personnel that the economy demands' (113).

The industrial practice supported vocational school scholarships were awarded to 2 000 students from 182 schools in the 2006–07 school year, covering all provinces of Turkey. The recipient schools increased to 250 in the 2007–08 school year.

2. Organisation, implementation and funding of non-governmental vocational education practice

The BEGEV initiative is local but cross-cuts across industries (Bursa is a big city). Although the initiative only recently acquired greater momentum, its distribution of instructors gives an idea of its mission — there were 27 resident instructors at the complex

(112) Turkonfed (2006) has a descriptive list of private vocational training and scholarship programmes in Turkey.

(113) See: www.mesleklisesimemleketmeselesi.com

(in June 2008). Five teach web design, four teach computer-assisted sheet metal cast design, four teach computer-assisted textile weaving pattern design, four teach mechatronics, another four teach computer-assisted design in garment design, and six teach other specialisms. This is a very high-tech line-up and the fact that BEGEV could retain these training professionals on the payroll (as opposed to them working in the field) attests to an established level of organisational competency. Some of these courses are free of charge. Evening courses are fee-based. The only requirements are that the candidate is aged between 18 and 30 and a high-school graduate. There are garment industry courses that guarantee employment (to vocational school graduates). BEGEV states an 80 % employment rate after their certification programme began in 2001.

Between May 2001 and June 2006, BEGEV's training centre certified 476 trainees in sheet metal cast design, 349 trainees in textile weaving pattern design, 244 trainees in garment design, 253 in CNC workbench operations, 74 trainees in automation, 30 trainees in quality control and 45 trainees in German language (a total of 1 471 trainees). This is close to 500 trainees a year. Courses are designed to be 200 to 600 hours to completion.

During its founding stage, BEGEV started with donations from local industry that amounted to about USD 800 000 (EUR 516 000 at USD/EUR 1.55) (Turkonfed, 2006: 50). Between 2002 and 2004, BEGEV trained 286 students on behalf of the Turkish Employment Agency (ISKUR) which was funded by the World Bank's 'Privatisation and social support' project. BEGEV was one of the beneficiaries of the EUR 25 million EU initiative, MEGEP ('Strengthening the vocational education and training system' project, run by the MoNE) and received equipment support in 2004. BEGEV also ran a EUR 250 000 'New opportunities' project supported by ISKUR and the EU in 2005 (www.begev.org.tr). Overall foreign-sourced funding was around EUR 800 000 in 2004 and 2005.

Current funding appears to be coming from continued donation and support of the industry and from fee-based programmes. Note also that BEGEV received building and land donations: a Butgem (Bursa Design and Technology Development Centre) donation from the Demirtas Organised Industry District in 2004 of 38 acres of land and training buildings, and Bursa Chamber of Industry and Commerce training centre support in 2006. These ties are not likely to wane as it is the industry itself that asks for trained personnel from BEGEV. Neither the automotive nor the textiles and clothing industries are likely to ease their mid-level technical personnel demand as these two sectors are the top two exporting sectors of Turkey. BEGEV seems to be making its mark in achieving its goal of training for critically-needed professionals in the Bursa region.

Koc Holding initiative, on the other hand, is at the national level. It addresses the nationwide problem of a shortage of skilled personnel (despite high overall unemployment rates). Koc Holding started the initiative in the 2006–07 school year. The practice is called the 'industrial practice supported vocational high school scholarships'. They envisage a seven-year period and will reach 8 000 students in four years (the duration of the vocational high school). There will be 2 000 recipients from

poorer family backgrounds every year. The last recipient, who will have started in 2009, will finish school in 2013. The recipients received YTL 50 per month for 10 months in 2006, YTL 55 per month in 2007 (EUR 26.3 and EUR 29, respectively).

The programme gives priority to girls and graduates of boarding primary education regional schools (usually the children of poor peasant families attend these boarding schools). If a child has a deceased parent, that child will take priority, also if the father has a disability or was martyred in an act of terror or war. The important incentive in the programme seems to be the industrial work placement component that will be provided by Koc Holding firms. The modest monthly sum also goes a long way as pocket money for poorer students in many poorer provinces. The recipients will be monitored by the firms and vocational high school coaches (volunteer Koc Holding employees), and will receive priority for taking up employment. At www.mesleklisesimemleketmeselesi.com website, there are moving letters from the recipients who view the programme as an opportunity for a better future life.

Koc Holding runs the initiative with the MoNE, which runs the general vocational schools. No other funds are used. The holding company and Vehbi Koc Foundation (in the name of their founder) provides 15 million YTL (EUR 7.9 million at 1.9 YTL/EUR) for the initiative. Note that Koc Holding's TOFAS produces Fiat in Turkey and its division Arçelik produces BEKO consumer durables for the European market.

3. Performance measures and achievements

The effective performance of the BEGEV system is guaranteed in the sense that they train and should continue to train highly desired professionals by the industrial establishment of Bursa, which is fully involved in the process. Koc Holding's foresight will also supply them with able future technicians in their firms within a few years. This is why Koc professionals are monitoring the participants. A performance measure for both schemes is the employment ratios and unemployment rates (by age group and, in an ideal world, wages) of the recipients. One would then compare this with the overall employment and unemployment patterns (and wage gaps).

One should hope that both programmes keep track of measurement indicators for a future evaluation, as neither practice has yet been evaluated. The key output would be the proportion of skilled professionals in their respective sectors. A key outcome would be the increase in firm-level productivity. Societal impact would be favourable as these are relatively high-paying occupations. At present, there is no evidence to interpret any impact. It is too early for the Koc initiative and there has not yet been a follow-up study for the Bursa initiative.

4. Conclusions

The Minister for National Education has recently said that, following the introduction of the Koc Holding initiative, there was a boost in vocational school enrolments. MoNE did not publish its most recent statistics, but such a statement from the minister is significant. After the closing of the junior-high-school levels of vocational schools in 1997 when Turkey moved from five to eight years of compulsory schooling, the blow to the religious vocational school component of the system came in 1998. It was made more difficult for vocational school graduates to further their education at the tertiary level outside their vocational high schools. The technical component of the system was already suffering. Enrolment fell sharply as college education is coveted in Turkey, vocational school is a poor second best. At its peak in the 1996/97 school year, the VET system enrolment consisted of 46 % of total enrolment at the secondary level, more than half in religious schools. Ten years later the system recovered to the rate of 36 % only. The State Planning Organisation envisages a reversal of this enrolment proportion with a two-thirds enrolment in vocational schools and one third in general high schools. This is unlikely to happen in the near future.

Initiatives like BEGEV in Bursa that emphasise high-tech, productive and the well-paid nature of contemporary technical training, or Koc Holding scholarships, which talented and poor young students see as a means for a desired future in Koc company employment, are vital. They are steps in changing the societal stigma of vocational school graduate employment in informal, small manufacturing or repair service establishments.

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Norway

Qualification programmes for groups at risk

1. Introduction and objectives

In 2007, the Norwegian parliament established a scheme involving a qualification programme and the right to a qualification benefit. The target group of the programme is people of working age with considerably reduced working and income-generating ability and with no or very limited subsistence benefits from the national insurance system (NIS) or from participating in labour market measures.

The qualification programme is based on cooperation between the Norwegian Labour and Welfare Service (NAV) and the respective municipalities. It is a new policy instrument developed in the context of the reform of labour and welfare administration.

The background for this programme is the action plan against poverty and action plan for integration and inclusion, presented as addendums to the 2007 budget ⁽¹¹⁴⁾. These documents present the ambitions of the government to fight poverty and to facilitate the integration of immigrants by promoting labour market inclusion.

The strategy seeks to strengthen support to individuals with a weak connection to the labour market. This group has a high risk of remaining passive recipients of social security benefits and suffering from income poverty combined with negative social and/or health-related living conditions.

The aim of the qualification programme is to establish a more systematic and binding approach to keeping social benefit recipients more active. The objective of the qualification programme is to engage more individuals in employment or some other form of activity that facilitates a closer connection to the labour market. Furthermore, the programme aims to improve the quality of life of the participants.

The intention is to emphasise a clear connection between rights and obligations, and to implement consistent and systematic principles for defining and following up mutual expectations, requirements and obligations in the interaction between the individual and the public administration.

The rights will entail economic security, predictability and labour-oriented measures that are adapted to individual needs. Obligations will entail active participation in appropriate programmes and measures that can both provide motivation and promote a transition to activity and working life, thereby improving the responsibility for one's own life. The obligations are also intended to ensure that those who are able to work do not remain passive recipients of benefits. Testing of ability to work is a condition for participating in the programme.

An approach adopted in the Norwegian welfare policy and the qualification programmes in particular is to foresee activity as a condition for receiving benefits, a move obviously inspired by international experiences with workfare programmes. Workfare is defined as entitlements or programmes where the recipients have to participate in some kind of work (or activities preparing for work) to continue to receive their welfare benefits. A report commissioned by the Ministry of Labour and Social Inclusion presents an overview of different types of workfare programmes in Norway and abroad ⁽¹¹⁵⁾.

The qualification programme will consist of employment-related measures that can be combined with medical treatment, rehabilitation and personal initiatives which support the participant's transition into employment. The participant will follow the programme for a year on a full-time basis. Each participant in the qualification programme will be entitled to qualification benefits.

Persons who have not earned social security rights in the NIS and who have social cash benefit as their primary source of income represent a particular challenge. Their income situation is uncertain and time-limited. Through the qualification programme, they will benefit from receiving a predictable income for a specific period of time, in return for following a specific, comprehensive qualification programme.

The qualification programme will essentially consist of a full-time, work-related activity adapted to the needs and abilities of the individual. The qualification benefit will be curtailed or lapse entirely in the event of unwarranted absences. To promote the transition to employment, recipients are allowed to receive income from employment with a corresponding curtailment of the benefit. Participation in ordinary working life can lead to a reduction in the requirement for other activity within the programme. The benefit is granted for a period of up to one year at a time, and for a total of no more than two years.

(114) The design of the qualification programme and the qualification benefit are described in the report 'Work, welfare and inclusion', a governmental White Paper presented in November 2006 as report No 9 to the parliament. See also Proposition No 2 to the Odelsting (2006–07).

(115) Harald Dale-Olsen and Pål Schøne, (report 2006:07, only in Norwegian), 'Omfang og effekter av vilkår i velferden. En kunnskaps-oversikt om velferdskontrakter' (Use of and effects of conditions in welfare. Knowledge status on workfare programmes).

2. Organisation, implementation and funding

The programme will draw on all of NAV's existing instruments. Programme participation will, in each local NAV office, be determined by the corresponding municipality, based on applications from the participants. Each participant in the qualification programme will be entitled to qualification benefits. The qualification benefit is set to 2 G (G = basic amount of the national insurance) for individuals 25 and above, whereas individuals below 25 are entitled to 2/3 of 2 G.

In 2006, a new Employment and Welfare Administration was established by merging the public employment services, the national insurances services and the municipal social assistance services. By the end of 2009, there will be joint labour and welfare offices (NAV offices) that cover all the municipalities in the country. The NAV offices are based on cooperation agreements between the NAV and the individual municipalities. Both the State and the municipal part of the NAV office are going to be involved in the formulation and adaptation of the qualification programme.

Setting up a qualification programme will imply using resources such as municipal adult education services, municipal job recruiting schemes, health-related initiatives, NGOs and State-funded labour market measures.

The municipal social welfare services have the main responsibility for the follow-up of participants and the coordination of the programme. The programme will draw on all existing NAV instruments. The qualification benefit will be paid by the municipality, similar to the social cash benefit.

The qualification programme is to be implemented by local NAV offices as these offices are established across the country over the next two years.

The municipality is financing the qualification benefit and the municipal services linked to the programme. Municipal costs resulting from the qualification programme are mainly related to implementation costs, administrative costs of staffing and rent, as well as costs of implementing measures for participants. In addition, there will be some costs resulting from the fact that the qualification benefit will be on average higher than previous social benefit payments.

The increased municipal costs linked to the programme and the qualification benefit will be financed by grants from the State.

The labour market measures will be financed by central government.

3. Performance and achievements

The programme is currently (mid-2008) in its inception phase. As part of the background for designing the programme, a report was published to examine experiences from previous introduction and qualification schemes and identify elements that can be usefully transferred to the new qualification programme ⁽¹¹⁶⁾.

The analysis particularly relies on experiences from *Tettere individuell oppfølging (TIO)* (closer follow-up of individuals who need special assistance in order to utilise employment-related measures), *New Chance* (a qualification programme for immigrants who have lived in Norway for several years, without having succeeded in getting a permanent foothold in the labour market and thus are dependent on social security benefits), and, lastly, the *Introduction Scheme* for immigrants and refugees.

3.1. Barriers to employment

Experiences from such schemes indicate that many participants in the qualification programme will have previously gone through several labour market measures (such as job search training and work experience placement) without having succeeded in getting employment. Many participants have little faith in their own learning and skills acquisition, with resulting low motivation.

Many participants in the qualification programme have psychological and physical health problems. Some may have health-related problems that are difficult to diagnose. Many participants have difficulties in other areas of life, relating to family and networking issues, housing and personal finance. Each participant will have different needs. The amount of time each individual needs within a qualification programme course before gaining employment will also vary.

Some of the participants in the qualification programme will be from groups with an ethnic minority background. Experience from similar schemes suggests that these participants will have very little or no work experience in Norway, even if they have lived in the country for several years. Many participants will need Norwegian language training.

3.2. Programme content

Experiences from all the three examined schemes show that measures such as a fixed contact person, thorough 'mapping' (understanding each participants background and needs), individual adaption and close follow-up of participants are key

(116) Trude Thorbjørnsrud and Jorun Andreassen, ECON Pöyry, (2008-018) 'Opp om mårran. Forslag til innhold i og organisering av Kvalifiseringsprogrammene' (Getting up in the morning. Proposals to content and organisation of the new qualification programme).

success factors. Such measures are likely to be suitable also within the qualification programme.

Close follow-up contributes to strengthening the participants' ability to attend work and meetings, follow instructions, work independently, show initiative, understand norms, and handle relations with colleagues and superiors. This also includes following up with both the participant and the employer when the participant undertakes work experience.

Practice and learning through work experience placement is key to ensuring that participants enter employment. In many cases, however, several other factors also have to be in place for the participant to fully utilise work experience placement or training measures. Such factors include social competence training such as learning how to cooperate, keep appointments, manage personal finances, handle challenges, plan daily schedules as well as relating to new people.

Elements to be incorporated into the qualification programme include Norwegian language training, social and cultural studies, work training, motivational start-up courses, data training, job search training, physical exercise, courses in personal financial management, individual coaching and creative measures.

The programme should include various efforts to increase motivation and a positive attitude among participants. Group participation is seen as important, as it provides a sense of community as well as a forum for exchanging information and experience.

Action plans, developed in cooperation with the participants themselves, are viewed as an important tool for clarifying individual goals.

3.3. Achievements

The effects of the three examined schemes have not formally been evaluated. However, reports from TIO and New Chance suggest that the transition to employment has been somewhat more successful than in other similar initiatives aimed at the same target groups.

In general, the effects of schemes aimed at social benefit recipients are limited and seem to differ between different groups. The largest effect is among groups furthest away from the labour market.

4. Conclusions

In 2007, the Norwegian parliament established a scheme involving a qualification programme and the right to a qualification benefit for groups with considerably reduced working and income-generating ability and with no or very limited subsistence benefits. The programme is in its inception phase. Experiences with earlier schemes aimed at benefit recipients are not promising. However, the stronger emphasis on a connection between a right to a benefit and an obligation to participate in a full-time, albeit limited duration programme and stress on a programme content more tailor-made to each participant's needs, could be both a helping hand and a push into working life for more people.

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European Commission

European Employment Observatory: Spring 2008

Luxembourg: Office for Official Publications of the European Communities

2009 — 142 p. — 21 x 29,7 cm

ISSN: 1725-5376

The Spring 2008 European Employment Observatory Review provides an overview of labour market policies across the 27 EU Members States, Croatia, Turkey and Norway. The document details developments on the national level and links them to EU policy priorities.

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