

*Pathways to work:  
Current practices and future needs for the labour  
market integration of young people*

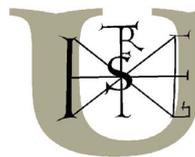
**YOUTH: Young in Occupations and  
Unemployment: Thinking of their  
better integration in the labour  
market**

**FINAL REPORT**

**ANNEX 2 – CASE STUDY REPORTS**

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**The individual contributions were provided by:**

- *Paolo Federighi and Francesca Torlone* (0. Introduction; 1. Methodological Preface)
- *Věra Czesaná, Věra Havlíčková, Olga Kofroňová, Zdeňka Matoušková* (Synoptic Table and Case Study: the Czech Republic, 2.1., 2.2., related Annex)
- *Morten Larsen Nonboe, Karen Nielsen Breidahl, Johanne Vølund Jensen* (Synoptic Table and Case Study: Denmark, 3.1., 3.2., related Annex)
- *Nicola Duell* (Synoptic Table and Case Study: Germany, 4.1., 4.2., related Annex)
- *Kenderfi Miklos, Csehne Papp Imola, Nemeth Antal, Garabas Zita, Dene Zsofia, Csujá Zsuzsanna* (Synoptic Table and Case Study: Hungary, 5.1., 5.2.; Synoptic Table: Romania, 7.1.)
- *Alessandra De Lellis and Manuel Marocco* (Synoptic Table and Case Study: Italy, 6.1., 6.2., related Annex)
- *Simona Sava* (Synoptic Table and Case Study: Romania, 7.1, 7.2.)
- *Steven McIntosh* (Synoptic Table and Case Study: UK, 8.1., 8.2., related Annex)

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## **0. Introduction**

This report contains the analytic description of the seven case studies selected in the Youth research: Denmark, Germany, Italy, United Kingdom, Czech Republic, Romania and Hungary.<sup>1</sup>

The report begins with a brief introduction, followed by the description of the methodological approach adopted in the analysis of the flexicurity policy measures and in the preparation of case studies. For each of the seven contexts surveyed, two types of documents have been prepared:

- The synoptic table, in which the measures follow an individual's lifecycle and the various conditions he/she has to face (e.g. leaving general education, return to training, access to work, career development, creation of a family, etc.);
- The descriptive case-study report, in which the chosen flexicurity measures are analysed and described with reference to the institutional, political, social and demographic context of their adoption and implementation in the country in question.

Finally, a bibliography at the end of each chapter takes account of the theoretical and programmatic input to support the data as well as readings. It also provides an assessment of the significance of the information collected.

## **1. Methodological Preface**

The combination of policies to increase labour-market flexibility and at the same time security of employment and income, is generally called 'flexicurity'. This empirical concept - first coined in the Netherlands in the mid-1990s - is currently the most popular for employment and labour market reforms in the European Union.

This is clearly demonstrated by the March 2006 European Union Presidency Conclusions inviting Member States to pursue reforms in labour-market and social policies under an integrated flexicurity approach, and committing the European Commission to establish a common set of principles on flexicurity jointly with Member States and social partners.

According to the European Council, the benefits of such a flexicurity approach are improved adaptability of workers and enterprises, more open and responsive labour markets, more productive workplaces and positive

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<sup>1</sup> The 7 Case Studies were drawn up by expert researchers chosen from each of the 7 survey contexts.

interdependencies between competitiveness, employment and social security.

In July 2006, the Directorate-General for Employment, Social Affairs and Equal Opportunities (DG EMPL) of the European Commission set up an expert group to investigate practical and applicable flexicurity solutions within EU labour markets. During the Stakeholder Conference on Flexicurity (April 2006) the report by the expert group was presented stating – inter alia - that “practical flexicurity solutions must reflect and respect diversity, related to the way in which Member States’ legal systems, labour-market institutions and industrial relations have developed in the course of history”(Expert Group, 2007:38).

In November 2006, the European Commission launched a broad open public debate on reviewing labour laws and adapting them to the modern world of work, proposing the flexicurity model as the social model of reference.

Some key issues of the Green Paper were the deregulation of employment contracts (in particular lay-off provisions), employees’ rights and protections (against dismissal) and their mobility to facilitate firms’ restructuring processes for improving efficiency and competitiveness. Within this framework, particular attention was given to the role labour laws could play in promoting flexicurity for a more inclusive and fairer labour market.

The consultation ran over a period of four months and produced very extensive responses (European Commission, 2007).

In June 2007, the Communication “Towards Common Principles of Flexicurity: More and better jobs through flexibility and security” was published, where the flexicurity approach is considered useful and necessary to achieve the objectives of the renewed Lisbon strategy and in particular more and better jobs with flexibility and security not being contradictory but mutually supportive. Thus the Commission and EU Member States have established (European Commission, 2007) that flexicurity policies comprise the following four policy components:

- Flexible and reliable contractual arrangements through modern labour laws, collective agreements and work organisation.
- Comprehensive lifelong learning strategies to ensure the continual adaptability and employability of workers, particularly the most vulnerable.
- Effective active labour market policies that help people cope with rapid change, reduce unemployment spells and ease transitions to new jobs.

- Modern social security systems providing adequate income support, encouraging employment and facilitating labour market mobility. This includes broad coverage of social protection provisions (unemployment benefits, pensions and healthcare) that help people combine work with private and family responsibilities such as childcare.

Furthermore, flexicurity common principles have been defined so that Member States are supported in their implementation and adoption of National Reform Plans in consideration of the respective challenges, opportunities and circumstances (Council of the European Union, 2007).

The Joint Employment Report 2007/2008 also stresses the importance of the comprehensive flexicurity approach to improve the functioning of European labour markets and to facilitate transitions with the aim of eliminating barriers to employment.

The aforesaid four flexicurity components were the underlying theme for all research stages, beginning with a cognitive survey of youth policies in force and of measures adopted in the national and local situations of the 27 countries studied. *Schedule A*<sup>2</sup> gave an overview of the policies, tools, measures and intervention methods for promoting the labour-market integration of young people in these countries. Subsequently, the survey field was then narrowed down to seven national case studies, chosen in close cooperation with the European Commission – DG Employment, Social Affairs and Equal Opportunities. The analysis focused on how the flexibility and security elements are identified and incorporated in measures and provisions which, in their different combinations, help to define the national governance approach to social and labour market policies.

The survey covered implemented measures in their national contexts, which can be considered as the result of a complex balance of factors.

These factors represent regulatory approaches and also reflect – inter alia – a country’s social and economic development, its demographic patterns, its productive specialization and the formation of its welfare system as well as the relationships between political actors, social and economic partners in a given historical moment and geographic context: all elements were analysed transversally in the case studies.

Flexicurity policies were studied by identifying and analysing measures or policy learning units. This analytical approach is useful not only for description but also for policy learning and above all for a potential policy transfer that informs national and local political options on flexicurity

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<sup>2</sup> Schedule A “*Overview of measures for the integration of young people in the labour market*” (see Annexes to the Youth Research Report).

(recommended by the EU). The methodology chosen for the empirical research enabled us to define the components of measures and helped us to evaluate their specific weight, and, where possible, their impact. This approach required a further level of analysis that would shed light on interconnections and interdependences between the different measures. The idea is that the system connecting the various measures and, at a more complex level, the various policies will help us to understand and define the different flexicurity models for young people. This follows the lines of the European recommendations by social partners and stakeholders (October 2007) and the recognition that there is no single flexicurity model according to a one-size-fits-all logic and that none of the principles can be considered as more important than the others (European Council, 2007; European Council 2008). It is instead essential to outline models and strategies that respect diversities (institutional, socio-political, economic and historic contexts).

This in-depth examination is provided by the case studies in the Youth research. Their task is to identify measures characterising national policies, to examine them on the basis of predefined descriptors (Schedule B<sup>3</sup>) and analyse them transversally together with their historic, economic and cultural contextualization. This kind of analysis also enables us to examine the correlations between the different measures and how they correspond to the aforesaid four components of the European flexicurity model. These latter, together with the objectives of European youth employment policies, constitute the criteria for defining and evaluating the effectiveness of the various flexicurity models in the different countries.

In this research, the case studies provide an analytical and transversal overview of employment policies promoting the employability and integration of young people in the labour market and the improvement of quality and productivity at work as well as the current trends in the systems investigated. For example, the United Kingdom has high external flexibility combined with medium internal flexibility, high mobility of the work force, moderate recourse to vocational training and low expenditure on activation policies; Denmark has advanced forms of internal flexibility, combined with moderate levels of external flexibility and security measures for the unemployed. With the case studies we can thus analyse in depth the measures and provisions in seven EU Member States from an integrated viewpoint corresponding to the policy components of the Community model. To this end, the necessary quantitative and qualitative information

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<sup>3</sup> Schedule B “*Grid to be used for the description of the selected measures*” (see Annexes to this Report).

was acquired for the description each case, respecting the indicators given by the various analysis tools (Schedule A and Schedule B). The data gathered was then processed on the basis of an index provided for the description of the case study (Box 1). The respect of the layout provided and the organization of the information has enabled us to obtain data that is to some extent comparable.

Country Case Study – Table of Contents

1. Conceptual framework of flexicurity approach
  - a. General overview using the four policy components
  - b. Youth-related overview
2. Analyze single policies/measures (P&M) addressed to the social integration of young people:
  - i. Background
  - ii. General overview
  - iii. Scope of the single policies and measures
  - iv. Approach adopted for single policies and measures
  - v. Demand or supply side
  - vi. Compliance with flexicurity approach
  - vii. Lifecycle connection
  - viii. Level of implementation (national, regional, local etc.)
  - ix. Expected outcomes
  - x. Results
  - xi. Monitoring and evaluation procedure adopted
  - xii. Expected impact
  - xiii. Public consideration of P&M and debate (experts, social partners, political groups, institutions)
  - xiv. Sources (web sites, documents etc.)
3. Selected combination of policies and measures with relevant compliance with flexicurity approach:
  - i. Indication to which policy component the policy/measure belongs
  - ii. Effectiveness, conditions of success and sustainability of the combined/integrated policies and measures

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## 2. Czech Republic

### 2.1. Synoptic Table of flexicurity measures

<i>Flexicurity areas in consideration of the lifecycle approach</i>	<i>Simple/Aggregated measure(s) selected and described in the national case study report</i>	<i>Source: YOUTH Schedule A/B</i>	<i>Any additional measure(s) you consider relevant for the YOUTH research although not included either in Schedule A or in Schedule B<sup>4</sup> (Measure/Short abstract)</i>
<b>1. Leaving the general education</b>	1.1 Counselling services at schools and special facilities	Schedule A	
	1.2 Counselling services at guidance centres of labour offices	Schedule A, Schedule B	
	1.3 Information System on the Labour Market Success of School-Leavers (ISA)	Schedule A	
	1.4 Project “VIP Kariera”	Schedule A	
	1.5 “Career pathway selection”	Schedule A	
	1.6 Curricular reform	Schedule A, Schedule B	
	1.7 ICT policy in education	Schedule A, Schedule B	
	1.8 Gate to languages	Schedule A, Schedule B	
<b>2. Setting up social life</b>			
<b>3.</b>	3.1 Curricular reform	Schedule A, Schedule B	

<sup>4</sup> Authors of the synoptic table are required only to mention the relevant measures not included in the Youth research, where considered important for a better understanding of flexicurity trends and measures, as well as a very short related abstract. No other information is requested at this stage.

<i>Flexicurity areas in consideration of the lifecycle approach</i>	<i>Simple/Aggregated measure(s) selected and described in the national case study report</i>	<i>Source: YOUTH Schedule A/B</i>	<i>Any additional measure(s) you consider relevant for the YOUTH research although not included either in Schedule A or in Schedule B<sup>4</sup> (Measure/Short abstract)</i>
<b>Entering a professional learning process</b>	3.2 ICT policy in education	Schedule A, Schedule B	
	3.3 Gate to languages	Schedule A, Schedule B	
	3.4 Reform of final examination of VET (ISCED 3C programmes)	Schedule A	
	3.5 Child allowance	Schedule A	
	3.6 Scholarship for students of higher education institutions (HEI)	Schedule A	
	3.7 “Introduction to the world of work”	Schedule A	
	3.8 Counselling services at schools	Schedule A	
	3.9 Counselling services at guidance centres of labour offices	Schedule A, Schedule B	
	3.10 Information System on the Labour Market Success of School-Leavers (ISA)	Schedule A	
<b>4. Entering the labour market</b>	3.11 “VIP Kariera” Project	Schedule A	
	4.1 Minimum wage	Schedule A	
	4.2 Unemployment benefits	Schedule A, Schedule B	
	4.3 Retraining	Schedule A, Schedule B	
	4.4 Individual Action Plans (IAP)	Schedule A, Schedule B	
	4.5 Jobs for social purposes	Schedule A, Schedule B	
	4.6 Publicly beneficial jobs	Schedule A, Schedule B	
	4.7 Contribution for introductory on-the-job training	Schedule A	
4.8 Targeted programmes to address employment	Schedule A, Schedule B		
<b>5.</b>	5.1 Part time and distance study	Case Study	

<i>Flexicurity areas in consideration of the lifecycle approach</i>	<i>Simple/Aggregated measure(s) selected and described in the national case study report</i>	<i>Source: YOUTH Schedule A/B</i>	<i>Any additional measure(s) you consider relevant for the YOUTH research although not included either in Schedule A or in Schedule B<sup>4</sup> (Measure/Short abstract)</i>
<b>Professional growth and mobility</b>	5.2 Part-time jobs, flexible working hours, lightening workload	Schedule A	
	5.3 Validation and recognition of the outcomes of continuing education	Schedule A	
<b>6. Re-entering education/training pathways (full time)</b>	6.1 Counselling	Report “The employment of young people in CR”	
	6.2 Transferability within secondary education	Report “The employment of young people in CR”	
<b>7. Starting autonomous life</b>	7.1 Low-interest credits for housing	Schedule A	
	7.2 Housing savings with state support	Schedule A	
	7.3 Maternity benefits	Schedule A	
	7.4 Parental allowance	Schedule A, Case study	
<b>8. Transition to adulthood</b>			
<b>9. Re-entering labour market after leaving the parental home</b>	9.1 Active labour market policy measures (ALMP)	Case study	
	9.2 Developing kindergartens, leisure and development centres and babysitter services	Schedule A	
	9.3 Part-time jobs, flexible working hours	Schedule A	

## **2.2. Case Study Report Czech Republic**

by Věra Czesaná, Věra Havlíčková, Olga Kofroňová, Zdeňka Matoušková

### **2.2.1. Conceptual framework of flexicurity approach**

The term “flexicurity” has not yet become common in the Czech Republic as evidenced by the following case study. The measures adopted tend to strengthen the flexibility component and weaken the security component. This is influenced primarily by the fact that, during transition to the market economy, it was necessary to stress security in order to facilitate acceptability of social and economic reform. At present, after the major structural changes have been made and the economy is growing and facing shortages of people with appropriate qualifications, it seems necessary to stimulate the flexibility of the workforce by again reducing security.

#### *2.2.1.a. General overview of flexicurity components*

##### *Contractual arrangements pillar*

With regards to employment contracts, employers and trade unions do not share the same view of flexicurity. While employers view it as a way towards a higher level of openness and flexibility of labour markets and modernisation of labour legislation, trade unions see it as a way towards uncertain and unstable forms of employment (Drbalová, 2007). As a consequence, **there is a stronger emphasis on security as compared to flexibility** in Czech labour legislation.

**Permanent employment contracts** are the most frequent type of contract in the CR. 90% of all employees and 88% of employees aged 15-29 have a permanent contract (more details in Annex). Employers are concerned about this as they cannot dismiss employees who do not fulfil their duties without notice. Conversely, trade unions are worried about the possible abuse if employers are given this opportunity.

**Temporary employment contracts** are quite rare in the CR. 10% of employees aged 15-29 and 8% of all employees have this type of contract. The Labour Code protects all employees regardless of age against abuse of temporary contracts by stating that any subsequent temporary contracts can only last for a maximum of two years. A new temporary contract may not

be concluded earlier than six months after expiration of the last temporary contract.

**Contracts with employment agencies** are very rare but more common with young people than with other age groups. 1.1% of all employees and 1.3% of people aged 15-29 have such contracts. Employment through agencies is an option taken mainly by large companies that cannot find sufficient numbers of, usually low-skilled workers. Employment agencies find these workers in foreign labour markets – primarily in Poland, Slovakia and the Ukraine. Moreover, employment agencies often broker short-term jobs for students.

All employees are entitled to the **minimum wage** with the exception of young people and those receiving disability pensions.

According to the law, working hours in the CR are 40 hours per week. The Labour Code allows for a relatively extensive **flexibility within the working hours**. The use of the various forms depends, above all, on the nature of the work performed and the willingness of the employer to adjust the beginning and end of the working time to employees' needs. A flexible working time, where the start and end of work are set by the employee, is particularly important for workers with small children – i.e. young employees. Certain problems concerning family care are related to an uneven distribution of working hours and the use of the working time account. Although the employee must be informed at least one week in advance about a weekly working schedule in the case of a working time account, and two weeks in advance in the case of uneven distribution of working hours, this uneven distribution may cause certain problems in caring for dependent children. However, there has been no research carried out on the extent to which such arrangements are acceptable for young people looking after children.

#### *Lifelong learning pillar*

Until the early 1990s, initial education was characterised by a rigid structure of educational paths with a little or very difficult “permeability” (possibility to pass through all levels). Since then efforts have been made to **support flexibility of the education system** so as to meet the needs of a wide range of young people with various talents, interests and job outlooks, including the provision of a second chance. On the other hand, extensive choice makes it necessary to ensure a certain level of security in the form of measures supporting, for example, decision-making processes within the more flexible education system.

Tertiary education reform is being prepared at central level by the

Ministry of Education, Youth and Sports with involvement of all stakeholders. At present the overall concept of the reform is being formulated. Work is underway on a White Paper for Tertiary Education (Výchozí teze, 2007) that will propose a consistent and coherent reform of Czech higher education based on OCED recommendations, own analyses and the outcomes of professional and public debates.

#### *Active labour market policy pillar*

Active labour market policies aim to assist not only unemployed people, but also those who intend to change a job. Labour offices provide these people with guidance, retraining courses and assistance in seeking suitable employment. They also support creation of new jobs and the employment of disadvantaged groups of the population. National and European experience, as expressed in the European Employment Strategy, have influenced the new law on employment effective from 2004. The scope of ALMP has been enlarged and conditions have been created for a more flexible response to specific situations in regional labour markets.<sup>5</sup> Labour offices may implement, to a larger degree, specific policies targeted on groups at risk.

#### *Social security system pillar*

The social security system in the CR covers all situations where citizens need financial assistance from the state. The CR has one of the lowest poverty levels in the EU (10% compared to 16% in average in EU-25<sup>6</sup>). On the other hand, this system provides insufficient stimuli for certain groups of the population to enter the labour market. A majority of welfare system tools still take the form of financial benefits. Insufficient use is made of instruments such as tax allowances that, as opposed to benefits, motivate individuals to generate income from work. This is why a social security reform has been launched. The reform involves, among other things, a change in the conditions for the payment of unemployment benefits to prevent them from being misused. This reform consists of three stages. The first stage started on 1 January 2008, the other two stages will follow in

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<sup>5</sup> Labour offices in regions were entitled to prepare (above the usual ALMP programmes) their specific programmes focused on specific problems in the regions. It helped of course to target better the national ALMP because the national labour market consists of regional labour markets.

<sup>6</sup> For more details see:

[http://ec.europa.eu/employment\\_social/spsi/docs/social\\_inclusion/data\\_overarching\\_en.xls](http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/data_overarching_en.xls)

years to come. The current economic situation, which is marked by sound growth, relatively low inflation and decreasing unemployment, is favourable for implementation of the welfare system reform.

*2.2.1.b. Youth related overview*

*(For an overview of the position of young people in the labour market see Annex, part 1.)*

*Contractual arrangements pillar*

At present labour legislation does not contain any provision specifying different conditions for concluding **employment contracts** with young people. However, the past the Labour Code prohibited concluding temporary employment contracts with school leavers.<sup>7</sup> At the same time, however, it allowed for non-compliance if the school leaver applied in writing to the employer for a temporary contract. As the employer normally has a better negotiating position than the applicant, school leavers were nearly always willing to “play the game” and file the application. This provision constituted some additional costs for employers, which weakened their interest in accepting school leavers. Therefore the provision was abolished in 2004.

The flexibility of young people should be increased by an amendment to the **Trades Licensing Act** which came into effect on 1 January 2008. This amendment provides for starting a business in craft trades immediately upon acquisition of the relevant qualification. This means that work experience in the field is no longer required, provided that the relevant education is proved.

*(For more information see Annex, part 2)*

*Lifelong learning pillar*

The curricula reform is under way. At central level “national curricula” (NC) are developed and approved by the Ministry of Education, Youth and Sports. They set out basic requirements for educational outcomes with a stress on key competencies. Schools develop their own school curricula (SC) while respecting the relevant NC. In this way they can adjust their SC to local conditions, capacities and interests of pupils, and local labour market needs. This considerably increases the autonomy of schools and expands the choice available for pupils and young people. On the other

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<sup>7</sup> For this purpose “school leaver” was defined as a person within two years of successful completion of studies.

hand, NC constitute a certain safeguard, ensuring pupils *security of choice* – i.e. each school must ensure a certain standard of competencies, guaranteed by the state, which pupils and young people should achieve during their education.

Since 2007/08 SCs have been implemented at basic schools and lower years of “*gymnázia*” (ISCED 1,2). From 2009/10 new SCs will be gradually implemented at secondary schools (ISCED 3) following approval of NC for individual fields of technical and vocational education.

*The expected outcomes of the reform* should include, in particular, a higher level of key competencies of pupils and students. Changes in teaching methods are also expected, mainly those based on teaching through projects. Moreover, it is expected that education will be more in line with the specific needs and conditions of individual schools and their pupils, and that there will be closer links between technical and vocational education and regional labour markets. Social partners, particularly employers, should play an important role in the development of SCs. In this way they will have an opportunity to set their requirements for pupils’ professional competencies.

The curricular reform is supported by various other projects and measures focusing, above all on foreign languages and ICT.

The **tertiary education reform** should further open the system of tertiary education, support social mobility and ease the still very selective admission policies. The reform is outlined in the White Paper, which is now being presented for discussion. There should be, above all, a larger differentiation in the structure of higher education institutions (HEI). Apart from “bachelor study institutions”, which will further open up the system without compromising its quality, there should be “research universities” or “research faculties” that focus primarily on top-level research and doctoral studies. The White Paper also proposes **co-funding by students** in the form of a so-called deferred tuition. Financial and organisational settings and timing are still under the discussion.<sup>8</sup> Apart from this, there is a proposal for introducing low-interest loans guaranteed by the state to cover study-related costs, education savings schemes and a more efficient social grants system. Fundamental steps will have to be taken as regards support for the **co-operation** between HEI and both basic and applied research, and between HEI and enterprises and regions.

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<sup>8</sup> The rules for co-financing of higher education studies by students are still under the taught discussion. “Average income” was replaced by “minimum income” without any detailed specification. The time schedule for tuition payments implementation has not been set up.

*(For more information see Annex, part 3)*

#### *Active labour market policy pillar*

The law on employment designates young people as one of the groups to whom labour offices should pay increased attention in relation to job brokering<sup>9</sup>. This group is a preferred target of all non-specific active labour market policy (ALMP) measures. Until 2004 this group included juveniles who do not continue education, and graduates of secondary schools and higher education institutions on their first entry to the labour market. Since 2004 this group was enlarged to cover all young people up to 25 years and graduates from universities within two years of graduation (with the age limit of 30 years).

None of the ALMP instruments defined by the law on employment is designed specifically for young people. A whole range of instruments may be applied to the young depending on their specific situation. However, the law stipulates that labour offices are obliged to offer young people up to 25 years and graduates from universities within two years of graduation (with the age limit of 30 years) the development of an individual action plan. The objective is to match the client's desires and competencies with labour market requirements, and to guide him/her to seek a job independently.

The Ministry of Labour and Social Affairs (MoLSA) sets specific requirements for labour offices as regards implementation of ALMP. For 2006, at least 30% of individuals supported by ALMP had to be under 25 years if age and be higher education graduates within 2 years of graduation (with the age limit of 30 years). One positive feature of a quantified requirement is that it is more targeted on high-risk population groups. A negative feature is the difficulty to differente this benchmark with regards to specific situations in regional labour markets. The structure of jobseekers registered at labour offices differs and young people need not always be at risk in a particular region. The strict application of the 30% criterion may then result in wasting resources on people who do not need assistance or, possibly, in the quota not being met. This is why the MoLSA now considers the 30% quota only as a recommendation and there are no sanctions for non-compliance. For 2008 the MoLSA is considering a percentage range for the quota that will be lowered as the situation of young people in the labour market improves.

#### *Social security system pillar*

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<sup>9</sup> Law on Employment no. 435/2004, before Law on Employment no. 450/1992.

Generally, job seekers are entitled to unemployment benefit for six months. If the job seeker attends a re-training programme, the benefit is higher and paid until the end of the programme. There were cases where fresh school graduates registered at labour offices and took unemployment benefits as a way of delaying entry into employment. Hence in 2004 the eligibility criteria for collection of unemployment benefits were tightened for school graduates.

The welfare system traditionally provides security and good conditions for young parents. In addition to maternity leave (maternity benefit) of 28 weeks, the mother or father is entitled to parental leave for the first three years of the child's life. During this period the employer is obliged to guarantee the parent his/her job. During parental leave, the parent receives parental benefit, which is a fixed amount regardless of the parent's previous wage (40% of the average wage in the non-business sector). Moreover, he/she can receive parental benefit for an additional year (until the child is 4), but the employer is not obliged to guarantee the job. The parental benefit established as a fixed amount was not favourable for those who return to employment earlier. This is why the social security reform envisages a new definition of parental benefit.

The system of childcare services eases the parents' return to work. Childcare services enjoy a long tradition in the CR. Care of children from 3 years to school age is provided by kindergartens that are mainly run by municipalities. According to the Education Act, priority of admission to public kindergarten has to be given to children in the last year prior to their compulsory school attendance (5/6 year olds). Care of younger children up to 3 is offered by day nurseries/crèches. However, their capacity is very limited.

*(For more information see Annex, part 4)*

## **2.2.2. Analysis of single policies/measures addressed to social integration of young people**

### *2.2.2.a. Measures relating to the flexicurity dimension comprehensive lifelong learning*

#### **Curricular reform**

The main stimulus for curricular reform was the White Paper – National Programme for the Development of Education in the CR (2001), which enshrined the need for a new concept of curricula based not on memorising

facts, but on key competencies. The results of surveys focused on employers' requirements for school leavers (e.g. Strietska-Ilina, 2003; Doležalová, 2006) repeatedly pointed out that school leavers have relatively good knowledge but lack soft skills.

Implementation of curricular reform started after the new Education Act came into force at the beginning of 2005. The reform is focused on developing key competencies required in the labour market such as communication, teamwork, ICT, foreign languages, problem solving etc. (Jezberová, 2007).

The curricula reform is supported by various other projects and measures focusing above all on foreign languages and ICT.

#### *Outcomes and impacts*

As the process of curricular reform has only just started, no evaluation reports have yet been produced. There are only results of a survey in basic schools concerning **implementation of school curricula** (ÚIV, 2007). Over 2,000 basic school heads responded to questions. According to this survey, 22% of schools view SCs as a major and beneficial change. However, for nearly one third of schools, SCs constitute a major, but on the whole unnecessary, change, and for another third of schools it is a minor change. The remaining school heads either do not see any change or cannot assess it. Over 90% of schools are happy with their SCs, but most of them realize further adjustments will be necessary. This is perhaps because less than 30% of schools developed an entirely new document, whereas 68% of schools made only partial or very minor changes to their existing curricula, and some 2% of schools did not change anything in their existing curricular document. In general, these results correspond to the overall characteristics of the process of handling change. They show that the curricular reform is of a long-term nature and is only gradually being accepted by schools and teachers.

The reform is also widely discussed in public. There was an appeal from academics to stop the nation's level of literacy decreasing. They argue that the ongoing curricular reform softens the requirements for students and will result in lower skills of young generations. The debate on this appeal is full of contradictions. Those who disagree argue, above all, that the authors of the appeal misunderstand the trend towards support for key competencies and towards a broad access to tertiary education for all including the less talented population.

#### *Condition of success and limits*

The success of curricular reform primarily depends on the teachers'

approach and on the extent to which they will receive support and continuing education in line with the reform requirements (see Straková, J.: The Reform Will Succeed. But Only After Teachers Embrace It. *Hospodářské noviny* (Business Daily), 22.1 2008). This is why much attention is paid to teachers' methodological support in the development of school educational programmes and to the development of key competencies in pupils (see the methodology portal - [www.rvp.cz](http://www.rvp.cz)).

### **ICT competencies**

The **State ICT policy in education** was adopted in 2000. The targets set for 2005 were as follows: to establish conditions facilitating an effective and efficient implementation of ICT in teaching and, subsequently, achieving information literacy among school leavers; to ensure that 75% of teachers use ICT as a common instrument; and to establish conditions for schools' involvement in the system of lifelong learning of citizens in ICT. Despite financial problems, the scheme is continuing while focusing primarily on the training of teachers and financial support for connecting school networks to the Internet.

#### *Outcomes and impacts*

The [e-gram.cz](http://e-gram.cz) portal was set up to enable schools to share good practices in implementation of ICT in instruction, and training centres for ICT co-ordinators were established at some schools. The scheme has significantly contributed to the improvement of PC facilities and Internet connection in schools.

#### *Condition of success and limits*

The project encountered difficulties, mainly because supplies of hardware to schools were initially organised centrally and did not meet the needs of individual schools. In 2007, the funds allocated to the project from the state budget were stopped and resources were only supplied from the MoEYS's reserve fund, which caused problems for schools particularly as regards funding Internet connections.

### **Foreign language competencies**

Increasing the level of foreign language competencies is the objective of a project entitled **Brána jazyků** (Gate to Languages) and implemented in 2005-08. It is focused mainly on the development of language and methodological competencies of teachers and education professionals. It responds to the unsatisfactory situation in foreign language instruction at Czech schools, with constant shortages of skilled foreign language teachers.

Teachers of vocational subjects lack the knowledge of foreign languages that would allow them to draw from foreign literature sources and the Internet as well as to participate in international projects. These are mostly run by foreign language teachers who also assist other teachers as interpreters. It is important that teachers are able to communicate with foreign partners without such assistance.

#### *Outcomes and impacts*

In the course of the project intensive language and methodological courses were organised for three target groups: qualified teachers without professional competencies for foreign language teaching who already teach or will teach a foreign language; qualified teachers with professional competencies to teach foreign languages; other experts and pedagogical staff who intend to communicate with foreign partners. Over 7,100 participants in 430 study groups across the Czech Republic were admitted and commenced studies. A total of 5,318 participants successfully passed the final examination. A methodological booklet was also published.

#### *Condition of success and limits*

This project with language courses of 150-160 lessons and methodological courses of 30-40 lessons only addresses this problem to a limited degree, because qualified language teachers and teachers of vocational subjects with foreign language skills do not take jobs in education or leave the education system, mostly due to low pay.

#### **Verification and recognition of outcomes of continuing education**

Recognition of non-formal and informal learning has come to the fore only in recent years. It is fostered by the **law on verification and recognition of the outcomes of continuing education** which entered into force on 1. 8. 2007. This law was mainly formulated with an eye to labour market needs and support for employability in particular. The law defines the **National Qualifications System (NQS)** – a publicly accessible register of all full and partial qualifications identified and recognised in the Czech Republic. The NQS is being developed as part of an ESF co-funded project. The NQS involves the definition of mutual links between full and partial qualifications and their relationships to occupations, and qualification and evaluation standards for partial qualifications. The law is focused primarily on the recognition of partial qualifications, for which standards are developed in close co-operation with employers to ensure that the qualification requirements are relevant to their needs. Pilot testing of recognition procedures using the existing NQS standards is implemented as

part of another ESF project entitled **Recognition of Non-Formal and Informal Learning (RNIL)**.

The systemic environment for implementation of recognition processes is created at central level, both via legal regulations (laws, decrees) and via implementation of the aforementioned NQS and RNIL projects. The regional level plays an important role in implementing specific recognition processes. Co-ordination centres for lifelong learning are being set up in the regions and they should gradually become centres for recognition of learning outcomes.

#### *Outcomes and impacts*

At present, partial qualifications at ISCED 3 level are being tested. As the processes of verification and recognition of non-formal education and informal learning are only just starting (the systemic environment is being developed), it is impossible to estimate how large the demand for recognition will be.

The expected impacts should include in particular support for individuals with lower levels of educational attainment:

- A partial qualification certificate will increase its holder's chances of getting a job. This is supported by employers' involvement in setting qualification requirements, which should result in higher credibility for the certificates.
- The possible recognition of competencies acquired, for example through experience, will save time and financial resources necessary for vocational training.
- As the law focuses on partial qualifications, it allows for a more flexible and faster change of a qualification or acquisition of a new one. This speeds up the process of finding a job or adapting to the needs of the moment – the demand for qualifications on the part of employers.

#### *Condition of success and limits*

Qualification standards for partial qualifications are developed by so-called sectoral boards consisting of representatives of employers and the education sector. The work of sectoral boards is complicated in some industries because the involvement of employers is often formal and passive. This may result in a situation where qualification standards are not well prepared and the process of their approval becomes protracted.

Considerable attention is devoted to publicity, as indicated by numerous articles in national newspapers and magazines and presentations at conferences. The main target groups in terms of publicity are the

professional public (potential authorised bodies that will carry out the evaluation – e.g. schools, professional and other associations, but also employers who take part in defining qualification standards for the relevant partial qualifications) and the general public – i.e. potential applicants for recognition of learning outcomes.

We can only assume that individuals will take part in these processes if they have sufficient motivation and if the employer requires these certificates. It is expected that young people who dropped out of the education system and have not acquired any qualification will form a major group interested in recognition.

### **Support for career guidance**

At present career services in the CR are being developed within two parallel systems. Guidance provided in schools and school guidance facilities within the purview of the Ministry of Education, Youth and Sports (MoEYS) is focused primarily on providing assistance in addressing issues and problems faced by children and young people during their studies and when they consider a change or choice of further education. The system of guidance services under the Ministry of Labour and Social Affairs (MoLSA) focuses mainly on addressing problems regarding the transition between education and employment and on support for proactive and independent decisions regarding the search for optimal employment. Measures to support guidance focus particularly on:

- Incorporating **career education** into the basic school curriculum, and **introduction to the world of work** into secondary level curriculum from 2000/01. An important component of this is training teachers and school educational advisors via e-learning on these topics.
- **Expanding guidance capacities** within the purview of the MoLSA, particularly the capacities of information and guidance centres at labour offices, and the provision of “balance diagnostics” (ie. evaluation of individual competencies and competence development counselling) by external organisations based on contracts (from 2000).
- Building a web-based information system on the situation of school leavers in the labour market (ISA). It provides information not only on schools’ educational provision and VET fields, but also on the labour market and the employment situation of school leavers, including information support in addressing the issue of early school leaving. The integrating element of ISA is a multi-media

assistant guiding basic school pupils through individual steps of the career and education choice process.

Measures in support of guidance services are mainly backed up in terms of finance and methodology by ESF funded projects. These include the MoEYS “VIP Career” project which provides information, methodological and educational support for career guidance and training in schools. The MoLSA “Labour Market Institute” project aims to expand guidance services for adults through co-operation with employers. Measures are adopted and implemented both at central level (support projects) and by guidance organisations at regional level (usually located in towns – labour offices, pedagogical-psychological guidance centres) and local level (e.g. schools).

#### *Outcomes and impacts*

Measures supporting guidance aim to ensure accessibility of guidance services of appropriate quality for all individuals throughout their lives depending on their needs. They mostly concern career key points – i.e. the choice of educational pathways after basic school, the transition from school to employment, retraining, etc. The main target groups are therefore:

- Young people aged 15-19 whose guidance is focused on prevention of educational and study-related problems, or, possibly, on their elimination, and on the choice of an occupation.
- Unemployed adults who seek employment via labour offices, and employed individuals who want to change their job or are at risk of losing it. Primary attention is paid to school leavers and citizens facing difficulties entering the labour market (e.g. the disabled, minorities, etc.).

#### *Condition of success and limits*

Measures promoting career guidance are seen as positive by teachers and the public. A public information portal on the employment situation of school leavers (ISA) was launched only recently, but has an increasing number of users. According to a survey by the STEM/MARK agency, over 70% of educational advisors at basic and secondary schools are familiar with the portal and 95% of them find it very useful.

#### *2.2.2.b Measures related to the flexicurity dimension “Effective active labour market policies”*

### **Individual Action Plans (IAP)**

IAPs contain procedures and a schedule for implementing the various steps leading to enhanced employability. It sets out the rights and obligations of job seekers and the labour office in relation to entering employment (e.g. forms of training, introductory training, skills enhancement, courses).

Job seekers' qualifications are considered and so are their capacities.

These are identified during an initial interview with a guidance practitioner. A job seeker who is interested in having an IAP is obliged to co-operate in its development and to adhere to its terms. If these terms are not observed, the job seeker is signed off the register of job seekers and thereby loses entitlement to unemployment benefits.

*(For more information see Annex, part 5)*

#### *Outcomes and impacts*

According to the statistics, only a minority of registered job seekers signs an IAP. One of the reasons is that they fear they might be sanctioned for non-implementation by being excluded from the job seekers' register. Moreover, IAPs are not concluded with job seekers who have already been promised a job or who face good prospects of finding one. From 2004 until 2006, the proportion of under 25 year olds who had an IAP decreased approximately by one half. This is because of the improved labour market situation which enables more young people to find a job without assistance from a labour office.

The IAP effects are evaluated as positive. IAP offers a timely and comprehensive assistance while combining various instruments of active employment policy in line with the client's individual needs as they are identified. At the same time it mobilises clients and leads them towards assuming responsibility for addressing their unemployment.

#### *Condition of success and limits*

The objective is not to conclude an IAP with the largest possible number of unemployed persons, but only with those whose labour market situation requires individual and comprehensive assistance. What is important is the natural authority and professional approach of the person who develops the IAP with the client. Co-operation with parents is often important when working with juveniles. Moreover, it is important to find a balance between sanctions for non-compliance with IAP and incentives in the form of more favourable unemployment benefits for those who enter the IAP scheme.

### **Retraining**

Apart from specific retraining which addresses imbalances between the qualification structure of job seekers and qualification requirements of specific employers, non-specific retraining is of particular importance for young job seekers. It provides them with general competencies to succeed in the labour market and develops their key competencies, particularly in ICT and foreign languages, and their technical, entrepreneurial and social communication skills. The proportion of non-specific retraining is increasing, caused by the unsuitable qualification and insufficient educational background of job seekers, and the lack of readiness of school graduates to get a job. The third type of retraining – so called “motivation courses”, “pre-retraining” and “resocialisation” – is designed primarily for job seekers with difficulties and low employability and the long-term unemployed. These programmes are shorter and should be followed by longer programmes if they prove to be effective. However, this is not often the case (Sirovátka 2007).

#### *Outcomes and impacts*

Retraining is one of the most effective instruments of ALMP, particularly for the unemployed from endangered groups. Within the framework of ALPM, retraining is an instrument that is most frequently used in the under 25 group. Retraining represents nearly 50% of ALMP measures for this age group (Sirovátka 2007).

The impact of retraining on employment becomes apparent in the medium to long run. The results of a quasi-experimental comparison at national level in the CR (regardless of age) showed that, 6 months after completion of retraining, 48% of participants re-registered at a labour office, compared to 61% of non-participants. One year after retraining, this figure fell to 39% (Sirovátka 2007, p.19).

The success rate in terms of placing young people in jobs after retraining was significantly higher than the average rate for all participants. In recent years, the success rate has oscillated between 60-75% . However, retraining is more often undertaken by individuals whose chances of finding employment are relatively high even without retraining (people with secondary qualifications, the short-term unemployed). Nevertheless, the net effect of retraining clearly illustrates that it is more beneficial for people with low skills than for those with higher qualifications.

#### *Condition of success and limits*

The success of this measure is related not only to participation in retraining, but also to its successful completion and entry into employment.

The unemployed are encouraged to take part in retraining by a higher

level of unemployment benefits and, from 2008, also by the threat of losing entitlement to unemployment benefits if they refuse retraining. Successful completion of retraining depends on the choice of a suitable course. If retraining is not completed, the labour office may require a partial coverage of retraining costs. Finding employment is dependent on an economic environment where enough jobs are created or where there is support for job creation. Moreover, a profound analysis of the regional labour market and its qualification needs to focus retraining on the required skills is also important.

Another important precondition ensuring effectiveness of retraining is a sufficient duration of courses, which provides space for digesting, applying and practicing the knowledge gained. Lack of practice in using the newly acquired skills can turn out to just as an obstacle to employment as the non-existence of such skills. It is helpful to make sure that retraining is followed by another support measure facilitating acquisition of practical experience in a job. There is an ALMP measure serving this purpose - a contribution for introductory on-the-job training (see below). Last but not least, the quality of courses and acquisition of recognised certificates must be given due attention.

### **Social purpose jobs**

Employers can get a contribution, based on an agreement with a labour office, to create a job for a job seeker for whom it is not possible to find employment in any other way. Since 2004 the level of the contribution has been determined by the regional unemployment rate (the contributions are higher in regions with high unemployment). An employer can also assign a “social purpose job” (JSP) for people registered at labour offices and obtain a contribution up to the level of wages paid. If this involves an under 25 year old or a school graduate within 2 years of graduation (with the age limit of 30 years for university graduates), the contribution may be provided for 12 months instead of the normal 6 months.

People who have not completed secondary education are only placed in a JSP after other instruments have been applied – particularly guidance, motivation courses, training courses, etc.

### *Outcomes and impacts*

It is expected that the beneficiaries acquire, above all, work experience. Being part of a team should also help them gain or boost self-confidence and reduce the risk of losing the habit of adhering to a regular time schedule, necessary in employment. There is also a reduced risk of asocial behaviour associated with life at the margin, and of losing motivation to

work. Establishment of new contacts at work could have a positive influence in terms of seeking a new job. Colleagues can recommend a suitable employer.

JSP are successful instruments. The proportion of job seekers placed in JSP who re-register at a labour office (regardless of age) was less than 20% (Sirovátka 2007, p.15). Expert studies and interviews with senior officers at labour offices proved that schemes for young people/graduates score better than other groups of jobseekers, in all monitored aspects (completion of programmes, employability of participants, success in terms of job placement immediately after the programme, and other, mainly social, benefits). The score was even slightly higher in districts with the largest unemployment rates (Sirovátka 2007, pp.16-17). In the group up to 25, JSPs represent the second most extensively used ALMP instrument. In 2005, over 40% ALMP participants in this age group were placed in JSP. The following year saw a decrease by some 5 percentage points. This was mainly the result of placements of young people in targeted programmes addressing employment (see below) which began to be more frequently used in that year.

The measure is being criticised as involving too much dead weight losses– i.e. in many cases jobs would be created even without support. However, for instance in the case of charities, it is unlikely that these jobs would be created without such support (Sirovátka 2006, p.40). Moreover, these jobs are being filled with people with a higher level of educational attainment.

#### *Condition of success and limits*

The success greatly depends on employers' interest in creating such jobs. There has to be enough contribution from the labour office to constitute a reasonable incentive for an employer. Moreover, employers can obtain a subsidy to ensure that an experienced employee can be assigned to young people in JSP, able and willing to pass on his/her experience.

#### **Publicly beneficial work (PBW)**

This concept refers to temporary job opportunities involving maintenance and cleaning of public spaces, buildings and roads, and other similar activities beneficial for the community, government or other public welfare institutions. These jobs are created by employers for a maximum of 12 consequent months (this practice may be repeated) based on an agreement with a labour office, and the employer can receive a contribution up to the employee's real wage costs.

This scheme is focused primarily on problematic job seekers with low

levels of employability and on the long-term unemployed. Young people are placed in PBW jobs to a lesser degree.

#### *Outcomes and impacts*

In 2005-6, only 8-9% of under 25 year old job seekers participated in the PBW scheme. The benefits of PBW are apparent mainly in terms of socialisation of the unemployed, although over 50% of them (regardless of age) also felt benefits in terms of improved work-related knowledge and skills (Sirovátka 2007, p. 22). For young people in particular this measure serves as a “bridge” to a better job, where experience in performing the second-rate, low-skilled work offered within PBW can play a certain positive role. The proportion of young job seekers registered at labour offices decreases significantly after PBW (Sirovátka 2007, p.15).

#### *Condition of success and limits*

The success of this measure lies in the fact that young people are encouraged to achieve an advanced qualification and to seek a better job. A prerequisite therefore is to support young people by means of guidance and placement in retraining.

#### **A contribution for introductory on-the-job training**

A labour office may provide a contribution for introductory on-the-job training to an employer on the basis of an agreement. This concerns employment of a job seeker belonging to the group facing a particular risk of unemployment (it also includes young people – see above). The maximum period during which the contribution is paid is 3 months and the contribution can amount up to 50% of the minimum wage per month.

#### *Outcomes and impacts*

This measure is relatively new (since 2004) and is not yet frequently used. Unemployed people acquire work experience mainly through JSPs (see above), which are more financially attractive for employers. However, if it is impossible to create a subsidised job, the contribution may be used for introductory on-the-job training. In this way the measure expands the range of possibilities for obtaining work experience. It has to date only been applied to less than 1% of people participating in ALMPs. However, compared to other groups of unemployed people facing difficulties, it is used most frequently by the under 25s.

#### *Condition of success and limits*

The success of this measure primarily depends on the approach of

companies to the initiation of individuals into their new workplace—whether conditions are established for the individual to be accepted by the team, whether an experienced employee helps him/her acquire professional skills as well as boosting his/her self-confidence and positive attitude to work.

### **Targeted programmes to address employment**

These programmes are designed to address employment issues at local, district, regional and national levels. A targeted programme is a set of measures in the labour market that are identified as suitable for a particular group of unemployed on both the demand and supply side. They are usually developed by regional labour offices and approved by the MoLSA. National programmes are approved by the government of the Czech Republic.

#### *Outcomes and impacts*

A total of 45 regional targeted programmes focusing on disadvantaged groups were approved for 2006. 11 programmes were designed exclusively for young people, 2 programmes were open to young people on the condition that they met the relevant criteria (e.g. length of unemployment, unfavourable health condition, etc.). Targeted programmes have enhanced the position of young people in the labour market and helped to design specific approaches to various target groups. They also made it possible to test appropriate combinations of various instruments to raise employers' awareness of ALMP instruments and to enhance co-operation with employers in the creation of "social purpose jobs".

#### *Condition of success and limits*

This instrument is not currently being used because of decreasing unemployment and the need to stabilise public budgets.

#### *2.2.2.c Measures related to the flexicurity dimension "Modern social security system"*

### **Tightening the eligibility conditions for unemployment benefit**

Currently, the benefits are linked to spending at least 6 months<sup>10</sup> at work during the three years prior to registration at a labour office. If recent

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<sup>10</sup> This must involve a job which establishes the obligation to pay pension insurance and a contribution for state employment policy.

school graduates remain jobless they can receive only social benefit. This is generally very low and tested against family income. This increases the pressure exerted on the young person by the family to look for a job or to undergo retraining organised by a labour office. During retraining, the young individual is entitled to support amounting to 14% of the average wage. If the young unemployed person returns to the initial education system, the family is entitled to allowances and tax deductions until the person reaches the statutory age limit (26 years).

#### *Outcomes and impacts*

In the year following the new employment legislation, specific unemployment rates of graduates decreased by 2-5 percentage points. The largest decrease concerned graduates with low and medium-level qualifications. Despite the fact that this decrease was partially facilitated by the favourable economic development, it is clear that the new measure stimulated young people to seek employment and not to protract the period between graduation and entering the labour market (Chamoutová, Burdová, 2007).

These stricter conditions also abolished the incentive pointed out by labour office experts. According to these experts, juveniles from socially disadvantaged backgrounds often left school before completion with the intention of collecting unemployment benefits.

#### *Condition of success and limits*

The tightening of the conditions establishing entitlement to unemployment benefit has been offset by the intensification of guidance services and retraining provided by labour offices. It is obligatory to offer under 25 year olds an individual action plan, and benchmarks have been established as recommended proportions of young people in the total number of clients covered by individual ALMP measures.

#### **Reform of parental benefits**

In 2008 the amount of parental benefits has been linked to the duration of parental leave. The parent will be able to choose: (a) shorter parental leave (up to 24 months after the child's birth) with entitlement to increased benefit (150%); (b) traditional parental leave (up to 36 months) with a regular level of benefit (100%); (c) longer parental benefit (up to 48 months) with lower benefit (50%). The shorter alternative also allows for saving part of the higher benefit and using it to pay for child care after returning to employment.

### *Outcomes and impacts*

One of the anticipated benefits of the reform is that parents can return to work earlier, which will have a positive impact on their professional career and consolidation of their long-term position in the labour market. This will also lead to an increase in the rate of employment among women aged 25-29 which is one of the lowest in Europe (57.5%). At the same time, the equity gap will also decrease (the difference in the rate of employment between men and women in this age group). CR rates are at the bottom of the scale in Europe for this indicator.

### *Condition of success and limits*

This measure can have major effects if the economy develops favourably and there are enough employment opportunities, particularly as regards part-time jobs with flexible working time arrangements or work from home. What is also important is the availability of good-quality childcare services (*for more information see Annex, part 6*).

### **2.2.3. Conclusions**

In the Czech Republic, the conditions for introducing the concept of flexicurity differ from those in the countries where, over the long term, the market economy has been driving the labour market towards higher flexibility. The CR experienced a long period of strong paternalism with an obligation to work and nearly 100% job security, where frequent job changes were seen as a rather negative phenomenon – an undesired turnover. The education sector was also very static. After 1989, modern systems were developed, but security still predominated, since in the period of economic and social transformation it was necessary to have a relatively good social-security net. At present, attention is turning towards weakening the security element to ensure a better balance between the two major flexicurity components. This process is being facilitated by a favourable economic development and forced by the necessity to stabilise public budgets. The current system of social benefits not only weakens individual initiative, but also places excessive demands on public resources.

Overall it may be stated that flexible employment contracts do not drive young people into the secondary labour market. The problem is not precarious jobs, but the level of pay in some professions which is only slightly higher than the sum of social benefits. No changes are currently being considered that would enlarge the proportion of flexible employment contracts. The legislation in place allows for these forms of employment,

and the extent to which they are used is up to employers and employees.

**Employment policy and social security reforms** are focused on strengthening measures that boost individuals' activity and adaptability. **The tightening of eligibility conditions for unemployment benefit** has contributed to the mobilisation of young people who completed education but have not yet entered the labour market. According to the new regulations, most graduates are not entitled to benefits, which forces them to find a job more quickly. This measure had to be complemented by more intensive assistance focusing on young unemployed people within the framework of active labour market policies. An obligation has been established for labour offices to offer young people up to 25 an individual action plan.

**Individual action plans** have contributed to making ALMP measures for young people more coherent and responsive to individual needs. The ALMP measures that are most popular with young people include guidance, retraining and support for the creation of social purpose jobs. To increase young people's chances of getting a job after a **retraining course** it is important to ensure the appropriate quality and length of these courses. Moreover, the qualification acquired must be demanded and recognised by employers. This should be facilitated by the development of the national qualifications system and by the system of verification and recognition of the outcomes of continuing education (see below). Whether a young person gets a job after retraining will depend primarily on the availability of job opportunities in the labour market and also on the creation of specific jobs for young people to get work experience within the social purpose jobs scheme.

The impact of retraining and of **social purpose jobs** in terms of addressing the unemployment of young people is considerable, although evaluation often points to a relatively large deadweight loss, as retraining tends to be undertaken by better-skilled individuals. To increase participation in retraining of young people with no skills, it is necessary to boost their motivation and willingness to co-operate. There should be more pressure generated by stricter ties between the payment of social benefits and active approaches, which is the main principle of the social security reform (see below). In the case of social purpose jobs, there is also a considerable deadweight. Therefore the companies that are willing to create social purpose jobs for low-skilled young people should enjoy more financial advantages.

A comprehensive approach and efforts to combine various ALMP measures in addressing the unemployment of young people have also been reflected in the fact that the new legislation enables labour offices to

develop so-called targeted programmes. These programmes take more account of regional specific conditions and respond better to problems faced by disadvantaged groups, including young people, in the given region. These programmes are co-financed from the European Social Fund. Giving labour offices more space for own initiative is certainly a step in the right direction. It could become even more important in a period of economic downturn with different impacts upon unemployment in various regions.

**The welfare system** is currently undergoing major changes that are planned to take place in several stages. New measures have been approved to take effect in 2008 that should contribute to reducing the social benefits trap and to making work an activity that pays off. The level of certain social benefits will decrease and the scope of people entitled to them will narrow. At the same time the amounts of tax allowances for the payer, spouse and children will increase. The new measures will stimulate individuals to enter the labour market and penalise those who refuse to co-operate with labour offices. These people will only be entitled to social benefits on the basis of the “existential minimum”, which is much lower than subsistence level and comes to the minimum financial amount for survival. The mobilising pressure exerted by the reform of social benefits can only be effective if there are enough job opportunities available. It is also dependent on the intensification of ALMP measures (retraining, guidance, introductory on-the-job training, etc.), since many people who have been used to living on social benefits and have been unemployed for a long time will need to acquire the skills demanded by employers.

Furthermore, the reform of **support for families with children** aims to encourage parents to return earlier to the labour market. From 2008 there will be a “three-speed” parental benefit system, with a choice of three alternatives schemes with a different duration and amount of benefit. If young parents are to be able to return to work earlier, suitable flexible work agreements and childcare services must be available. It is necessary to improve accessibility of these services in some places, and to address the financial problems faced by some low-income groups.

Apart from the changes in the welfare system and in employment policy, reforms are also on the way within another pillar of flexicurity – in the **education system**. Reform of the education system aims, among other things, to promote acquisition of key competencies (ICT, foreign languages, entrepreneurial skills, etc.) at the expense of encyclopaedic knowledge. This change should help young people respond flexibly to changing labour market requirements and promote their positive attitude to lifelong learning. Although certain measures have been implemented to

assist young people in obtaining a realistic picture of various professions (career education in basic schools and introduction to the world of work at secondary schools), there has been little success in increasing young people's interest in training for certain professions demanded by the labour market. These mainly involve the technical professions, for which training is provided by secondary technical and vocational schools. In this situation it is necessary to enhance the prestige of selected professions by informing basic school pupils about those professions and by encouraging them to study the relevant programmes at secondary schools. Some companies offer secondary technical and vocational school students the possibility of concluding a sponsorship agreement under which the individual is paid a financial amount if he/she undertakes to work in the company for a certain period after finishing school.

Since security in the labour market is strongly influenced by the level of educational attainment, **guidance services** are very important. They are free and focus both on advice for an educational path in line with the individual's capacities and on handling study-related problems. The aim is to ensure that all young people get an appropriate qualification. Although the quality of these services is quite good, their accessibility must be improved in regions with lower urbanisation. Decisions about educational paths will be further facilitated by a web-based **information system** which is under development. It will provide information about educational provisions in schools, technical and vocational education and training, the labour market and the employment situation of school leavers, including information relating to early school leavers' problems.

Security in the labour market should also be promoted by the recognition of the outcomes of non-formal and informal learning. This system is being developed under the **law on verification and recognition of the outcomes of continuing education**, which came into force on 1 August 2007. It is expected that the system will help improve the position in the labour market of those young people who dropped out of the education system, but who have acquired certain knowledge and skills through practice. It will also stimulate the interest on the part of young people in improving their education and a more systematic approach to career development. The system will enable them to acquire a national certificate of at least a partial qualification and, if the relevant efforts are made, of a full qualification. If these expectations are to be met, the quality of the system will have to be high, and it will have to be promoted among various target groups and employers boost their confidence in the certificates.

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### 3. Denmark

#### 3.1. Synoptic Table of flexicurity measures

<i>Flexicurity areas in consideration of the lifecycle approach</i>	<i>Simple/Aggregated measure(s) selected and described in the national case study report</i>	<i>Source: YOUTH Schedule A/Schedule B</i>	<i>Any additional measure(s) you consider relevant for the YOUTH research although not included either in Schedule A or in Schedule B<sup>11</sup> (Measure/Short abstract)</i>
<b>1. Leaving the general education</b>	1.1 Education & job guidance	Schedule A	
	1.2 Company internship	Schedule B	
<b>2. Setting up social life</b>	2.1 Mentorship	Schedule B	
	2.2 Company internship	Schedule B	
<b>3. Entering a professional learning process</b>	3.1 Basic professional education	Schedule B	Education fairs

<sup>11</sup> Authors of the synoptic table are required only to mention the relevant measures not included in the Youth research, where considered important for a better understanding of flexicurity trends and measures, as well as a very short related abstract. No other information is requested at this stage.

	3.2 Youth effort: reduced benefit + immediate activation	Schedule B	
	3.3 Education for all = 95% of each birth cohort	Schedule A	
	3.4 Study grant (The State Education Fund)	Schedule A	
<b>4. Entering the labour market</b>	4.1 Company internship	Schedule B	Low level of job protection
	4.2 Job training	Schedule B	
	4.3 Mentorship	Schedule B	
	4.4 Youth effort	Schedule B	
	4.5 Job fairs	Schedule B	
<b>5. Professional growth and mobility</b>	5.1 Youth effort	Schedule B	Preparation courses for adults (basic skills)
	5.2 Basic professional education	Schedule B	
	5.3 Educational aid from public fund (The State Education Fund)	Schedule A	

<b>6. Re-entering education/training pathways</b>	6.1 Educational aid from public fund (The State Education Fund)	Schedule A	Preparation courses for adults (basic skills)
<b>7. Starting autonomous life</b>			
<b>8. Transition to adulthood</b>	8.1 Parental leave	Schedule A	Maternity leave

### **3.2. Case Study Report Denmark**

by *Morten Larsen Nonboe, Karen Nielsen Breidahl, Johanne Vølund Jensen*, Videnscenter for Integration / Ressource Center for Integration

#### **3.2.1. General Overview of the Danish flexicurity model**

Both flexibility and security are of old origin in the Danish labour market system. The idea of flexicurity was first implemented in Denmark by the social democratic Prime Minister Poul Nyrup Rasmussen in the 1990s.

The Danish flexicurity model is based on the idea that flexibility and security do not necessarily exclude each other. Rather, they work in a mutually supportive way (Bredgaard, Larsen, and Kongshøj Madsen, 2005: 32).

Flexibility and security can be said to be combined in a contract between the government, the employers and the labour force. On one hand, flexibility enables employers to take on and lay off workers according to prevailing market conditions. On the other hand, the flexicurity model allows for comprehensive welfare benefits for those workers who find themselves unemployed on a short or long term basis.

The flexible labour market and the generous welfare benefits are said to form the main axis in the Golden Triangle of the Danish flexicurity model in which active labour market policies make up the third corner (Bredgaard, Larsen, and Kongshøj Madsen, 2005: 19). In the words of leading labour market scholars, “Danish flexicurity combines high mobility between jobs with a comprehensive social safety net for the unemployed and an active labour market policy” (Bredgaard og Larsen, 2007: 10).

However, according to the Economic Council of the Labour Movement, the Danish flexicurity can also be understood as a pentagon in which the Danish population’s generally high level of competences and the active involvement of the labour market’s parties make up the fourth and the fifth corner (Andersen, 2006). By adding these extra two corners, the Danish flexicurity model more accurately reflects the four-dimensional flexicurity framework stipulated in the 2006 Commission Annual Progress Report (Commission Annual Progress Report, 2006).

Each of these five corners will now be introduced before their significance in a youth related context is explored.

#### *Flexibility*

Flexibility can be said to include four dimensions, namely:

1. External flexibility (few restrictions on the dismissal and hiring of labour)
2. Internal flexibility (flexible working hours, for instance)
3. Functional flexibility (“multi-tasking” and flexible organization of labour)
4. Wage flexibility (wage dependent on results)

In the Danish context, however, the focus tends to be primarily on the external flexibility (Andersen and Mailand, 2005: 68), and flexibility can here be understood in terms of labour market mobility. Mobility in Denmark is generally high, demonstrated by the fact that 25-35 percent of the Danish labour force change jobs each year (Bredgaard, Larsen, and Kongshøj Madsen, 2005: 22). Likewise, the average tenure with the same employer is only 8.5 years, and the average number of jobs held per worker in Denmark is the highest in the EU25, with almost six jobs per worker in Denmark compared to four jobs on average in the EU25 (Bredgaard and Larsen, 2007: 11).

Hence, it would appear that the few restrictions on dismissals and hiring of labour go a long way in explaining the flexibility in the Danish flexicurity model. This reflects the same dimension as the flexible contractual arrangements in the 2006 Commission's four dimensional flexicurity concept (Commission Annual Progress Report, 2006).

### *Security*

As with flexibility, security can be said to have four dimensions, namely:

1. Job security (security in terms of keeping one's job)
2. Employment security (security in terms of remaining employed)
3. Income security (security in terms of maintaining a certain level of income when not employed)
4. Combination security (security in terms of being able to combine paid employment with other kinds of activities and obligations)

Again the Danish focus tends to be rather one-dimensional, focusing on quite generous welfare benefits which ensure comparatively high levels of compensation rates (Andersen and Mailand, 2005: 68). This would appear to equal the income security mentioned above. The compensation rates in Denmark are quite high compared to rest of the EU, with low income groups being compensated with up to 80 percent of their past income in times of unemployment. This level equals that of Sweden but is significantly higher than in Germany where the compensation rate for the

lowest income group is 59 percent (Andersen and Mailand, 2005: 81). On the other hand, compensation rates differ significantly between low and high income groups in Denmark, while the level of compensation differs less between income groups in Germany.

The security in the Danish flexicurity is therefore predominantly based upon the comparatively high compensation rates, especially for the low income groups. This is the Modern Social Security systems dimension in the Commission's Annual Progress Report, which explicitly speaks of “the provision of adequate income support” (Commission Annual Progress Report, 2006).

#### *Active Labour Market Policy*

The active labour market policies can be traced back to the 1970s, but the 1990s is the decade when they really began to gain prominence, particularly with the Law on Active Labour Market Policy and Law on Municipal Activation from 1994 (Jepsen, Sonne Nørgaard, and Duch Vinderslev, 2002: 164-65). Following changes in 2002, the activation can now be conducted in three ways:

1. *Guidance and training*: This includes courses about how to apply for jobs or how to write a job application, courses in Danish, as well as other educational activities aimed at promoting the employability of the unemployed
2. *Company internships*: See the description of the measure below
3. *Employment with wage subvention*: This includes job training (see the description of the measure below) as well as other part-time jobs for people with limited employability (M. Andersen, Linderoth, Smith, and Westergård-Nielsen, 2005: 158)

Drawing on different sources, the active labour market policies can be said to have four effects, namely:

1. *A qualification effect* which ensures that the unemployed return to the labour market having gained new competences and qualifications
2. *A motivation effect* which ensures that the unemployed intensify their job search (Andersen and Mailand, 2005: 67-68)
3. *A contact effect* given the contact of the unemployed with the labour market (Arbejdsmarkedsstyrelsen, 2002)
4. *A self-confidence effect* (Clement, 2004)

All effects would appear to have some leverage in maintaining low levels of unemployment, which is why active labour market policies are important to the flexicurity model. Again there is a direct parallel to a dimension in the 2006 Commission's Annual Progress Report which also highlights Active Labour Market Policies (Commission Annual Progress Report, 2006).

### *High levels of competences*

Denmark is well above the OECD average of 6.2% when it comes to the percentage of GDP spent on education. In 2007, Denmark's share of 7.2% was the fifth highest in the OECD (OECD, 2007: 194). In terms of youth education, Denmark's 2005 level of 76.0% is slightly less than the EU25 average youth education attainment level of 77.3% (Schäfer, 2006: 79), but the Danish government has made the pledge to provide 95% of each birth cohort with such education from 2015 (Jensen and Brixen, 2007: 11 and Finansministeriet, 2006). Furthermore, the European Commission praised Denmark for its success in implementing the Lisbon Strategy. In terms of the strategy, the Danish flexicurity model was explicitly emphasized (Strategy of Lisbon, 2006: 42). Similarly, with 27.6%, Denmark is well above the EU25 average of 10.8% when it comes to lifelong learning, measured as the percentage of the population aged 25 to 64 participating in education and training (Schäfer, 2006: 81).

The Danish population can also be said to have many valuable informal competences. According to the Danish Ministry of Education, an OECD representative has stated that the Danish education system promotes soft skills which are harder to measure in international surveys. These soft skills include social and personal competences and the ability to communicate freely in foreign languages (Undervisningsministeriet, 2007).

These formal and informal competences contribute to the competitiveness of the Danish economy and hence the high level of competences can be said to be an important element of the flexicurity model (Andersen, 2006). What is more, this trend appears to be growing as unskilled workers tend to become redundant (Kommunernes Landsforening, 2005: 10), thus it can be expected that educational policies will be increasingly integrated into the flexicurity model.

In conclusion, it seems appropriate to say that the high level of competences mainly reflects the same dimension as reliable and responsive lifelong learning in the 2006 Commission Annual Progress Report.

### *Active Involvement of Labour Market Parties*

Denmark is generally considered to belong to the group of countries exhibiting traits of corporatist interest representation (Schmitter, 1974: 99). This can also be said to apply to the labour market where interest organizations like the Danish Confederation of Trade Unions (LO) and the Confederation of Danish Employers (DA) are often included in government deliberations. There is a strong tradition for such involvement in Denmark, dating back to the so-called September Settlement in 1899, which gave employers the right to dismiss and hire labour as they saw fit (Bredgaard, Larsen, and Kongshøj Madsen, 2005: 18).

On the labour market, this still means that issues such as the rules concerning dismissals of labour and wage levels are agreed upon by labour market parties, while many other countries regulate such matters by law. These parties also influence educational matters to ensure that Danish graduates meet the demands of the labour market. According to the Economic Council of the Labour Movement, this system contributes to the flexibility of the labour market, suggesting that the active involvement of labour market makes up a fifth corner in a Danish flexicurity pentagon (Andersen, 2006).

The effectiveness of involving the interest organizations can also be attributed to the high degree of union organisation in Denmark. In 2006, 77% of employees were organised in trade unions and, on the employers' side, organised enterprises represented 85% of the workforce (DA, 2007). These high numbers are important since a strong corporatism determines the regulating effect which interest organizations can have on members' behaviour (Williamson, 1989: 99).

The active involvement of labour market parties is the only corner of the pentagon that does not correspond to a dimension in the Commission's report. It should be stressed that the source of the pentagon concept is not entirely neutral since it is itself an interest organization, but given these organizations' high level of influence in Denmark it seems reasonable to mention the existence of a potential fifth dimension.

### **3.2.2. Youth Related Overview of the Danish flexicurity model**

Whether a Golden Triangle or a Golden Pentagon, the Danish flexicurity undoubtedly has implications on the youth employment level in Denmark. The impact of each of the strands will now be discussed in a youth related context.

### *Flexibility*

As mentioned above, the flexibility in the Danish flexicurity model is mainly understood in terms of the few restrictions on external flexibility, understood as the dismissal and hiring of labour. According to labour market experts, this has different consequences for different groups on the labour market and young people are explicitly mentioned as a group which benefit from the few restrictions (Bredgaard, Larsen, and Kongshøj Madsen, 2005: 38). The limited number of restrictions on dismissals means that a company runs little risk when hiring young people since they can easily be dismissed if they do not meet the employer's expectations. Hence, OECD studies find that high levels of job protection have a negative employment effect on young people (Andersen and Mailand, 2005: 89). In countries with higher levels of job protection such as Spain or Italy, the youth unemployment rates have sometimes been as high as 50 percent and this led Danish flexicurity experts to conclude that high levels of job protection are an obstacle to young people finding employment (Andersen and Mailand, 2005: 109).

In a youth related context, the flexibility dimension therefore appears to be of utmost importance.

### *Security*

The generous Danish welfare grants, on the other hand, can potentially discourage young people from actively seeking a job. The high compensation rates gives security to people already employed, but there could be a risk that young people who initially end up on cash benefits will have little incentive to actively seek a job. In the Danish labour market system, however, the potential disincentives deriving from the generous welfare grants "are addressed by requiring the unemployed to be actively seeking jobs and by offering mandatory full-time activation" (Madsen, 2002: 7). Since 2007, all unemployed people have the right and the duty to full-time activation after 13 weeks of unemployment. Some municipalities even work with immediate activation for young people (see the description of the immediate activation measure).

Addressing this disincentive to work is particularly relevant in a youth related context, since the social "stigma" previously attached to receiving welfare grants is especially limited among young people, many of whom have received welfare grants at some point (Winther, 2005: 97).

It is therefore worth mentioning that special rules apply to young people when it comes to cash and unemployment benefits. For young people below the age of 25 these welfare grants are lower than for older people, with the intention of discouraging young people from relying on welfare grants (see the description of the reduced cash payments measure).

Hence the Danish flexicurity model to some extent alleviates the potential problem of generous welfare payments tending to discourage people from actively seeking a job.

#### *Active Labour Market Policy*

Active labour market policies have already been mentioned as a way of discouraging young people from relying on cash benefits. This is *the motivation effect* (mentioned above), which ensures that the unemployed intensify the search for a job. Ideally, however, the *qualification effect* of the active labour market policy is equally important.

In a youth related context, the active labour market policy dimension in the Danish flexicurity model has a long history. Already in 1978, the Law on Job Offers gave young people below the age of 25 the right to a job offer after one year of unemployment (Larsen and Andersen, 2005: 202). However, the early 1990s are generally viewed as the period when the active labour market policies started to be implemented (Madsen, 2002: 7). In 1996, a special “Youth Effort” (Ungeindsatsen) was initiated which had wide implications for young people, the most important of which are:

- After six months of unemployment young people below the age of 25 who are entitled to unemployment benefits, but who have no formal education, have the right and the duty to enter an education programme lasting at least 18 months within the next nine months. Those who are still unemployed by the end of the education programme have the right and the duty to full time education.
- Young people below the age of 25 who have no formal education, but who have worked more than two years within the past three years, can choose job training (see the description of the measure) rather than education. During the job training they receive the maximum amount of unemployment benefits.
- Those who refuse these offers lose the right to unemployment benefits and are transferred to the cash benefit system.
- Cash benefit receivers get the same rights as the receivers of unemployment benefits listed above – that is, either education for 18 months or job training.

- The length of the activation offer is prolonged from six to 18 months for young cash benefit recipients.
- The criteria for being transferred to the adult level of welfare grants are prolonged from 12 months of employment to 18 months (Økonomiministeriet, 2001: 66).

Comparative studies of 26-year-olds in 1994 and 1999 indicate that the situation for young people has improved. For instance, the level of unemployment among the 26-year-olds has been halved. Public transfers payments constituted 17.5% of the 26-year-olds' income in 1999 compared to 23.5% in 1994. More importantly, however, the structure of the transfer payments had changed, so that more young people received study grants rather than cash and unemployment benefits (Økonomiministeriet, 2001: 62).

This indicates that the active labour market policies implemented in the early 1990s were a great success, but a word of caution is also needed here. Firstly, the 1990s were a period of general economic progress which no doubt also influenced the level of youth unemployment. Secondly, one should always be conscious about endogenous changes, meaning that natural processes rather than the measures account for the change. Winther, a Danish public administration expert, points out that most young people will eventually find employment, which is why the measures taken may not actually account for the increased level of employment (Winther, 2005: 114). Thirdly, it should be pointed out that some experts argue that active labour market policies do not change *the level* of overall employment, but only the *composition or structure* of the pool of unemployed (Bredgaard, Larsen, and Kongshøj Madsen, 2005: 22). Increased youth employment may therefore have consequences for other groups.

With these precautions, active labour market policies appear to have played an important role in decreasing the level of *youth* unemployment in Denmark.

### *High levels of competences*

As mentioned, Denmark generally fares well in comparative studies of education levels. Young people as a group receive particular attention in this respect. Again, this is epitomized by the Danish government's ambition to supply 95% of each birth cohort with education beyond secondary school in 2015. But young people already receive ample attention, and

education and job guidance, for instance, are integrated parts of the educational system from early stages.

Guidance is given on an individual level which ensures that counsellors are capable of providing each student with the necessary information. The basic professional education exemplifies this approach very well (see the description of the measure), but individual guidance is offered to students of all ages and on all levels (Uddannelsesguiden, 2007).

The formal and informal competences mentioned above are therefore likely to be particularly widespread among young people. This claim is also supported by OECD findings (*Undervisningsministeriet, 2007*) and so the focus on youth education could be said to play an important role in explaining the low levels of youth unemployment in Denmark.

#### *Active Involvement of Labour Market Parties*

In a youth related context, the fifth Danish flexicurity dimension plays a less visible role than the other four dimensions. However, the major interest organizations are also involved with matters relating to youth education and youth unemployment. For instance, the Danish Confederation of Trade Unions has issued a publication on how to improve basic professional education (see the description of the measure) and the Confederation of Danish Employers also has outspoken policies concerning measures against youth unemployment such as education (LO, 2006 and DA, 2007).

### **3.2.3. Individual Measures addressed to social integration of young people**

Within the Danish flexicurity framework, a wide range of measures are used to combat youth unemployment. These measures include mentorships, job training, company internships, reduced cash payments for young people, immediate activation, basic professional education and job fairs. Each of the measures relates to one or more of the flexicurity dimensions mentioned above, summarized in Table 1. Table 1 shows that most measures are clustered in the active labour market policy and the high level of competences dimensions. This, however, does not mean that these dimensions are necessarily most influential in accounting for the low levels of youth unemployment in Denmark. On the contrary, the fact that the unemployment is so low in Denmark is based to a large extent on flexibility. But the low levels mean that unemployed young people often tend to have additional problems and so require special measures not

necessarily needed when dealing with regular youth unemployment. The seven chosen measures reflect the present situation in Denmark where youth unemployment is already low, which to a considerable extent can be expected to reflect the Danish flexicurity model as such.

*Table 1.* Flexicurity dimensions and measures against youth unemployment

	Flexibility	Security	Active Labour Market Policy	High Levels of Competences	Active Involvement of Labour Market
Mentorships			+	+	
Job Training			+	+	
Company Internships			+	+	
Reduced cash Benefits		+	(+)		
Immediate Activation			+		
Basic Professional Education				+	(+)
Job fairs			+	+	

Each of these seven measures will now be described in detail. The descriptions are relatively brief given that specific information is available in the grids.

### *Mentorships*

Mentorships can be traced back to the early stages of human history, but it is only comparatively recently that they have gained prominence as a means to combat youth unemployment in Denmark. Nowadays a mentor can be defined as, “an experienced person who takes a sincere interest in the mentee’s development and guides the mentee, answering the mentee’s questions and helping the mentee to develop his or her own ideas (Jensen and Brixen, 2007).

Applying the mentorship measure, it is helpful to distinguish between a professional and a personal mentor. The former is needed if the mentee’s problem is merely the lack of a job, while the latter is used when the mentee has other social and/or personal problems. It can be difficult to

specify the exact contents of a mentorship programme, since it is very flexible and is often adjusted to the needs of the specific mentee. The keyword, however, is obligations, meaning that the mentor emphasizes the mentee's obligations and helps him or her to meet them. In this way, the mentee gradually becomes more employable.

The mentorship measure can be said to work on the supply side, given that young people who were previously less employable become a part of the labour force. The mentorship measure therefore fully complies with the flexicurity approach and plays an important role in other Danish flexicurity model dimensions, most notably the high competences of the Danish population and the active labour market policies, since it can be applied in connection with other measures such as job training.

Mentorships are applied on the local level, since assigning the right mentor to the right mentee requires intimate knowledge of the parties involved. On a national level, there are guidelines for mentorships and awareness campaigns and several laws now stipulate the use of the mentorship measure.

The expected outcomes of the measures include:

- Improvement of the mentees' general behaviour
- Teaching mentees responsibility (for instance, to be present when work or school starts)
- Support of mentees ensuring they complete their education and/or apprenticeships
- Increased self-confidence and self-respect among mentees
- Generally lower unemployment rates among young people.

The mentorship measure has generally shown promising results in terms of satisfaction among mentors and mentees (Jensen and Brixen, 2007 and Skov Nørregård, 2007). An obvious, but fruitful evaluation procedure is therefore to conduct surveys before and after the mentorships.

### *Job training*

Job training works within the active labour market policy dimension of the Danish flexicurity model and is a form of activation already mentioned. Specifically, job training is carried out within the third type of activation, namely employment with wage subvention and, as such, job training is a relatively frequent measure against youth unemployment. The exact number of 16-29-year-olds involved in job training in the autumn of 2006 can be seen in Table 2.

Table 2. Number of 16-29-year-olds receiving subsidised wages in the autumn of 2006

	Recipients of unemployment benefits	Recipients of cash benefits
16-24 years	309	348
25-29 years	1,148	359
Total	9,320	2,319

Note: The total refers to all 16-66 year-olds receiving subsidized wages

Source: Danmarks statistik [Statistics Denmark]

Job training mainly works on the supply side, providing companies with labour which they might otherwise not have hired. To the extent that employers learn about the benefits of subsidised labour and that people whom they previously did not consider as recruits are in fact employable, the measure can perhaps also be said to increase demand for this kind of labour.

Being a part of the activation strategy, job training is a measure applied nationally, but on a daily basis it is administered locally by the municipalities, which pay a certain share of the payment of the person in job training. In total, however, the payment should meet the standard payment in the profession if the person is privately employed. If the job training takes places in the public realm, the payment corresponds to the amount of money the job trainee would otherwise have received from unemployment benefit.

To avoid affecting competition on the market there are rules regulating the number of people in job training in each company. The job training programme also requires that the job trainee is not temporarily employed. Privately and publicly employed job trainees can both have the subsidised payment for a maximum of a full year.

The expected outcome of job training programmes is that the job trainee continues as a regular worker in the company to which he or she is assigned. Ultimately, this can also be seen as the evaluation procedure for the measure. Job training can also be expected to have positive impact on the social conditions and self-confidence of the job trainee.

#### *Company internships*

As with job training, company internship are a form of activation within active labour market policies in the Danish flexicurity framework.

Company internships are therefore also a quite frequent measure against youth unemployment as Table 3 demonstrates.

*Table 3. Number of 16-29-year-olds in company internships*

	Recipients of unemployment benefits	Recipients of cash benefits
16-24 years	22	890
25-29 years	78	679
Total	680	4 741

*Note:* Total refers to all 16-66 year-olds in company internships

*Source:* Danmarks statistik [Statistics Denmark]

The content of company internships can be summarized as follows. The company pays neither salary nor insurance and the intern is not covered by the usual rules applying on the labour market. Exceptions to this are health and safety regulations at work and the provisions against discrimination. There are therefore no direct costs for companies and any damages caused by the intern during the internship are covered by the municipality.

There has to be a reasonable relationship between the number of regular workers and company interns. If the company has less than 50 employees, it can have an intern for every five regular employees, while larger enterprises can have an intern for every 10 regular employees.

Interns cannot be hired merely to meet short-term demand for labour in the company. The employment of interns cannot affect competition on the market, but it is unavoidable that interns perform functions which would otherwise be performed by paid labour.

The internships usually last four weeks, but under special circumstances – such as insufficient language skills – they can be prolonged to 26 weeks. While company internship may not lead to immediate regular employment, it is expected that the internship will improve the intern's working skills, and an internship can also lead to other measures such as job training. As with job training, company internships mainly work on the supply side, but to the extent that employers find that people whom they previously did not consider employable are in fact employable, the measure can also be said to increase demand.

*Reduced cash benefits for young people*

The fact that cash benefits are reduced for young people also complies with the Danish flexicurity framework. On one hand, young people are given a certain security to fall back upon, but on the other hand the reduced cash benefit level is an incentive to work and so they could be said to involve the motivation effect mentioned in connection with the active labour market policy dimension. This measure can therefore be said to work by use of the stick rather than the carrot, since the unemployed are discouraged from being on welfare transfers rather than encouraged to have a job.

Nevertheless, reducing benefits for younger people does in fact work on the supply side since it ensures that more young people are available on the labour market.

The specific amounts of money can be found in the grids. Statistics show that young people below 25 years have the shortest period of unemployment among receivers of cash benefits, since young cash benefit receivers are unemployed for approximately 21 weeks, while people from 35-44 are on average unemployed for some 35 weeks (Dansk Arbejdsgiverforening, 2005: 143). However, it is doubtful that the reduced cash benefits alone can account for this, since one should always be particularly cautious when evaluating measures against youth unemployment.

#### *Immediate Activation*

As the name implies, immediate activation is also a part of the activation strategy within active labour market policies in the Danish flexicurity model. Immediate activation refers to the fact that the unemployed are directed to activation within a very short timeframe after registering at the local job centre. By law, municipalities have the option of immediately activating young people below 25 and they are obliged to activate them after three months. Immediate activation can be expected to minimize the number of people who become incapable of handling a regular job, thereby preventing the level of structural employment from rising in times of recession.

Immediate activation also keeps the number of applicants for cash benefits low, since people not wanting to work are discouraged from applying. In this way, immediate activation – like reduced cash benefits – has the motivation effect known from the active labour market policy dimension.

#### *Basic Professional Education*

Basic professional education is related to the high competences dimension and is therefore also in compliance with the flexicurity approach. As mentioned above, basic professional education is also an example of the active involvement of labour market parties, since one major interest organisation has published recommendations on how to improve it.

The main essence of the programme is that the student receives individual guidance from the local education guidance office throughout the programme which usually lasts two years. The first part of the programme is an introduction course or a short-term work experience, after which the student and the counsellor decide upon the exact contents of the basic professional education.

Basic professional education combines practical work experience with classroom teaching. Before the basic professional education commences, the student makes an individual educational plan with his or her counsellor, which stipulates the exact contents of the programme. The plan states where the programme will take place and which classes will be included. At the same time, the plan is tantamount to a contract between the student and the local municipality.

Classroom teaching includes classes in other youth educational establishments, such as agricultural or vocational schools. The academic part of the basic professional education lasts from 20 to 40 weeks and ideally the classes should end with exams. The exact content of the work experience is described in an agreement which is signed by the student and the company.

During the work experience periods, the student experiences life in a company which is closely connected to the expected outcomes of the measure. Since integrated in the labour market, it is to be expected that basic professional education will provide the student with incentives and qualifications to either pursue further education or to find regular employment. The fact that the student experiences success by completing the programme can also have positive personal effects in terms of increased self-confidence and self-esteem.

### *Job fairs*

Job fairs also fit into the flexicurity framework. Job fairs can be seen as an extension of the active labour market policy dimension and they also contribute to the high level of competences among the Danish population by showing unemployed people how to increase their employability. Job

fairs can be arranged either by the companies themselves or by the local job centres. The duration of the job fair usually varies from half a day to a full day and it is free of charge for the companies as well as the unemployed.

Since there is no need to write a formal application or conduct job interviews, employers meet unemployed people they might otherwise never have talked to. This personal encounter can potentially facilitate future employment when the employer realizes that the person in question is employable despite a long period of unemployment or other factors which may otherwise prevent employers from hiring a person. Consequently, companies get access to new labour and in the longer run they may be less critical when seeking new employees.

The unemployed, on the other hand, obtain knowledge about the labour market and can ask the company questions in person. This means that people who might have trouble obtaining information can more easily access it. This, in turn, can help clarify if a profession is interesting to the unemployed, and the unemployed will learn if further educational measures are needed to start working in this profession. The presence of job centres in the job fairs is important, since they can help the unemployed establish the first contact and provide the unemployed and the potential employer with additional information, for instance on the rules regarding job training.

The outcomes of a job fair can therefore be expected to be quite positive, increasing 1) the general level of youth employment, 2) the willingness of employers to hire people who are usually considered to have low employability, and 3) the knowledge among unemployed about the labour market in general and in particular about the specific criteria connected to the professions they take an interest in.

#### **3.2.4. Combination of policies**

As has already been indicated many times, the measures described above can be combined in mutually beneficial ways. These combination possibilities are summed in Table 4.

Table 4. Combination of flexicurity measures

	Mentorships	Job Training	Company Internships	Reduced Cash Benefits	Immediate Activation	Basic Professional Education	Job Fairs
Mentorships		+	+	+	+	+	+
Job training			-	+	+	-	+
Company internships				+	+	-	+
Reduced cash benefits					+	-	-
Immediate Activation						-	-
Basic professional education							+
Job fairs							

Mentorships are particularly useful in combination with other measures, as Table 4 demonstrates. As such, mentorships can be viewed as a complimentary measure. There is also the possibility that more than two of the measures can be successfully combined. For instance, one could imagine an unemployed youngster who – voluntarily or due to the incentive of immediate activation and/or reduced cash benefits – attends a job fair and establishes contact with a company. The job centre, in turn, helps the unemployed person by providing information on the possibilities of a job training programme and, in close cooperation with the future employer, sets up a mentorship. Perceived this way, numerous measures can work together ensuring the successful transition to the labour market. Combining the measures therefore seems a powerful tool in combating youth unemployment.

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### **Web sites**

[www.da.dk/](http://www.da.dk/)

[www.fm.dk/1024/visPublikationerForside.asp?artikelID=8540](http://www.fm.dk/1024/visPublikationerForside.asp?artikelID=8540)

[www.lo.dk/upload/LO/Documents/E/EGU\\_pjece\\_jan2005\\_3269.pdf](http://www.lo.dk/upload/LO/Documents/E/EGU_pjece_jan2005_3269.pdf)

<http://presse.uvm.dk/nb/nb9819/07.htm?menuid=052040>

[www.ug.dk/](http://www.ug.dk/)

## 4. Germany

### 4.1. Synoptic Table of flexicurity measures

<i>Flexicurity areas in consideration of the lifecycle approach</i>	<i>Simple/Aggregated measure(s) selected and described in the national case study report</i>	<i>Source:  YOUTH Schedule A/Schedule B</i>	<i>Any additional measure(s) you consider relevant for the YOUTH research although not included either in Schedule A or in Schedule B<sup>12</sup> (Measure/Short abstract)</i>
<b>1. Leaving the general education</b>	1.1 Vocational guidance	Schedule B and National Case Study	All relevant measures are included in the case study which is quite comprehensive. Only
	1.2 Vocational guidance for young people	Schedule B and National Case Study	

<sup>12</sup> Authors of the synoptic table are required only to mention the relevant measures not included in the Youth research, where considered important for a better understanding of flexicurity trends and measures, as well as a very short related abstract. No other information is requested at this stage.

	1.3 Competency service agencies	Schedule B and National Case Study	youth social policies have been mentioned but not analysed in detail, as they are less labour-market orientated.
<b>2. Setting up social life</b>	No specific measure investigated; reference is made in the Schedules to youth social work, but it is not analysed in detail in the case study		Services directed towards persons in difficulties, towards parents as well as the young, have been long established in the German social policy system. Measures in the area of "Youth Services" ( <i>Jugendhilfe</i> ) are mostly implemented by NGOs with financial resources from various public actors - mainly at the local and regional level but also from the National Labour Agency. Youth social

			work is part of the youth services, the aim of which is the vocational and social integration of young people and their participation in social life. Hence youth social work is not only performed in the context of youth services. Educational, labour market, migration/integration, social and housing policies also play an important role.
<b>3. Entering a professional learning process</b>	3.1 National Training Pact	Schedule B and National Case Study	
	3.2 Preparatory measures for disadvantaged young people	Schedule B and National Case Study	
	3.3 Modernising the dual system of vocational training	Schedule B and National Case Study	

<b>4. Entering the labour market</b>	4.1 Wage subsidies, special employment programmes for youth	Schedule B and National Case Study	
	4.2 Activating young social assistance receivers, so-called 1-Euro jobs	Schedule B and National Case Study	
	4.3 Measures to support traineeship schemes: entrance qualification programme ( <i>Sonderprogramm des Bundes zur Einstiegsqualifizierung Jugendlicher – EQJ – Programm</i> )	Schedule B and National Case Study	
<b>5. Professional growth and mobility</b>	No specific measures analysed		Further training
<b>6. Re-entering education/training pathways</b>	6.1 Post-qualification ( <i>Nachqualifizierung</i> )	Schedule B and National Case Study	
	6.2 Preparatory measures for disadvantaged youth, programmes vary according to the target group	Schedule B and National Case Study	
<b>7.</b>	No specific measures		

<b>Starting autonomous life</b>			
<b>8. Transition to adulthood</b>	No specific measure investigated; reference is made in the schedules to youth social work, but it is not analysed in detail in the case study	<i>See under point 2</i>	

## **4.2. Case Study Report Germany**

by Nicola Duell

### **4.2.1. Conceptual framework of flexicurity approach**

#### *4.2.1.a. General Overview*

#### **The public and academic debate**

##### *The flexicurity debate in Germany*

The debate on linking flexibility and (social) security aspects is rather new in Germany and first publications and concepts appeared at the end of the 1990s. The debate departed from the interest in the Danish and Dutch models and focused on the question to what extent these approaches could be transferred to Germany. However, the debate has not led to a comprehensive vision and strategy of ‘flexicurity’ for Germany so far. Nevertheless, as we will see, some parts of the debate have influenced the development of new labour market policy measures as well as the recent labour market reform.

Although the notion of ‘flexicurity’ has now entered the public and academic debates (e.g. Kronauer, Linne 2005), other strands of arguments and research have been more influential in Germany. As the flexicurity debate and the shape of policy reforms cannot be understood without understanding the origins of the debate about ‘flexibility’, ‘social security’ and ‘poverty’ and the interlinkage between them a short overview is given about these strands of research below and in the Annexes.

##### *Atypical and precarious employment*

For decades the starting point for German labour market research was the ideal of the “regular employment relationship” (*Normalarbeitsverhältnis*), with atypical employment defined as a deviation from the criteria of this concept. Despite the lack of a clear and binding definition of the “regular employment relationship”, labour market researchers often regard the following characteristics as constituting this type of relationship: the notion applies to an employed person who works full-time for only one employer on the basis of a permanent work contract, and who contributes to the social security system and works outside the

home.<sup>13</sup> It has been claimed repeatedly, that this standard employment model is gradually being eroded. Although a bulk of literature has been concerned with the raise of atypical employment, employment has proven to be quite stable (Düll N, Düll K. 2002).

The discussion on ‘precarious employment’ has been triggered in particular by the sharp increase in ‘marginal employment’ (*geringfügige Beschäftigung* which refers to small part-time jobs), and, particularly in the newly formed German states, subsidised temporary employment (*Arbeitsbeschaffungsmaßnahmen - ABM*). Indeed, some observers have spoken of the emergence of a “second labour market” characterised by wage subsidies (*zweiter Arbeitsmarkt*, Kühl 1993, Schmid 1996).

More recently, the notions of “precarious employment” and “precariousness” have been more widely used than in the past (e.g. Müller-Hilmer 2006).

Recent research warns of the effects of young people's atypical employment on their biographies, as precarious employment is likely to negatively affect the decision to start a family. Taking a life-cycle perspective, it is very often the women who are in transitional employment as they more often have discontinuous working biographies (Klammer U. 2006).

#### *Transitional labour markets*

In contrast to those researchers and key actors like trade unions, who show the dangers linked to the increase of atypical employment, Günther Schmid and researchers of the Wissenschaftszentrum Berlin have built a positive theory of labour market flexibility and developed the concept of ‘transitional labour markets’. This concept has strongly influenced the recent labour market policy reforms introduced by the former social-democrat – green coalition, the so-called “Hartz-reforms”.

The main argument is to highlight the positive effects of new employment forms (transitional labour markets) and arguing for employment policies to adapt to the needs for flexibility. The “transitional labour market” approach argues that the model of continuous and dependent full-time employment must be given up. Transitional labour markets are defined as institutionalised arrangements which allow or support changes in employment status or the combination of work with other socially useful activities. The use of wage subsidies for lower income groups or people difficult to place is one element of this strategy; legally or

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<sup>13</sup> As defined by researchers of the Institute for Employment Research (IAB) of the Federal Employment Service: Dostal et al. 1998, Hoffmann and Walwei 1998.

contractually bargained entitlements to transitional employment constitute a further element (Schmid 1998).

### **‘New poverty’**

The debate on ‘new poverty’ (*neue Armut*) in Western Germany dates back to the 1970s and is closely related to the discussion on the crisis of the welfare state.

This debate has now found a new impetus with the raising labour market problems in Eastern Germany and the impact of the labour market reforms (in particular Hartz IV). In a study published by the Friedrich Ebert Foundation in 2006, the notion of ‘underclass’ has been used (*Unterschicht*) (cf. Müller-Hilmer 2006). In the public debate also the issue of the “working poor” is increasingly addressed in the context of the so-called Hartz-reforms which follow a workfare approach (see e.g. Bosch G., Weinkopf C., 2007).

### **Flexicurity and labour market policies**

Although, there is no explicit ‘flexicurity’ debate a variety of flexicurity elements can be discerned in Germany.<sup>14</sup> Active labour market policy developed several bridging systems:

- The Job Promotion Act (*Beschäftigungsförderungsgesetz*) from 1985 which allowed fixed-term contracts without restrictions in relation to previous activities. In 1996 the duration of fixed-term contracts was extended to 24 months, and activity-related restrictions were introduced again in 2001. Surprisingly to both advocates and opponents of flexibility, the rise of fixed-term contracts was rather limited. The share of fixed-term contracts grew from 5 % in 1985 to 7 % in 2003. Redundancy regulations were also reformed by the Job Promotion Act and by further steps, excluding small businesses with less than 25 employees from the regulation. However, dismissals regulations are still seen as a cumbersome instrument to adjusting labour input, as the legal obstacles for dismissals are high and the selection of workers is restricted by various group-specific protection rules. Reform proposals are, therefore, still in the debate among the coalition parties.

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<sup>14</sup> Cf. Vogler-Ludwig 2006.

- The previous Federal Government launched the “Agenda 2010” in 2003. Core elements of the reform concept concerned the labour market reforms: (a) The length of time over which unemployment benefits can be drawn has been reduced. (b) Since 1 January 2005, the Unemployment Benefit II replaces the reduced-rate unemployment benefit. Unemployment Benefit II combines unemployment and social welfare benefits for employable job seekers in need of assistance (Hartz IV). This part in particular has been in the focus of the public debate, as flexibility has been increased while security has been decreased. The intention of the reforms was more to develop a ‘workfare’ model rather than a ‘flexicurity model’. Incentives for taking up an employment and to reduce dependency from the social system were set as a priority. These reforms have engendered a debate in Germany about precariousness and new poverty thresholds. Reforms towards increasing income ‘security’ are called for.
- The major steps to liberalise agency work go back to the 1985 reform. Based on the theory of transitional labour markets, agency work was then introduced by the Hartz reform as public Personnel Services Agency (PSA) which should put the unemployed into work on a temporary basis. Evaluation results have shown that the PSA could not help as many unemployed as expected. In particular, this type of temporary agency work has failed to fulfil the function of a transitional labour market.
- After changes from liberal to restrictive and back to liberal regulations, the number of minor jobs grew rapidly and regularly registered employment decreased. The Mini-Job-Regulation of 2002 regarding jobs with incomes up to EUR 400 per month also increased the number of jobs in this area up to 4.6 million. Even though there is no direct link between the growth of mini-jobs and the decline of registered employment, it indicates a fundamental change of employment conditions on the German labour market.
- Finally, it needs to be stressed that activation of unemployed is a key principle of the recent labour market reforms.

#### *4.2.1.b. Youth related overview*

*As for an overview of the labour market context please refer to the Annex.*

### **The policy context: towards more “flexicurity” for young people?**

There is no direct debate on flexicurity with regard to youth related policies. Nevertheless, this section is organised according to the four dimensions of the “flexicurity” concept used in this study. We will not only look at youth related labour market, training and social policies but also analyse how the general (new) policy orientation described above affects young people. This section provides the background for the analysis of single measures.

#### *Towards flexible and reliable contractual arrangements?*

As we have already shown, the use of fixed-term contracts has increased significantly for young people during recent years. This observation has been the reason for the government’s plans to extend probationary periods of job entrants and restrict fixed-term contracts.<sup>15</sup>

Specific forms of temporary work are internships. In the context of university studies, increasingly the accomplishment of internships is required, but also other groups of young people, such as pupils, are doing internships. Internships may facilitate labour market integration as the employer gets to know the future employee and thus his risk is minimised. Further, internships permit those who have not undergone dual vocational training to gain some practical experience. Some type of internships can be indeed regarded as part of expected acquired working experience in the context of education and training. However, there are internships which do not fulfil any of these functions. The Institute for Labour Market and Vocational Research (Rebien, M.; Spitznagel, E., 2007) has analysed the structure and type of vacancies which have been filled with persons having worked previously for the company as interns. This was the case for about 2.5% of all new recruitments in 2004 and 2005. The results reveal that this was most often (75%) the case for young people having accomplished vocational training (within or outside the dual system). Internship places are also filled in by persons who were previously unemployed and had already gained working experience. When looking at those aged under 30 and recruited after an internship in the company, the results of the data analysis show, that 55% of them have been in vocational or further training immediately before starting the internship and 26% were unemployed. Half of these newly recruited young people get an indefinite employment contract (in contrast to 39% of those being older than 30 years) and a fourth gets a fixed-term employment contract for a period from 6 to 18 months.

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<sup>15</sup> Vogler-Ludwig, 2006.

Internships for young people can thus be regarded in many cases as a lengthening of the transition period from training to employment.

*Towards comprehensive lifelong learning?*

The reason for the comparatively low unemployment figures of young people in Germany has been linked to the dual training system. The dual training system contributes towards easing the transition from training to employment, as a number of trainees are taken over by the companies after having accomplished their training. The advantages for the companies are clear: they get the chance to get to know the young people which the company is going to employ. Furthermore, the dual training system provides young people with a combination of theoretical knowledge (provided by the Vocational Schools) and practical knowledge. This work experience is regarded as a major asset of the trainees even if they have to look for an employment at the labour market. Indeed, the transition from training to employment is less difficult in Germany than in many other countries not having a vocational training system

However, the “German model” of education, training and labour market integration of young people is threatened by different factors:

(a) On the supply side of the initial training market: not enough training places are offered by the companies.

One major reason for the lack of dual training places is the industrial change: those professions which traditionally required an apprenticeship within the dual training system have become less important. New professions on the other hand are often not integrated in the dual training system, especially not in the tertiary sector.

Also, a higher flexibility at the labour market is a potential disincentive to offer training places. As the employer has to bear the bulk of the training costs, it is not particularly interesting to train workers who will not stay with the company.

(b) On the demand side of the market for initial training, there is the problem of integrating disadvantaged young people. Early school leavers as well as school leavers with a low educational attainment have difficulties to enter the training market. Empirical evidence on school performance shows that (*PISA 2003, Federal Statistical Office*):

- 22% of the German pupils aged 15 do not dispose of the basic skills to read and understand a text correctly.

- 27% of pupils had to repeat a class at least once during a 10 years school period.

- 8.5% of all school leavers remain without educational attainment.

- 22.8% of apprentices leave occupational schools without a certificate.

(c) Independently from the dual training system, there are weaknesses in the educational system. Results from the PISA study show that Germany has to catch up with regard to the educational level at secondary schools. In particular pupils with learning disadvantages performed badly. One fourth has to be considered as a risk group which will hardly be able to successfully continue education or vocational training. The German problem therefore is at the lower skills level rather than higher education.

The disappointing performance of the German education system in international comparison points to institutional rather than individual reasons: The German school system is characterised by low possibilities for social upgrading. There is a strong segmentation within the school system by social status of origin.

(d) The nature of skill needs have changed. Demand has shifted towards a stronger theoretical foundation of occupational knowledge, a broader set of cognitive, organisational and social skills, and a greater importance of basic skills. This was determined by the acceleration of technical and organisational change and the specialisation of the German economy on knowledge-based products. Dual training was not able to keep pace with these changes. It can hardly be overlooked that dual training is underrepresented in the few growing branches of the tertiary sector

(e) As a long-term problem, weaknesses in the continuous training system in Germany need to be pointed to.

In order to tackle to these challenges, a reform process of the German VET has been initiated. Further, the focus on youth-related policies is set on initial vocational training.

The policy responses consist in demand-side and supply-side oriented measures and encompass mainly the extension of the number of vocational training places within the dual system (quantitative dimension) and the flexibilisation of the training system (qualitative dimension). The main elements are:

- The government intends to revise the recently passed dual training act (*Berufsbildungsgesetz*) in order to extend its validity, improve its permeability, modernise testing and internationalise the system. The concept of competence modules will be strengthened through certification and the acceptance as part of dual training. Particular attention will be given to young people with migration background.

- Extending the numbers of two-years dual training schemes can be regarded as an opening of the system at the bottom. The normal length for dual training is 3 years (in some cases even more).

- At the same time, the government intends to increase the number of persons enrolling in universities.

- The curricula for vocational training are being modernised. New professions are introduced (e.g. in the area of IT). However, there are doubts whether the modernisation process is quick enough and will be able to compete with the expanding tertiary education.

- Active labour market policy and youth social work measures related to learning strategies have been reformed and new instruments have been introduced. Two main measures have been introduced which are directed towards easing the transition between school and vocational training, in particular for disadvantaged young people: preparatory measures to vocational training (see Chapter 2) and vocational training in professions of the dual training schemes but organised outside the companies. A recent study carried out by the German Youth Institute (DJI) shows, however, that for disadvantaged young people transition rates into employment are higher when they could get their training within the companies (Gericke 2003). Innovative projects are therefore aiming at providing support for companies to offering training to disadvantaged young people.

- In order to reduce the number of early school leavers, the Federal Ministry for Youth and Family has launched in 2006 a pilot project for offering these young people a second chance to accomplish schooling certificates and diplomas ("*Schulverweigerung – die 2. Chance*").<sup>16</sup> This project focuses on setting-up a better coordination between schools, public youth agencies (*Jugendämter*) and welfare organisations. A case manager is supposed to guide and help the young people with the aim that they achieve educational certificates.

- Further, the government plans modernising education and training through the extension of day-care schools, a quality improvement programme in schools which removes learning deficits and promotes pupils with migration background, and the introduction of a more flexible remuneration of teachers. In our view, it is questionable whether the actual reforms concerning the primary schools and the secondary schools until the 9<sup>th</sup> school year (*Hauptschule*) and the 10<sup>th</sup> school year (*Realschule*) are sufficient in order to tackle the problem of disadvantaged young people coming from these schools.

#### *Towards effective Labour Market Policies?*

In 2005, overall 250,000 young people participated in active labour market and training policy measures. Training measures represented an

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<sup>16</sup> The objective is to help 1,000 young people to complete their schooling within 1 year.

important part among them. The following table gives an overview of the number of participants in the different types of measures (yearly average):

*Tab. 1* - Number of young people (below 25 years of age) participating in active labour market policy measures in 2005

Further training	17,700
Training measures	19,300
Traditionnal job creation scheme “ <i>Abeitsbeschaffungsmaßnahmen</i> ” (all types of unemployed)	9,600
New job creation scheme for former social assistance receivers (now unemployment benefit II) – <i>Soziale Arbeitsgelegenheiten</i>	45,800
Preparatory measures	94,500
Vocational training in institutions outside the companies ( <i>Berufsausbildung in außerbetrieblichen Einrichtungen</i> )	60,200
<b>Total</b>	<b>247,100</b>

The effectiveness of the different active labour market measures will be discussed below.

*Towards modern social security systems?*

**(1) Recent reforms in the income support policy**

Young people having already worked can get unemployment benefits (Unemployment Benefit I) for a limited period of time. The conditions for eligibility are that contributions to the unemployment insurance system must have been made for at least 12 months in the last 3 years. For a young person having contributed for 12 month, he or she would receive Unemployment Benefit I for 6 months.

For those not anymore eligible to Unemployment Benefit I and those who have previously not worked, Unemployment Benefit II has been introduced in 2005 in the context of the so-called “Hartz reforms”. These labour market reforms combined social assistance and unemployment assistance for persons being able to work according to the SGB II (*Zweites Buch Sozialgestzbuch*). It is possible to earn a small amount in addition to Unemployment Benefit II. These amounts are supplemented by housing benefits. Unemployment Benefit II is lowered in case a person does not accept a “reasonable” job (*zumutbare Arbeit*) or training or an internship. The underlying assumption of these reforms is that security provided by a generous social system is reducing flexibility and lock the people in a

dependency trap. With regard to young people the assumption is that they need to get motivated to work or to engage in training by cutting social benefits.

Unemployment Benefit II is means-tested and takes into account the entire household (*Bedarfsgemeinschaften*). Thus for young people living with their parents, the economic situation of the parents is decisive. Unemployment Benefit II replaces the former social assistance and is based on the principle of activation.

In 2005, there were 700,000 young people (15-25 years) among the Unemployment Benefit II recipients, representing a specific target group: they are receiving more intense guidance and counselling but at the same time the sanction mechanism for not taking-up a job or a training are more severe (cf. Popp, S.; Schels, B.; Wenzel, U., 2006). The number of young unemployed per Public Employment Service staff has substantially decreased: 75 young unemployed per Public Employment Service employee instead of 400 to 800 unemployed per staff member. In case the young unemployed is hard to place, a case manager will be called for (cf. Kepper, A. 2005). This case manager will analyse the strength and weaknesses of the young unemployed by taking the individual problems into account.

The assumption of the new law is that young people being into trouble are so as they don't have sufficient qualifications, have no plan for their working lives and show of low motivation to integrate into the labour market.

A recent data analysis, carried out by the Institute for labour market analysis and vocational training (cf. Popp, S.; Schels, B.; Wenzel, U., 2006) showed that among the young Unemployment Benefit II receivers, there were 20% pupils, 11% apprentices, 6% employed (mostly in so-called "marginal employment" – *geringfügige Beschäftigung*), 12% participated in a labour market policy measure, 37% were unemployed and 9% were on maternity leave.

Half of these young people lived with their parents. The income support schemes are relevant for both groups: unemployed young people participants in the active labour market policy measures and young people still at schools.

## **(2) Youth-related social policies**

Services directed towards persons in difficulties, towards parents as well as towards young people have been established in the German social policy system a long time ago. Measures in the area of "Youth Services" (*Jugendhilfe*) are mostly implemented by NGOs with financial resources

coming from various public actors mainly at the local and regional level but also the National Labour Agency. Youth work is the part of youth services whose aim is the vocational and social integration of young people and their participation in social life. As a result, youth work is not only performed in the context of youth services. Educational policy, labour market policy, migration/integration policy, social policy, and housing policy are also playing an important role.

Measures include vocational youth assistance for disadvantaged young people, vocational guidance and qualification opportunities for these young people by means of counselling, support of school graduation, vocational orientation, preparation, and education, continuing vocational training and qualification, job placement, and employment. In addition to this, there are special measures for disadvantaged young people (*Jugendsozialarbeit*) (BMFSFJ 2005).

### **(3) Family policies**

The lengthening of the transition period, in particular the increasing occurrence of fixed-term contracts is posing a problem for family policies, as young people either postpone the decision to have children or decide not to have children at all.

In the past, family policies have been mainly designed on the basis of the traditional role of women. The legacy of this is a lack of day care facilities, making it difficult for women to work, especially to work more than part-time. The tax system still favours economic inactivity of women. In order to increase the security and to ease the combination of working life and child rearing, recent reforms have been introduced.

The Federal Government has now decided to enhance the volume of day care facilities for children. A change in perception and better prospects of combining work and family life in the long run might have an influence on career planning of girls and young women.

#### **4.2.2. Analyze single policies/measures (P&M) addressed to social integration of young people**

*Measures relating to the flexicurity dimension “Comprehensive Lifelong Learning”*

The following measures were conceived to respond to the current challenges of the training system as presented above. Indeed the transition

between school and training is perceived as one of the most pressing problems. Therefore, this focus is appropriate, relevant and consistent with the 'flexicurity' approach as long as the measures eventually ensure a higher training and future employment security.

We first present single measures or packages of single measures with a more general scope. These measures are in particular focusing on the entrance into training. We then will look at more specific single measures developed and implemented for two subgroups, young people with a migration background and young women.

### **The National Training Pact**

The National training Pact has been agreed for the first time in 2004 for a period of 3 years against the background of a lack of places for vocational training within the German dual training system. As the results were generally positive, a new Pact was signed in 2007. The Pact represents a mutual commitment of the State, private companies and the employer organisations and industry associations with the aim to raise the number of training places.

*As for a short overview of the planned actions under the National Training Pact please see Annexes.*

#### *Outcome and impact*

There is no specific evaluation of the whole Pact but a monitoring has been carried out. In addition, for some of the sub-measures evaluations have been conducted. These will be looked at into more detail in the next sub-sections.

According to the Federal Ministry of Labour the Pact generated the following main results:

- More additional training places than expected were offered.<sup>17</sup>

Furthermore, the public administration increased their supply of apprenticeship places by 30%, thereby surpassing the goal of 20%. However, this could only partly alleviate the problem of lacking training places, as also the number of young people looking for an apprenticeship place increased (BMBF Berufsbildungsbericht 2007 – VET report).

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<sup>17</sup> In 2004, 59,000 additional apprenticeship places could be created; in 2005 they amounted to 63,400 and in 2006 to 67,900. ([www.bmas.bund.de](http://www.bmas.bund.de)).

- The “entrance qualification scheme” had a difficult start as there were problems to fill in the internship places (see for more details sub-section below).

- The Federal Government - eventually extended the *Ausbildungsprogramm Ost* (Programme for vocation Training in Eastern Germany).

- The Funds for the Programme JOBSTARTER, launched in 2006, have been increased from €25 million to €125 million. The objective of this programme is to activate more training places and to promote inter-firm cooperation in vocational training (BMBF Berufsbildungsbericht 2006 – VET Report 2006).

- The Public Employment Service continues its activities in the area of preparatory measures (*berufsvorbereitende Maßnahmen*) at the same level as in 2003 (nearly 250,000 participants in 2003, see for more details subsection below).

- The Public Employment Agency has further developed its system for profiling young people looking for a training place and identifying whether the young person is „mature to engage in vocational training“ (*„Kriterienkatalog Ausbildungsreife“*), whether the envisaged occupation is suitable and whether the young has chances to be placed (*Vermittelbarkeit*).

- In 2005 a discussion between general schools and the Pact partners about the basic needs and skills for vocational training started off. Then, in 2006, a common handbook on how to prepare young people to be “mature for vocational training” was published.

In our view, the whole education system is challenged to ensure that young people get the basic skills to engage in vocational training. It will be a huge task to improve the schooling system in this respect. In 2006, the Pact partners have recognised that more efforts need to be undertaken, in particular at schools level, to better integrate young people with a migration background in education and training which is indeed one of the most pressing policy areas in our view.

- Further, a closer cooperation between the Chambers and the Public Employment Services has been achieved. Each of the actors play a crucial role: the local agencies of the Public Employment Service are providing guidance and placement services for young people willing to start vocational training.

Overall, the Pact partners positively evaluated the results of the Pact. However, it needs to be stressed that the figures show a more moderate success story. Only in 2005 the number of young people taking up vocational training has increased for the first time since 1999 (in total

573,000 training places were offered). As compared to 2003, before the Pact was signed, the total volume increased by 8,000 training contracts (BMBF *Berufsbildungsbericht* 2006 – VET Report) and the number of young people who could not be placed into vocational training decreased between 2004 and 2005 by 7% (total volume 41,000). This number was further reduced by the “renewed placement activities” into vocational training (*Nachvermittlungskaktionen*). Nevertheless, the number of young people being still interested in a training place despite having been proposed alternatives has increased (cf. *Bundesarbeitsblatt* 5-2005).

#### *Conditions of success and limits*

Most probably, the outcomes at the training market would have been worse without the National Pact. But as the problems at the training markets are not only linked to a problem of “willingness” to offer more training places, the potential success of the Pact has of course its limits. While it can contribute to alleviate the problems at the training market in terms of volumes, it cannot fully resolve it. The general condition for success lies in the commitment of the companies in the first place. Furthermore, closer cooperation of the different actors is key to success.

The direct aim is to enhance the supply of training places, the indirect aim, however, is to get young people into employment. Whether this can be realised, depends on the general labour market conditions and in our opinion also on the extent of skills mismatch.

#### **Preparatory measures for vocational training – new approaches**

Preparatory measures for vocational training are aimed at providing the young people with basic skills to be sufficiently prepared to find a vocational training place. They consist mainly in different elements including providing vocational guidance and orientation, basic skills and key competencies, workplace related experience, and some basic vocational skills. The measures are financed by the Public Employment Service and implemented by independent organisations. First steps towards developing a policy for disadvantaged young people have been made in the 1970s by establishing cooperation between schools and vocational training.

The concept for the preparatory measure has been reformed in 2006 (*Neues Fachkonzept der Bundesagentur für Arbeit*). It departs from the principle that support needs to be based on the competencies of the individual young people.

Preparatory measures are therefore based on competence modules (*Qualifizierungsbausteine*) which are derived from the curricula of dual training and adjusted to the abilities of the target groups. Individual counselling plays a crucial role.

*See more details on the reform and the BQF – Programme for disadvantaged young people of the Ministry for Education and Research in the Annexes.*

#### *Outcomes and impact*

Monitoring of the preparatory measures is regularly included in the VET Report (*Berufsbildungsbericht*) of the Federal Ministry of Education and Research:

In 2005, about 105,700 young people took part in preparatory measures following the new concept (without disabled). After a period of 6 months after having participated in the measure, 45% of the young people were employed and 38% got a place in vocational training. Thus transition could be improved through the implementation of the new, more individualised, approach (in the previous year, under the old scheme, 38% found employment and 30% started vocational training).

The VET report of 2007 (BMBF, *Berufsbildungsbericht* 2007) further stresses that the different pilot projects carried out in the BQF-Programme and further Programmes clearly show that the disadvantaged young people need individual guidance on educational and vocational orientation in an early stage, including the development of competencies. The report identifies practically oriented education rather than theoretical training as much more effective for disadvantaged young people.

Overall, the report assesses the development of competencies modules e.g. in the context of pilot projects as well as within the mainstream policies as a success. It is recommended to further develop and generalise this approach.

Previous studies and evaluations of work-oriented social work and the preparatory measures showed that individualised pre-training approaches are particularly successful as they take the capabilities and preferences of young people into consideration. Good results could be achieved at the first threshold to dual training.

A study prepared by the German Institute on Youth (*Deutsches Jugendinstitut*) is analysing the transition of young people having a low educational attainment with 9 years of regular schooling at the maximum (*Hauptschule*).

The results of the panel analysis (carried out in 2004 at 126 schools) show that 26% of those young people, mostly between 15 and 16 years old, start vocational training immediately after school, while another 26% participate in preparatory measures for vocational training (source: Lex et al., 2006). Among these, young people with low skills in German and in mathematics as well as early school leavers are overrepresented.

One year later, 43% of the young people were participating in vocational training as compared to 26% who immediately got a training place. Those with learning deficits in German language and mathematics were not worse off, which indicates that the measures in which they participated were successful.

#### *Conditions of success and limits*

As the evaluation results show, the preparatory measures lead to some success in better integrating young people into training. They thereby support the long-term objective to offer them a better start into the labour market. The individualised approach can be regarded as an important condition for the effectiveness of the measure.

However, there are also limitations. Although some deficits of disadvantaged young people can be overcome, the structural problem of low formal educational attainment and linked to it a narrow vocational choice remains.

Further, displacement effects have been observed. This can be shown for example in the still relatively higher importance of measures for disadvantaged young people in the Eastern German as compared to the Western German regions. Eventually, there is a higher lack of training places in Eastern German regions. Overall in Germany, the stock of participants in preparatory measures has been growing since the 1990s. A considerable number of participants use preparatory measures as a (repeated) waiting loop for the entry into regular dual training. Over the last years it can be observed that the average level of educational attainment of the participants in the measure slightly rose and that in particular early-school-leavers had difficulties to participate in the measure (IAB Kurzbericht 2/2007).

#### **Transition management - the “competencies services agencies”**

The Federal Ministry of Families, Older People, Women and Youth has also implemented different Programmes and initiatives to ease the transition between schooling and VET. One of them is the Programme “*Kompetenzagenturen*” (competencies services agencies). A stronger

cooperation between different institutions but also a better linking of the different measures, including the preparatory measures, is at the centre of these current activities.<sup>18</sup>

### **Easing the transition between schooling and training: The entrance qualification Programme**

#### *Background*

The entrance qualification Programme links a flexible contract form (internship) to a preparatory phase with the aim to engage in training. For this reason we could say that the intention of the measure goes in the direction of “flexicurity”, linking flexible contracts to learning security.

The contracts for obtaining „entrance qualifications“ are specifically designed internships (“*Praktika*”) within companies for with a duration of between 6 and 12 months. After the end of the period the company may establish a certificate proving the acquired skills.

*For the scope and features of the measure please see Annexes.*

#### *Outcomes and Impact*

The results from the 5 reports of the ongoing evaluation give the following insights: During the first year about 30,000 places under the EQJ scheme were offered by companies, but only 17,600 contracts were concluded. The second year more places were offered and more contracts were concluded, but still a part of the places offered could not be filled. The reasons for this mismatch laid in particular in deficits of basic qualification low motivation of the young people due to low pay, high work load and a mismatch with the preferred vocational orientation.

Furthermore, there were deficiencies in reaching out to young people because of information deficits.

Overall, the Programme was only partly successful in attracting the target group, as mainly young people with a low educational attainment but not the most disadvantaged (early school leavers, persons with a migration background and a low educational attainment) were participating in the programme.

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<sup>18</sup> The increased cooperation in the context of “transition management” tested in various pilot projects has proven to be effective and should be taken over in mainstream policies (cf. BMBF, Berufsbildungsbericht 2007 and Lex, T.; Graupp, N.; Reißig, B.; Adamczyk H. (2006).

Some branches were more suited than others: according to the Chambers, trade and catering were the areas in which companies could be more easily motivated to offer additional access to training through the EQJ schemes. At the same time displacement of other types of internships or employment is more likely in these branches than in others.

About 23% of young people did not complete their internship. In most cases it was the young person who quitted the contract. One major reason mentioned in the evaluation report is the enrolment in regular vocational training. Thus the share of “failures” might be lower.

According to the Public Employment Services, the quality of the internship offered was overall rather poor. Only a fourth of those young people that completed the internship received a certificate from the Chambers. As the Chambers refused only in a few cases stating that the certificates were not justified, it can be assumed that the companies and young people were not asking for it. This result is disappointing and does not correspond to the expectations of the programme designers.

Only roughly half of companies (and in the first year even less) that have taken over participants of the EQJ scheme into a regular vocational training contract are considering to reduce the vocational training period by 6 years. The evaluation results show that about 61% of the young people got a regular vocational training contract after the end of the internship. This share is 40 percent points higher as compared to the control group of young people in the same situation not participating in the EQJ scheme.

Transition rates were higher in companies who are anyway providing vocational training. However, it can be regarded as a success that some companies which have not offered training places before are now taking over young people into vocational training.

Three quarters of those having found a place for regular vocational training are in the same company where they have done their internship.

Transition rates of young migrants are comparable to other groups, although they have less chances to access to the measure.

It needs to be added that there is the possibility to get a continuous social-pedagogical guidance (“*sozialpädagogische Begleitung*”) for those young people that have learning deficiencies. The company where the training is accomplished has applies to apply to get this service. However, only about 2% of the companies participating in EQJ-Programme did so. One of the reasons for this low level of implementation of this accompanying measure lies in the fact that companies are not informed about this possibility. We can conclude that there is more potential to target the young disadvantaged with motivation problems by better integrating different services.

The Chambers' overall assessment of the effectiveness of the measure is positive and many of the regional Chambers are in favour of continuing this measure after the end of the special federal programme. However, this assessment is not shared by all actors and researchers: An evaluation and literature review study carried out on behalf of the Commission of the Federal States and the Regions for education and research on cooperative structures in the measures directed towards disadvantaged young people (Pätzold, Wingels, 2005) is quite critical about the effectiveness of the EQJ-Programme. It is argued that it is not evident that an important part of the companies is really creating new opportunities for young people facing difficulties to integrate in the vocational training market. It is assumed that a part of the companies are somewhat lengthening the vocational training for this group of people (which in our view could eventually be regarded as useful, as the same report stresses that disadvantaged young people need more time to get trained).

#### *Conditions of success and limits*

The following conditions of success must be fulfilled for the measure to be effective:

- Willingness of companies to train disadvantaged young people.
- Motivation to really provide some training which better prepares young people to engage in vocational training.
- The supply of regular vocational training places has to be high enough to absorb young people after they have participated in EQJ-schemes. Otherwise there is the danger that young people only move from one specific measure to the next.
- The hypothesis that companies need first to get to know disadvantaged young people holds true. This hypothesis implies in our view that the young people are stigmatised and that they have more competencies than their schooling record would suggest.
- The acceptance of companies to sign a regular vocational training contract with young people having participated in specific measures (danger of stigmatisation of young people).

As we have seen throughout the evaluation reports, not all of these conditions could be realised. The fact that the potential training company has the possibility to get to know disadvantaged young people has certainly contributed to the partial success of the measure.

However, as we have seen, the quality of the internships in terms of training was rather poor. An indicator for the low learning security provided by the measure is also signified by the fact that the attendance rate

in the vocational schools was disappointing and the requests for certifying skills were rather low.

### **Measures for specific subgroups – young people with a migration background**

*For the background please see Annexes.*

#### *Overview of the single measures*

The educational and vocational integration of young migrants has been taken up during the last years in the framework of research programmes, pilot projects and innovative programmes, for example:

- Pilot projects for the development of new ways towards getting a late vocational training for young adults (being between 20 and 29 years of age) without any previous vocational training (*Nachqualifizierung*). Various models have been tested, generally based on different modules in different professions that are offered e.g. in relation with a part-time job or on week-ends and evenings allowing the young adults to be in employment while upgrading their skills.

The argument is that those young people preferred earning money right after leaving school instead of continuing their education. Thus, only a combination of employment and vocational training would be attractive for those young people. Furthermore, the modularised approach allows for building on already acquired competencies ([www.good-practice.de/infoangebote\\_beitrag751.php](http://www.good-practice.de/infoangebote_beitrag751.php); M. Granato, K. Gutschow, 2004).

Another way is to undertake vocational training in combination with employment for a period of 12 of 24 months instead of getting social assistance or unemployment benefit.

- The introduction of new professions requiring a shorter vocational training period (2 years rather than 3 years) has been decided on with the aim of attracting more disadvantaged young people. Young people with a migration background are largely overrepresented within this group.

- MigraNet in Bavaria and Brandenburg (and related projects): These projects have been set up in the framework of EQUAL and seek to develop a method for identifying the competencies of migrants (including young persons with migration background, but not specifically focused on young people), which then can form a sound basis for vocational orientation and for guidance on job search strategies (*Kompetenzfeststellung*).

- Further activities for young people with migration background are implicitly carried out in the context of the policies directed towards disadvantaged young people, as those who have the lowest educational

attainment, very often e early-school leavers, are frequently young people with a migration background.

- In the context of youth work, specific programmes aiming at promoting a better integration of young migrants into the German society (including into vocational training) are financed by the Federal Ministry for Youth and Family. This project is running since 2001 ([www.bmfsfj.de](http://www.bmfsfj.de)).

- Awareness has recently risen in Germany that more needs to be done to ensure a better integration at schooling level. Young people with a migration background are strongly overrepresented among those getting the lowest or no educational attainment. In our view, the reform processes are very slow in this respect. The German schooling system is not permeable enough with regard to upward social mobility and leads to social selection as has been stated by the OECD and the UN (see the educational attainment of young people with a migration background in: C. Kristen, N. Granato (2007): G. Christensen, P. Stranat (2006)).

- The already outlined National Pact for Training has set a specific focus on the better integration of young people with a migration background. This has resulted also in the creation of further networks for promoting access to vocational training for this target group.<sup>19</sup>

- Vocational orientation at schools level

- Kausa (*Koordinierung Ausbildung in Ausländischen Unternehmen*) is a network for promoting vocational training in companies belonging to a foreigner with the objective to enhance access to vocational training of young people with a migration background (see for more details below).

#### **The single measure Kausa**

*For a general overview of the measure please see Annexes.*

#### *Conditions of success and limits*

The involvement of foreign-owned companies in vocational education is a condition of success which can be assured, at least to some extent, by a close cooperation with various actors, such as ethnical employers' organisations (not all foreign-owned companies are organised in these networks).

The lower number of training places offered is mostly linked to the small size of companies and the training costs.

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<sup>19</sup> *Berufliche Qualifizierungsnetzwerke für Migrantinnen und Migranten* – networks for vocational training for migrants as a part of the BQF-Programme / *Berufliche Qualifizierung für Personen mit besonderem Förderbedarf*: Qualification for disadvantaged people.

Raising the motivation to offer vocational training is much more difficult, as the cultural background of those entrepreneurs is not linked to the German tradition of providing vocational training within the dual system. Here it is important to have the key actors and multipliers of the ethnic minorities as partners in the project.

With regard to providing training and the long-term employment security it is meant to support, the 'Kausa' measure is twofold: although it can be argued that getting training is always better than remaining low-skilled without training, future employment security is not evident: The main sectors in which these employers are offering training places are characterised by poor working conditions and lower employment stability (e.g. catering, retail trade, construction).

*Networks for vocational training of young migrants (Berufliche Qualifizierungsnetzwerke (BQN) für Migrantinnen und Migranten )*

This measure fosters network building and methodology development to better reach out and motivate young people with a migration background to get involved into vocational training.

*For more details on the scope and objectives of the measure please see Annexes.*

*Outcomes and Impact*

To overcome existing prejudices among actors has proven to be quite difficult as the sensitivity of the different actors in different regions has been very heterogeneous at the beginning of the process. It has been underlined in the evaluation study of this measure that it takes a long time to change perceptions and raise awareness (*Bundesministerium für Bildung und Forschung, 2006*).

Nevertheless, networking can be regarded as useful as it represents a platform for the exchange of experience and know-how towards those actors which were not aware of the problem when joining the networks.

It can further be stated that highly individualised approaches taking into account all types of competencies of the young persons involved are generally more successful, however implementation within the given structures has its limitations. Just as awareness raising appreciation of competencies needs to be understood as a gradual process which needs to be integrated in a preventive approach.

It is argued that the different approaches which have been tested can only be successful if they are also integrated in the general education system and are not only applied at the end of schooling.

#### *Conditions of success and limits*

Although this measure is not tackling the problem of low access to education and training of young people with a migration background at the roots, it must be considered that it is a first step towards addressing the problem more comprehensively. In our view an even more comprehensive approach is needed which should aim to raise the educational level of young people with a migration background in the first place. This assessment is confirmed by the project coordinators: the impact of sensitivity strategies only can have a limited impact as long as the structures are not changed (G. Baumgratz-Gangl, *Vorsorgen statt kurieren!* 2006).

#### **Measures for specific subgroups: Vocational orientation for girls and young women**

Since 2000, so-called “girls’ days” are organised on a regular basis. At one specific day every year, schools across the country organise vocational orientation for girls.

*For the background and objectives of the measures please see Annexes.*

#### *Outcomes and impacts*

Since the start of the Programme, about 25,000 events for over 500,000 girls have been organised (*Berufsbildungsbericht*, 2007). Survey results show that one fourth of the companies involved in the information events eventually received applications for internships and training places from girls. The interest of girls in participating in this specific vocational orientation events has risen which is considered as an indicator of success by the organisers.

Further measures have set-up a web-based information, communication and learning platform for girls with the aim to widen their vocational choices ([www.lizzynet.de](http://www.lizzynet.de)).

But not only specific guidance for widening are implemented but also a pilot programme for young men has been designed. In 2005, the Federal Ministry for Youth and Family has started the pilot project “New Ways for Boys”. This project is co-financed by the ESF. The objective is to increase the social competencies of young men and to break-up traditional visions

about the role of women and men in the society. Finally, young men are informed about “women dominated” professions in order to increase their motivation for them ([www.neue-wege-fuer-jungs.de](http://www.neue-wege-fuer-jungs.de)).

#### *Elements of success and limits*

Improving vocational orientation for girls fits into the concept of providing more future employment security in case of more diversified professional choices, particularly in male-dominated areas.

However, it must be clear that this type of orientation can contribute to changes in attitudes, but the global success might be limited at least in the short run, as attitudes change only slowly.

It should also be borne in mind that an important cause for lower employment and income security of women from a life-cycle perspective is linked to child care and a still persisting lack of public infrastructure in that respect.

#### **Active labour market policies: wage cost subsidies**

*For the background please see Annexes.*

#### *The measure “integration wage cost subsidy”*

The so-called integration wage cost subsidies (“*Eingliederungszuschüsse*”) are paid to the employer for a limited period of time. The measure in itself is not new but it has been reformed in order to improve its effectiveness.

The wage subsidy is meant to compensate for productivity disadvantages. The objective is to integrate unemployed with placement difficulties into regular, preferably long-term, employment. The target groups are unemployed who are difficult to place (*Arbeitslose mit Vermittlungshemmnissen*).<sup>20</sup>

In the best case it is expected that the company will permanently employ the persons after having received the wage cost subsidies. However, in case the employer does not permanently hire the person in question, it is that his or her chances of finding employment have increased due to the expanded work experience.

In order to avoid displacement effects companies that have dismissed workers just to benefit from the wage subsidies or hired a worker who had

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<sup>20</sup> Placement difficulties are for example in case of no practical work experience or for persons with no formal qualifications of the VET system.

already been an employee in the said firm before, are excluded from further participation in the measure (note, however, that displacement effects are nevertheless unavoidable). The Public Employment Service can ask for reimbursement in case the worker is dismissed immediately after the phasing out of wage and if the reason for dismissal is not linked to the individual worker (source: IAB Kurzbericht 9/2007).

In 2006, wage costs subsidies were paid for a total of 230,000 persons, 20% of which were young persons below 25 years of age. This group was thus overrepresented.

#### *Impact of “integration wage cost subsidies”*

As regards the wage costs subsidies (*Eingliederungszuschüsse*), an evaluation which has just been carried out, positively assesses the measure and shows that the chances to be in employment after having participated in the scheme is significantly higher as compared to the control group (IAB Werkstattbericht 9/2007). This result is even more significant as the previous Programme JUMP failed in delivering good results.

Rothe and Tinter (2007) show that the transition towards employment after completing the subsidy programme<sup>21</sup> is quite high: 67% among the young participants and 76% for participants above 25 years of age. Transition into unemployment varies between 13.7% and 14.7% respectively. It can be assumed that young people also engage in training after the end of the measure. These positive labour market integration rates are linked to the obligation of employers to keep the subsidised persons employed after the end of the scheme. A long-term analysis would allow assessing the effectiveness over time.

#### *Conditions of success and limits*

First, displacement effects need to be avoided. Thus, in the context of wage subsidies for unemployed on regular working places eventually are a compensation for productivity losses to the company. If it can be assumed that the productivity losses are diminishing over time as the employee will gain experience, the wage cost subsidy is effective. As young people are assumed to have a lower productivity as they are lacking working experience this argument might hold true. The quality of the job is a further condition of success: the more learning is important within the job, the higher will be the probability that the subsidised employee will be staying at the company after the scheme has ended. The obligation of the company

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<sup>21</sup> Referring to “*geförderter Beschäftigung*” in general.

to continue employment (an exemption of this rule exists only for older workers according to Hartz III laws) is certainly working in this direction.

As the labour market is more flexible for younger age groups than for older ones, the chances to get another employment in case the young employee becomes unemployed again are higher. Therefore wage cost subsidies seem to be more effective for younger rather than for older age groups. An important argument is that unemployment spells are shortened by these active labour market policies.

### **Wage cost subsidies and employment creation schemes: the “1-Euro-Jobs”**

Recent labour market reforms have introduced a new type of wage cost subsidy for additionally created jobs with a social or ecological utility.

They are legally not based on an employment contract. The measure is designed for Unemployment Benefit II receivers. In addition to their means-tested benefit, the participants in the employment measure are paid 1 to 2 Euros per hour (therefore, the measure is called “1-Euro-job”).

*For more details on the measure please see Annexes.*

#### *The outcomes and impact of “1-Euro-Jobs”*

The social integration aspect is regarded as important by some actors. Young people, who would otherwise not be actively looking for employment, are learning to take over basic responsibilities, to go regularly to work etc. However, a study prepared by the City of Hamburg shows that the acceptance of 1-EURO-Jobs is low among young people and the share of those quitting their 1-Euro Jobs after 3 months is high.

Further, a recent study carried out by the Institute for Labour Market and Vocational Training Research (IAB) is pointing to the danger that these measures are not carried out as the last option and that opportunities for young people to engage in training might be overseen (source: Bernhard, S. et al, 2006).

Also, in contrast to specific labour market measures (like the preparatory measures) learning effects are low and specific guidance is missing.

It needs to be stressed that already the evaluation of the previous JUMP Programme showed that in particular the measures regarding job creation (*Arbeitsbeschaffungsmaßnahmen*) proved to be little effective.

Rothe and Tinter (2007) show nevertheless, that the effectiveness of second labour market measures is higher for young people than for other age groups. While 67% of adults above 25 years of age are unemployed

after the end of these measures, this is only true for 40% of the young people. However, young people are often not more integrated into the regular labour market after these schemes but they frequently engage in further training measures which is considered by the authors as an important result.

#### *Conditions of success and limits of wage subsidies*

As regards the employment creation at the “second labour market” and wage subsidy schemes following its logics, conditions of success are mainly linked to the effects the employment has on the individual motivation of the young people. Effectiveness is diminished by the fact that the social problems of these young people are deeply rooted and will persist. Further, the effectiveness is lowered in case the jobs are of low quality. Finally, as has been shown through the different studies and evaluations, displacement effects seriously limit the measure's overall effectiveness.

#### **4.2.3. Selected combinations of “Good Practice” towards a flexicurity approach**

We have seen that new developments in the policy design for easing the pathway into employment for young people are focusing strongly on the transition from school to vocational training. Both active labour market policies as well as social policies have improved and existing measures have been developed further. In this context, the National Pact for Training shows a mutual commitment towards ensuring that the VET system becomes more effective, as it has shown a number of weaknesses over the last years.

The innovative elements which are increasing the effectiveness of the transition from school to training are:

- Proactive measures for reaching out to specific target groups
- Identification of new target groups (in particular young people with a migration background), although successes are slower to be realised as discrimination is deeply rooted.
- Personalised guidance
- Providing additional gendered vocational orientation in order to overcome a segmentation by gender and professions
- Valuing individual competencies as a basis for further guidance and vocational orientation

- New approaches in the way of learning and first elements of modularisation of the VET
- Improving the cooperation between the various key actors and building up of networks in the area of vocational training. New forms of cooperation are not only linked to measures easing the transition from school to vocational training but are also implemented a earlier in education to reduce early school leaving. This is certainly most useful and relevant given the huge problem and serious repercussions of leaving school too early.

In particular, the improvements made in the context of the preparatory measures are likely to improve the transition rates of disadvantaged young people. The measures are very much oriented to improving the individual productivity of the persons rather than improve the quality of (transitional) jobs.

Nevertheless, job quality is an issue. The evidence of new labour market policy measures shows how important the “learning” content of a transitional job is: the entrance qualification scheme which is based on internships has failed in this respect and a more flexible training system leaving the possibility to adapt the length of training to the individual capacities would be more effective.

As already mentioned above, one of the flexicurity components consists in active labour market policy measures for easing the transition from training into regular employment. Both the optimisation of existing measures in order to increase their effectiveness as well as the introduction of new measures (with however a limited effectiveness) have to be considered. Measures to avoid displacement effects have proved to be crucial to improve active labour market policy measures. The effectiveness of labour market policies directed towards young people tends to be higher than for other age groups. One reason could be that the labour market flexibility for this group of people is higher in any case and that ‘search’ or ‘frictional unemployment’ plays a higher role.

A major reform has been made with a new focus on activation combined with a lowering of the generosity of the social benefit system. The related new active labour market measure in the area of the second labour market is more likely to be effective – if at all - in motivating disadvantaged young people to search for work or training opportunities rather than directly leading to regular employment. However, linking social assistance with unemployment benefits can also be used to enhance the number of young people in training--oriented labour market policy measures. A stronger focus should be set on this latter possibility.

The flexibilisation of the labour market has not been up to now counterbalanced by higher income security: young people are dependent on support from their parents. Only in case the parents have scarce resources, the young are entitled to income support.

Innovative policies that would tackle the roots of inequalities and discrimination between different types of young people are slow to be decided upon and implemented. This can be seen in the context of measures targeted towards young people with a migration background. The existing measures need to be embedded in an integrated strategy aiming at significantly increasing the educational attainment of this target group. Reforms are underway, albeit rather slowly.

With regard to developing a 'flexicurity' approach for young women in a life cycle context, the new focus on childcare facilities in family policies might be successful in helping young women.

On the flexibility side, a pathway towards more flexibility in the VET system has been developed, although there is still scope for a higher flexibilisation of the whole system. The system still provides a high level of training security, e.g. transferable skills. In a life cycle perspective, further training needs to be strengthened in order to support the workforce's labour market flexibility, internal as well as external).

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### Web sites

[www.bmbf.de/press/1386.php](http://www.bmbf.de/press/1386.php)  
[www.iatge.de/aktuell/veroeff/jahrbuch/jahrb0203/03-weinkopf.pdf](http://www.iatge.de/aktuell/veroeff/jahrbuch/jahrb0203/03-weinkopf.pdf)  
[www.lizzynet.de](http://www.lizzynet.de)  
[www.neue-wege-fuer-jungs.de](http://www.neue-wege-fuer-jungs.de)

## 5. Hungary

### 5.1. Synoptic Table of flexicurity measures

<i>Flexicurity areas in consideration of the lifecycle approach</i>	<i>Simple/Aggregated measure(s) selected and described in the national case study report</i>	<i>Source: YOUTH Schedule A/Schedule B</i>	<i>Any additional measure(s) you consider relevant for the YOUTH research although not included either in Schedule A or in Schedule B<sup>22</sup> (Measure/Short abstract)</i>
<b>1. Leaving the general education</b>	1.1 Developments in the content of vocational and adult training	Schedule B	<p><a href="http://www.szmm.gov.hu/main.php?folderID=16286">www.szmm.gov.hu/main.php?folderID=16286</a></p> <p><b>Report on the implementation of the Hungarian National Action Plan on Social Inclusion for the period 2004 - 2006.</b> At the end of 2005 the Government adopted the Strategy of Lifelong Learning [Government Resolution no. 2212/2005 (X.13.)]. Relying on the resources of the 1st NDP, developments began to improve the quality of education and vocational training. In the programming period between 2007 and 2013 these reform efforts are expected to continue. The</p>

<sup>22</sup> Authors of the synoptic table are required only to mention the relevant measures not included in the Youth research, where considered important for a better understanding of flexicurity trends and measures, as well as a very short related abstract. No other information is requested at this stage.

			<p>school drop-out rate is highest in vocational schools and skilled worker training institutes (over 30%). The objective is to halve that figure and the ongoing Vocational School Development programme will contribute to that effort. The ratio of 25-64 year olds receiving training continues to be low (4.2% in 2005) and grows only slowly. The quantified objective contained in the NAP has been modified to achieving the level of 8% by 2013 (as opposed to 10%).</p>
	1.2 START Programme	Schedule B	<p><a href="http://en.afsz.hu/engine.aspx?page=en_report_implementation">http://en.afsz.hu/engine.aspx?page=en_report_implementation</a></p> <p><b>Report on the Implementation of the Revised National Lisbon Action Programme Hungary</b></p> <p>The promising outcome of the START Programme has prompted the Government to extend it – with the support of the ESF – to raise the labour demand for disadvantaged workers and help them find jobs.</p> <p>- ‘START Plus’ helps the long-term unemployed to return to work, after caring for small children or other dependent family members, after the end of child care benefit or while receiving such benefit.</p>
<b>2. Setting up social life</b>	2.1 Hungary expenditures on social protection	Schedule A	<p><b>Study on the Social Protection Systems Country Case Study- Hungary</b></p> <p><a href="http://ec.europa.eu/employment_social/social_protection/docs/hungary_final.pdf">http://ec.europa.eu/employment_social/social_protection/docs/hungary_final.pdf</a></p>

			<p><b>Targeting labour supply effect of the Regular Social Assistance</b>  <a href="http://tatk.elte.hu/index.php?option=com_docman&amp;task=cat_view&amp;gid=294&amp;mosmsg=You+are+trying+to+access+from+a+non-authorized+domain.+%28www.google.co.uk%29">http://tatk.elte.hu/index.php?option=com_docman&amp;task=cat_view&amp;gid=294&amp;mosmsg=You+are+trying+to+access+from+a+non-authorized+domain.+%28www.google.co.uk%29</a></p> <p>In the welfare system, there are three main forms of cash and in-kind benefits (Barr, 1998):</p> <ol style="list-style-type: none"> <li>1. insurance-based or “quasi-insurance” (Semjén, 1996) benefits, i.e., those with some kind of previous contribution, generally linked to former employment or earnings;</li> <li>2. universal benefits, with automatic eligibility if certain conditions are satisfied, irrespective of income;</li> <li>3. means-tested, targeted benefits, generally linked to an income test (e.g. regular social assistance in Hungary).</li> </ol> <p>All three modes of support have their objectives, ideologies, advantages and drawbacks. In the following we discuss means-tested benefits only.</p>
	2.2 Restructured Hungarian family support system	Schedule A	<p><b>Family policy needs to focus more on childcare services</b>  <a href="http://www.oecd.org/document/29/0,3343,en_2649_37457_38616413_1_1_1_37457,00.html">www.oecd.org/document/29/0,3343,en_2649_37457_38616413_1_1_1_37457,00.html</a></p> <p><b>Family policy in Hungary</b>  <a href="http://ideas.repec.org/p/oec/ecoaaa/566-en.html">http://ideas.repec.org/p/oec/ecoaaa/566-en.html</a></p>

			<p>The Hungarian family support system underwent a major revision in 2005, concentrating on the universal scheme and leaving insurance-based benefits mainly untouched. The revision aimed to improve benefits by raising levels and providing greater support for families, encouragement for women to return to the labour market, concentration of certain benefits and, finally, greater transparency. The Hungarian family support system has been restructured as from 1 January 2006.</p>
	2.3 Equal Treatment and Promotion of Equal Opportunity Act	Schedule A	<p>Equal Opportunities for Women and Men - Monitoring law and practice in Hungary  <a href="http://unece.org/gender/publications/Hungary/eowmhungary.pdf">http://unece.org/gender/publications/Hungary/eowmhungary.pdf</a></p> <p><b>Recommendations</b>  Legislative Measures</p> <ul style="list-style-type: none"> <li>• Hungarian legislation should be amended to include the obligation to inform employees about their rights under Article 7 of Directive 75/117/EEC.</li> <li>• Hungarian legislation on shifting the burden of proof in cases of discrimination should define the prima facie case so that proof of having suffered discrimination is no longer required but only the presumption of discrimination.</li> </ul>

			<ul style="list-style-type: none"> <li>• The Labour Inspection Act should be amended to enable the investigation of discrimination and the implementation of the principle of equal pay for equal work or work of equal value in <i>ex officio</i>.</li> <li>• The Labour Code and the AET should be amended to include specific provisions on sexual harassment (in the workplace).</li> <li>• The Labour Code provisions on maternity leave should be amended to comply with Article 8(2) of Directive 92/85/EEC.</li> <li>• The translation and definition of the term ‘self-employed’ should be clarified in Hungarian law.</li> <li>• The category of ‘contributing family member’ should be extended.</li> </ul> <p><a href="http://en.afsz.hu/engine.aspx?page=en_report_implementation">http://en.afsz.hu/engine.aspx?page=en_report_implementation</a>  <b>Report on the Implementation of the Revised National Lisbon Action Programme Hungary</b>  Measures to improve equal opportunities</p>
<b>3. Entering a professional learning process</b>	3.1 Vocational Training and National Qualification Register Act	Schedule A	<b>National Qualification Register</b> Report on the implementation of the Hungarian National Action Plan on Social Inclusion for the period 2004-2006 <a href="http://www.szmm.gov.hu/main.php?folderID=16286">www.szmm.gov.hu/main.php?folderID=16286</a>  For improving employability, the 1st NAP included measures

			<p>on developing vocational training and adult training. Systems were developed to handle and improve situations of social exclusion in the lower segment of the training scale (in vocational training and in vocational schools). The revision of the National Qualification Register, which defines the modules and structure of training, provided a comprehensive reform and a vocational training structure is being prepared to better meet the needs of the labour market and to strengthen the modularity of courses. So far, the impacts from pilot programmes and amendments of the regulation can only be measured in the output indicators and their actual impact on the labour market can only be evaluated on the basis of future experiences.</p>
	<p>3.2 Role of the National Core Curriculum in the regulation of the content of public education</p>		<p><b>Role of the National Core Curriculum in the regulation of the content of public education</b>  <a href="http://www.okm.gov.hu/main.php?folderID=137&amp;articleID=6982&amp;tag=articlelist&amp;iid=1">www.okm.gov.hu/main.php?folderID=137&amp;articleID=6982&amp;tag=articlelist&amp;iid=1</a></p> <p>In the Hungarian educational policy, the National Core Curriculum (NCC) is the highest level regulatory document on curricula content. Its main function is to lay down the principles and conceptual basis of public education and, at the same time, to ensure the autonomy of schools in selecting educational content. The NCC lays down the national objectives of public education, identifies the main areas of knowledge to be transmitted, provides guidelines on how to</p>

			spread this content over the various phases of public education, and defines the key development tasks (i.e. the cross-curricular fields) in the various phases. By giving a summary of the fundamental knowledge and skills to be acquired at school, the NCC ensures the consistency and coherence of public education.
<b>4. Entering the labour market</b>	4.1 Support for acquiring work experience for job starters	Schedule A	<p><b>Labour Market Trends in Hungary 2005</b>  <a href="http://econ.core.hu/doc/mt/2006/en/lm_trends2006.pdf">http://econ.core.hu/doc/mt/2006/en/lm_trends2006.pdf</a></p> <p><b>Survey on young skilled workers</b>  <a href="http://www.eurofound.europa.eu/ewco/2006/07/HU06070291.htm">www.eurofound.europa.eu/ewco/2006/07/HU06070291.htm</a>  In the autumn of 2005, the Research Institute of Economics and Enterprises of the Hungarian Chamber of Commerce and Industry (<u>GVI</u>) carried out a survey in companies to assess employers' satisfaction with the abilities and knowledge of apprentices and young skilled workers at the start of their careers.</p>
	4.2 Support of entrepreneurship	Schedule A	<p><b>Development of entrepreneurial skills 2004 National Action Plan for Employment</b>  <a href="http://www.szmm.gov.hu/main.php?folderID=13575">www.szmm.gov.hu/main.php?folderID=13575</a>  In the transition period, the legislative market economy framework was created and a substantial transformation has taken place in the ownership and size structure of enterprises. Private ownership has become dominant: in 2002, 83% of the GDP was generated by the private sector, a significant</p>

			<p>proportion in international comparison. There are over 860,000 businesses in operation. Less than 20% of these have no employees and the majority under 10 employees.</p> <p><b><u>Report on the implementation of the Hungarian National Action Plan on Social Inclusion for the period 2004-2006</u></b>  <a href="http://www.szmm.gov.hu/main.php?folderID=16286">www.szmm.gov.hu/main.php?folderID=16286</a></p>
	4.3 Revision of the Employment Act	Schedule A	<p><b>Economic development</b>  <a href="http://www.gpn.org/data/hungary/hungary-analysis.pdf">www.gpn.org/data/hungary/hungary-analysis.pdf</a></p> <p>The employment rate is presently only 57.3%, much lower than the EU average; it is also extremely low among young people (between 15-25), depending largely on the educational level.</p>
	4.4 Mid-term action plan for 2004-2006 on promoting the social inclusion of Roma people	Schedule A	<p><b>National Action Plan for Employment 2004</b>  <a href="http://www.szmm.gov.hu/main.php?folderID=13575">www.szmm.gov.hu/main.php?folderID=13575</a></p> <p><b>Vulnerable groups survey: the situation of Roma in Central and Eastern Europe</b>  <a href="http://www.tarki.hu/en/research/vulnerable/index.html">http://www.tarki.hu/en/research/vulnerable/index.html</a></p> <p>In March 2004, the Government adopted a mid-term action plan for 2004-2006 on promoting the social inclusion of Roma. Within the framework of the action plan, annual action programmes were drawn up and concrete measures defined.</p>

			The purpose of the programme is to coordinate efforts for improving the situation of the Roma with the involvement of an increasing range of actors. Education, training and employment are among the main fields of intervention.
	4.5 Flexibility and security of employment Amendment of the Labour Code	Schedule B	<p><b>Flexicurity legislations in Hungary</b>  <a href="http://www.eu-employment-observatory.net/resources/reports/Hungary-FlexicurityAR06.pdf">www.eu-employment-observatory.net/resources/reports/Hungary-FlexicurityAR06.pdf</a></p> <p>Hungarian labour market legislation, especially regulations applicable to layoffs, is quite rigid and employee friendly, thus creating potentially large firing costs for employers. The high minimum wage also reduces wage flexibility and can affect the chances of the low-skilled unemployed to find a job. It is pointed out that labour market flexibility can be an important element in achieving high participation, but its success depends on a dynamic, prosperous economic environment. Sadly, the Hungarian economy left the good equilibrium path several years ago and is now struggling with a high budget deficit.</p>
<b>5. Professional growth and mobility</b>	5.1 Higher Education Act	Schedule A	<p><a href="http://om.hu/letolt/nemzet/naric/act_cxxxix_2005.pdf">http://om.hu/letolt/nemzet/naric/act_cxxxix_2005.pdf</a></p> <p><b>Higher Education Act</b></p> <ul style="list-style-type: none"> <li>The purpose of this Act is to provide the legal guarantees that are a prerequisite for exercising the</li> </ul>

			<p>constitutional right to teaching and learning. Pursuant to the right to learning, each citizen of the Republic of Hungary is entitled to higher education on condition of his/her abilities to qualify for academic studies. The freedom of teaching, research and artistic creation is upheld by the autonomy of higher education institutions.</p> <ul style="list-style-type: none"> <li>The purpose of this Act is to create the legal conditions for higher education institutions to operate in line with and to benefit from the autonomy guaranteed therein, and to ensure that lecturers, researchers and students participate in exercising autonomy. The elements of autonomy listed under subsection (3) may be exercised within the limits defined by the law. Provisions pertaining to autonomy may only be governed by the law or are subject to authorisation granted by the law. In exercising autonomy, the rules and regulations of the relevant higher education institution shall be observed.</li> </ul>
<b>6. Re-entering education/training pathways</b>	6.1 'Study Hall' ('Tanoda') Programme	Schedule A	<p><a href="http://www.szmm.gov.hu/main.php?folderID=16286">www.szmm.gov.hu/main.php?folderID=16286</a></p> <p><b>Purposes of the programme</b></p> <ul style="list-style-type: none"> <li>To improve the further education, labour market and social inclusion chances of disadvantaged young people, especially of Roma, by providing services after regular school hours in study halls.</li> </ul>

			<ul style="list-style-type: none"> <li>To improve the academic results of Roma students by offering the experience of educational successes in an integrated environment in public schools.</li> </ul> <p>The purpose is to encourage more Roma students to finish elementary school and continue their education in secondary schools offering matriculation (A-level), and if possible, to obtain a certificate which allows them to go on to higher education.</p> <p>The already successful study hall programmes should be further improved and their services broadened and disseminated. The good practices and experiences should be shared by new study halls through cooperation (associations) and programme adaptation.</p>
	6.2 KID Program	Schedule B	<p><b>Report on the implementation of the Hungarian National Action Plan on Social Inclusion for the period 2004 - 2006.</b>  <a href="http://www.szmm.gov.hu/main.php?folderID=16286">www.szmm.gov.hu/main.php?folderID=16286</a></p> <p>Programmes offering alternative labour market services are successful among the unemployed who are difficult to access or assist through the state system of labour institutions: these programmes establish direct and personal contact with members of the target group, offering them employment solutions and tapping the cooperation of local players.</p>
	6.3 Active	Schedule B	<p><a href="http://en.afsz.hu/engine.aspx?page=en_report_implementation">http://en.afsz.hu/engine.aspx?page=en_report_implementation</a></p>

	labour market programmes		<p><b>Report on the Implementation of the Revised National Lisbon Action Programme Hungary</b></p> <p>In 2006, the average number of job-seekers registered by the Public Employment Service amounted to 393.4 thousand with a 4.4% (16,500) decrease compared to the previous year (9500 men and 7000 women). The decrease among school-leavers was 5.3% (2000 people). The decrease mainly involves the younger age groups and those receiving regular social assistance. In 2006, 235,000 persons participated in active labour market measures financed by the Labour Market Fund. Within the framework of HRDOP 1.1, some 35,000 persons were involved in complex labour market programmes between 2004 and 2006.</p>
	6.4 Flexibility and security of employment Amendment of the Labour Code	Schedule B	<p><b>Flexicurity legislations in Hungary</b></p> <p><a href="http://www.eu-employment-observatory.net/resources/reports/Hungary-FlexicurityAR06.pdf">www.eu-employment-observatory.net/resources/reports/Hungary-FlexicurityAR06.pdf</a></p> <p>Hungarian labour market legislation, especially regulations applicable to layoffs, is quite rigid and employee friendly, thus creating potentially large firing costs for employers. The high minimum wage also reduces wage flexibility and can affect the chances of the low-skilled unemployed to find a job. It is pointed out that labour market flexibility can be an important</p>

			<p>element in achieving high participation, but its success depends on a dynamic, prosperous economic environment. Sadly, the Hungarian economy left the good equilibrium path several years ago and is now struggling with a high budget deficit.</p>
	6.5 Lifelong learning strategy	Schedule B	<p><a href="http://www.okm.gov.hu/doc/upload/200602/kiadvany_hungarian_strategy.pdf">www.okm.gov.hu/doc/upload/200602/kiadvany_hungarian_strategy.pdf</a></p> <p><b>Lifelong learning strategy in Hungary</b>  The strategy adopted by the Government in September 2005 is a multi-sectoral document prepared by the Ministry of Education and the Ministry of Labour. It aims to introduce a comprehensive reform of the education and training system based on five priorities corresponding to individual demand throughout the life-cycle:</p> <ul style="list-style-type: none"> <li>• equal opportunities;</li> <li>• strengthening the links between the education and training system and the labour market;</li> </ul> <p>application of new governance methods; enhancing the efficiency of the education and training system, and increasing public and private investment in it;</p> <ul style="list-style-type: none"> <li>• improving the quality of education and training.</li> </ul>
	6.6 Programmes for the	Schedule B	<p><a href="http://www.soros.org/initiatives/women/articles_publications/publications/equal_20050502">www.soros.org/initiatives/women/articles_publications/publications/equal_20050502</a></p>

	reintegration of women into the labour market		<p><b>Flexible working time</b></p> <p>For flexible working arrangements refer to the aforesaid amendments to the legislative framework. In January 2004 pension regulations were amended and – as stated above – welfare contributions have also been changed in favour of part-time workers with young children. The Labour Code and the tax regulations were also amended to regulate part-time work and tele-work. Act IV of 1991 on the Promotion of Employment provides support for part-time employment and working from a distance through the use of telecommunication technologies. Compared to the EU15, only relatively few employees work in flexible work arrangements in Hungary: 22.2% compared to the 45% EU average.<sup>23</sup> In 2003 only 6.4% of female employees in Hungary worked in part-time employment.</p>
<b>7. Starting autonomous life</b>	7.1 Family benefits	Schedule B	<p><a href="http://www.szmm.gov.hu/main.php?folderID=16286">www.szmm.gov.hu/main.php?folderID=16286</a></p> <p><b>National Strategy Report on Social Protection and Social Inclusion</b></p> <p>Family allowance</p> <p>Since 1 January 2006 the family allowance, the family tax benefit and the regular child protection benefit have been merged under the heading of family allowance. This increased</p>

<sup>23</sup> *National Action Plan for Employment*, p. 24.

			family allowances by an average 84%. Recipients who formerly had not been able to take advantage of the tax benefits because of their low income now receive relatively high amounts of support. Families raising three or more children are still entitled to family tax benefit up to a certain income threshold.
<b>8. Transition to adulthood</b>			

## **5.2. Case Study Report Hungary**

by Dr. Kenderfi Miklos, Csehne Dr. Papp Imola, Nemeth Antal, Garabas Zita, Dene Zsofia, Csujá Zsuzsanna

### **5.2.1. Conceptual framework of flexicurity approach**

#### *5.2.1.a. General Overview*

##### *Hiring regulation*

Hiring regulations are only positively influenced by the Hungarian legislation through ALMPs for disadvantaged groups on the labour market. The typical ALMP targets a disadvantaged group and provides a tax exemption on the employer's payroll if a person from a disadvantaged group is hired. The ALMPs used in Hungary concern the job chances of the long-term unemployed, people aged under 30 and parents with small children.

If a long-term unemployed person is hired in a small or medium sized enterprise, the firm does not have to pay the payroll tax, (which is 32% of the gross salary) up to a salary as high as 130% of the minimum wage, if the job is guaranteed for at least one year. Any firm that hires a person who was on maternity leave can benefit from a 50% reduction of the payroll tax if the job is guaranteed for at least nine months.

In 2005, the government started to create a more transparent system of ALMPs. Firms hiring workers from disadvantaged groups only have to pay 15% of the payroll during the first year, and 25% during the second year of employment. In addition, they are exempt from the payment of the lump-sum social security contribution, which is HUF 1,950.<sup>24</sup>

The first ALMP aimed to increase the probability of workers with little or no work experience finding jobs. One ALMP is for under 25 year-old workers, with work experience of less than one year, after they graduated from any type of education. To receive the tax reduction, the employee has to maintain the employment relation for at least three more months after the subsidized period terminates. The second programme applies to graduates

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<sup>24</sup> The lump-sum social security contribution is not high, but it can be a non-trivial fraction of a small wage. For example, it is three percent of the minimum wage (which is Huf 62,500).

of a college or university, not older than 30, who are employed for a maximum two years after graduation. In this case the eligibility period is 12 months, without the requirement to maintain the employment relation after the subsidized period ends.

In 2006, more of these programmes were launched, one with identical tax regulations and eligibility periods for the long-term unemployed, parents on maternity leave and people taking care of disabled or ill relatives. These programmes, however, apply only up to a gross wage equal to twice the minimum wage. To sum up it can be said that the Hungarian government uses ALMPs to increase the employment chances of disadvantaged groups, and data show that these groups indeed face serious constraints when they try to find a job.<sup>25</sup> It should also be noted that, although ALMPs may well increase the employment of disadvantaged individuals, such programmes can also have spill-over effects. If the job does not have high fixed costs (for example, training costs or firing costs), it is likely that the employer will fire someone from their current workforce and employ, instead, somebody eligible for the tax reduction. This is particularly true for low-skilled jobs, when job tasks are such that it is quite easy to substitute one worker with another. This displacement effect may significantly decrease the benefits of such programmes. Nevertheless, they still have the advantage of shortening the duration of unemployment spells, even if they may not greatly affect the numbers of unemployed, as part of the disadvantaged people who find a job causes an inflow of another worker in unemployment. In addition, such programmes contribute to the decline of the average tax rate, which may also increase overall participation to some extent as the overall costs of production decline.

### *Firing regulation*

This type of regulation has several parts: whether the parties involved have to give a reason for the separation; cases when separation is not allowed; severance pay and length of advance notice. The regulation presented below refers to open-ended contracts, which are considered by the law to be the most typical type of contract. Fixed-term contracts, however, have gained popularity lately and therefore it is useful to discuss

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<sup>25</sup> One exception is the group of young workers with higher education, whose unemployment rate is very small, and it is hard to imagine why their employers should be subsidized.

the difference between these and open-ended contracts. Although the name would suggest that fixed-term contracts allow more flexibility to employers, this is only partially true, especially if the tenure of the worker is short.

Indeed, at the end of the fixed-term contract both the employer and the employee can end the relationship without consequences. Before its end, however, the fixed-term contract gives high security to the employee and little flexibility to the employer. If the employer fires the employee, he or she is entitled to the foregone earnings up to the end of the contract (with a maximum of one year's earnings if the contracted period is still longer than one year). Therefore, it is very costly to the employer to fire somebody with a fixed-term contract.<sup>26</sup>

The Labour Code favours open-ended contracts, which is reflected in the fact that the scope of fixed-term contracts is limited by the law. First, if the labour contract does not state clearly that the relationship between the parties is for a fixed-term period, the contract is automatically considered to be open-ended. Second, the longest period for fixed-term contracts is five years; if an employee had a sequence of fixed-term contracts with the same employer for five years, the contract automatically becomes open-ended (this applies even in the case when there were breaks in the relationship between two fixed-term contracts). Also, if after the expiration of a fixed-term contract, the employee works at least one day with the knowledge of the employer, he is considered to have an open ended-contract. Exceptions from this last piece of regulation are fixed-term contracts written for a period of less than 30 days; in this case the contract is extended by the number of days for which it was initially made.

### *Labour Market security*

In flexicurity terms, security is defined very broadly, meaning any regulation that makes workers feel more secure. Most important, however, is security in the case of a job loss, which consists of characteristics that are policy related, such as the size and length of eligibility of the unemployment benefit, and factors that depend mostly on the economic performance of the country, such as the length of unemployment spells.

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<sup>26</sup> The contract is symmetric in the sense that employees also have to serve until the end of the contract, but it is quite obvious that they can always behave in such a way to force the employer to let them go.

Even the length of unemployment spells can be influenced by policy, for example, by efficient assistance to job seekers and incentives to search.

The Hungarian government modernized its unemployment legislation in 2005, which was an improvement over the old regulation for at least two reasons. First, the current system is more just as it ties the unemployment benefit to the earnings in the previous job. Second, it provides incentives to actively search for a job and states that assistance should be provided by the labour offices. The value of the benefit depends on the recipient's last salary in the first three months, its minimum value being at least 60%, the maximum 120% of the minimum wage (which was HUF 62,500 in 2006). In the following six months the benefit is 60% of the minimum wage for everybody. In addition, those who find a job in the second period receive half of the unpaid benefit as a bonus. It is potentially important that only those who actively search for a job can receive the benefit, and they should be assisted efficiently by the labour offices.<sup>27</sup> Those workers who are eligible for the benefit have worked at least one year before they lost their job. To be eligible for the maximum period of nine months, the worker had to be employed during four years previous to the job loss. Those who did not work for the whole period, for each five worked days the eligibility period increases by one day. If the worker does not find a job during the eligibility period, he or she can receive a "job search subsidy", which is 40% of the minimum wage.<sup>28</sup> The eligibility criterion, thus, is such that new entrants to the labour market, or those who have only little experience, are not, or not fully, covered.

While the Hungarian legislation regulating the unemployment benefit is adequate, two major concerns arise. First, it is not clear how efficient the monitoring of the search is, and whether those who do not search are really punished by not getting the benefit. It is also unclear how the unemployed are assisted by the labour offices to find a job. More important is, however, the fact that unemployment spells tend to be long. In 2005 only 5% of the unemployed had spells shorter than one month, and 16.5% had between one and three months. It is striking that almost half of the unemployed, 46.2%, were long-term unemployed (over one year) and almost one-fifth of

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<sup>27</sup> Unfortunately no information is available on the number of unemployed falling out of the system because of not searching and which methods labour offices use to help the unemployed to search.

<sup>28</sup> Those who did not work for at least one year before the job loss, but worked at least 200 days, are also eligible for this subsidy.

the unemployed were searching without success for over two years.<sup>29</sup> Unemployment spells would probably worsen if discouraged workers (those that would like to work and are available, but do not search) were taken into account. The average number of discouraged workers was 110,000 in 2005, which is over one third of the number of unemployed (Hungarian Statistical Office “Stadat” system). There is not much information on this group, but their numbers are stable, which makes it likely that many of them have been in this labour force status for a long time.<sup>30</sup> Hopefully, the new unemployment regulation will increase the prospects of the unemployed, but in the short term the economic situation in Hungary will probably make it worse. After its election in May, the government launched a stabilization package to cure the budget deficit which is expected to be above 10% this year.

This package includes increasing the tax burden on labour and on companies in general and the restructuring of the public sector, which covers state administration and most of education and health. Both arrangements will result in layoffs and thus next year’s unemployment rate will rise, and also the possibilities of getting a job will probably decline as the economy slows down. To summarize, despite the improved unemployment legislation, it is expected that labour market security will tend to decline as a consequence of the overall economic situation.<sup>31</sup>

#### *Flexibility and security of employment*

Creating a balance between flexibility and security of employment might be implemented with the cooperation of the social partners. Even more people are working in non-standard forms of employment, which have established conditions of flexible employment for employers in a manner failing to grant, at the same time, a proper level of security and the opportunity for representation of interest. It is a common responsibility of the government and the social partners to review the labour law to ensure adaptability to restructuring, taking into consideration both flexibility and security. The aim is to establish a differentiated law, which takes into account the diversity of employment forms. During the amendment of

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<sup>29</sup> The new legislation came into power last year, so it is possible that new legislation has shortened the unemployment spells to some extent.

<sup>30</sup> Their number started to decline in the first half of 2006 by about 20%.

<sup>31</sup> Labour Market Flexibility and Worker Security in Hungary (2006) Álmos Telegdy, Central European University Institute of Economics of the Hungarian Academy of Sciences.

labour law, flexible employment has to be combined with new forms of employment security.

However, it has to be considered that in Hungary a significant proportion of the active age population is not present on the labour market and that there are ongoing restructuring processes. Assistance to enter the labour market, pursuing active labour market policies which assist job mobility, and combating undeclared work have therefore key importance for labour market flexibility and security. Measures being taken in these areas are covered in chapters on other guidelines. This section presents only the legal issues.

### **Amendment of the Labour Code**

In recent years, the labour law has gone through several changes that removed legal obstacles to flexibility. There has also been progress regarding employment security. From 1 January 2006, dismissal protection during the child-care benefit period until the child's third birthday is valid also if the parent takes up (or resumes) work. Clarifications to the rules concerning temporary agency work have strengthened application of the principle of equal wage for equal work. An important element of the amendment of the Labour Code was a revision of provisions relating to the granting of leave. Amended provisions defining the length of working hours now comply with the working time directive, and it has been made clear that employers are obliged to provide "unbroken" rest times.

### **Temporary work**

The amendment of the regulation on temporary employment enhances the employment security of those doing temporary work for private persons. There has been a steep rise in casual work: 418.7 thousand people took up such work in 2006, a fifty per-cent rise from the year before. The value of tax and contribution stamps sold in 2006 more than doubled that of the previous year.

### **Safety at work**

In December 2006, substantial changes to the legal regulation of health and safety supervision resulted in the formation of a coherent supervisory system. The professional and organisational standardisation, in addition to the rationalisation of staff and material demands, also contributes to healthier and safer workplaces with the coordination of technical and medical work and completing prevention. The integrated employment organisation has drawn up a comprehensive prevention strategy and implements the inspections on a more concentrated way. In 2006, an

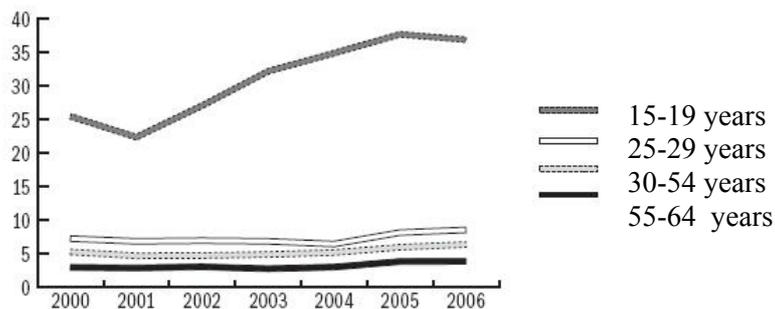
additional 100 labour inspectors joined the integrated employment authority.<sup>32</sup>

### 5.2.1.b. Youth related overview

#### *Labour market insecurities among young people*

Young people have been facing increasing difficulties in labour market entry since the early Nineties, but especially since 1995. It means that it takes longer for them to find their first job, and an increasing number experience unemployment immediately upon leaving school.

Figure 1 - Unemployment rate, in year groups 2000–2006 (percent)



Source: Central Statistical Office (CSO)

In addition, for a growing portion of young people, the quality of their first employment has been worsening and the risk of over-education is increasing. It appears that difficulties at labour market entry influence both the quality of the first job and the pattern of the early career. That is, a longer search period before finding initial employment has led to a higher risk of education/occupation mismatch. In addition, the risk of unemployment as well as the odds of downward status mobility in the first few years of the career is greater for those whose employment entry took more time. In line with previous results (Bukodi and Róbert, 2006a), analysis on early careers indicates that the incidence of occupational status

<sup>32</sup> Report on the Implementation of the Revised National Lisbon Action Programme Hungary (2007).

mobility was high in the early transformation period, then declined to some extent, but since the late Nineties it has been rising again.

Regarding job entry, there seem to be three groups of school-leavers. The first includes those with only compulsory or general secondary education (without any qualifications). These have the most difficulties in finding significant employment. The second group consists of individuals with vocational qualifications not leading to any further education and those who graduated in technical secondary schools; for them the school-to-work transition is quite smooth. Finally, the third group of school-leavers with the quickest entry to the labour market are the tertiary educated.

*Table 1 - Extent of supply-shock*

<i>Period</i>	<i>Number of new graduates (thousand)</i>	<i>Total number of graduates (thousand)</i>
1986- 1990	121	1988: 572 <sup>a</sup>
1991- 1995	120	1993: 640 <sup>b</sup>
1996- 2000	196	1998: 694 <sup>b</sup>
2001- 2005 <sup>c</sup>	257	2003: 850 <sup>b</sup>

<sup>a</sup> *Source:* Central Statistical Office (CSO) Income Survey 1987/88.

<sup>b</sup> *Source:* The autumn wave of the CSO Labour Force Survey in the given year.

<sup>c</sup> The number of new graduates in 2004 and 2005 is based on estimates.

With regards to early career patterns, individuals with academic secondary education and college diplomas have the highest chances of experiencing status gain. This indicates that - in spite of the fact that finding the first job takes quite a long time for grammar school graduates and their odds of being over-educated at labour market entry are gradually increasing - employees consider this type of education as a guarantee for possessing abilities to obtain on-the-job training, which may result in a higher upward mobility rate in the first few years of the career.

We can speculate that, for employees, not finding a job for a lengthy period is a bad signal. Hence, accepting even a “bad job” as a first employment can be a useful strategy because well-educated entrants can continue to search for a better job during their employment; moreover, employers appreciate employees with more labour market experience.<sup>33</sup>

<sup>33</sup> Increasing labour market insecurities among young people in Hungary?- Labour market entry process since the early 1980s. Working Paper no. 9 (2006) *Erzsébet Bukodi*.

The rate of employment of young people remained low in 2007: employment among 20-24 year olds decreased slightly because the time spent in education and the labour market transition period is steadily increasing, and regular work alongside study is still not typical in Hungary.<sup>34</sup>

Table 2 - Economic activity of young workers

Year	Em- plove d	Unem- ployed	Pensi on	Maternit y benefits	Inactive		Tota l	Popul a-tion
					Full time stude nt	Other reason s		
	<b>receiving</b>							
<b>2003</b>	355.5	54.9	6.4	46.6	705. 1	162.9	921. 0	<b>1331. 4</b>
<b>2004</b>	305.8	55.9	7.3	40.0	708. 6	178.6	934. 5	<b>1296. 2</b>
<b>2005</b>	<b>277.4</b>	<b>66.9</b>	<b>6.1</b>	<b>37.4</b>	<b>711. 3</b>	<b>171.9</b>	<b>926. 7</b>	<b>1271. 0</b>

Source: Hungarian Statistical Office, Employment Observations

Notes: Thousands of individuals. The figures refer to 15- 24 year olds.

#### *Active labour market policies*

The active labour market policy has a determinant role in improving employability of unemployed and disadvantaged people and assisting their job-seeking. With regard to the possible impact on employment of the adjustment period, the services granting assistance in job-seeking and the supports have to be strengthened. Experiences of the last fifteen years have demonstrated that it is difficult to reverse long-lasting inactivity.

Therefore efforts have to be made to prevent losing a job resulting in a long-term withdrawal from the labour market. It is especially important for people facing particular difficulties in entering to the labour market (including Roma and disabled people) to be offered tailor-made assistance to improve their employability and chances of finding a job.

<sup>34</sup> Report on the Implementation of the Revised National Lisbon Action Programme Hungary (2007).

In 2006, the average number of job-seekers registered by the Public Employment Service amounted to 393.4 thousand, representing a decrease of 4.4% (16,500) compared to the previous year (the decrease amounted to 9.5 thousand men and 7 thousand women.). The decrease among school-leavers was 5.3% (2 thousand people). This decrease mainly affects the younger age groups and those receiving regular social assistance. In 2006, 235 thousand persons participated in active labour market measures financed by the Labour Market Fund. Within the framework of HRDOP 1.1, nearly 35,000 persons were involved in complex labour market programmes between 2004 and 2006. The support system has been transformed with the primary aim of abolishing the overlapping forms of support and making the system more simple and transparent. The legal amendments also aimed at further harmonization of employment-promotion support rules with the EU law, improving the efficiency of employment support and clarifying rules for performing job-seeking tasks.

#### **Assistance for job-seekers' employment in micro, small and medium-sized enterprises and NGOs.**

The SME+ programme was launched in January 2006. Within its framework, micro, small and medium size enterprises and NGOs that increase staff through employing job-seekers registered for at least three months as unemployed, are entitled for support. The entry period lasted until 31 December 2006 and the programme will continue until the end of 2008. 11,471 companies joined the programme and 14,142 registered job-seekers have found employment under it in 2006.

#### *Family support*

Hungary operates a sophisticated family benefit system in which the various forms of benefits may be universal, tied to the payment of contributions or income-dependent.

*Family allowance:* family allowance is a universal support financed from the state budget. The parent qualifies for that support from the time of childbirth until the end of school-bound age (0-18 years), then in secondary level education or vocational training (until the age of 23). The amount is differentiated according to the number of children, also depending on whether the child (children) is (are) raised by a single parent, and whether the child is disabled or not.

From 1 January 2006 the family allowance, the family tax benefit and the regular child protection benefit have been merged and continued to be

disbursed under the title of family allowance. This increased the former amounts of family allowance by 84% on average. Those recipients who, because of their low income, had not been able to take advantage of the tax benefits also get high amounts of support. Families raising three or more children are still entitled to *family tax benefit* up to certain income threshold.

To compensate the financial burdens of having children, those women who gave birth to a child and have participated in pregnant care at least 4 times are entitled to a *lump sum maternity grant*, the amount of which is 225% of minimum pension, or 300% in the case of twins. In 2003, 91.7 thousand women received these benefits and in 2005 the budget appropriation was 5.29 billion HUF.<sup>35</sup>

The *child care allowance (gyes)* is a flat amount benefit paid to parents who stay away from the labour market until their child is 3 years old (or 10 years old in the case of permanently ill or severely disabled children), or to grandparents who look after their grandchildren between 1 and 3 years of age in the parents' household. In the case of twins, this support is paid until the children reach school age (usually 6 years). The amount of the allowance is the same as the minimum pension, or double that amount in the case of twins. In 2005, 161.4 thousand people received this allowance, and 50,458 billion HUF was paid from the state budget on child care allowance.<sup>36</sup> From 2006 this support has been made available to parents employed full time, for children between one and three years of age.

If the woman who bore a child acquired an insurance term of at least 180 days in the two years preceding the birth, she becomes entitled to *pregnancy confinement benefit*. This support can be granted for the same term as maternity leave (for 24 weeks), of which 4 weeks may also be taken before the expected date of birth of the child. The amount of the support is 70% of the average wages of the preceding year. In 2004, 28 thousand women took this support and in 2005 the budget appropriation was 27.1 billion HUF.<sup>37</sup>

After the expiry of the pregnancy confinement benefit those parents who had been employed formerly are entitled to a *child care fee (gyed)* until the child has reached the age of two, if they do not resume working. This support is conditional upon having an insurance term of at least 180 days in the two years preceding the birth of the child. Its amount is 70% of the average wages of the previous year, but not more than 87.5 thousand HUF

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<sup>35</sup> Source: MÁK (Hungarian State Treasury)

<sup>36</sup> Source: MÁK (Hungarian State Treasury).

<sup>37</sup> Source: OEP (National Health Insurance Fund).

a month. Parents eligible for child care fee may not receive child care allowance simultaneously; however, after the expiry of child care fee they are eligible for child care allowance until the child has reached the age of three. In 2005, 87 thousand people received the child care fee, with an expenditure of 61.2 billion HUF.<sup>38</sup>

Those parents who raise three or more children in their own homes (and with the youngest between 3 and 8 years of age) and work a maximum four hours a day are eligible for *child raising support* (gyet). The monthly amount of this support is the same as the minimum pension, regardless of the number of children. In 2005 there were 47 thousand recipients, in 2005 spending totalled 13.9 billion HUF.

Employed parents qualify for the following *sick pay* for looking after their children:

- unlimited sick pay until the child reaches one year
- for 84 days per child aged from 1 to 3
- for 42 days per child from the age of 3 to 6, for 84 days in the case of single parents
- for 14 days per child from the age of 6 to 12, for 28 days in the case of single parents.

## **5.2.2. Analyze single policies/measures (P&M) addressed to social integration of young people**

### *5.2.2.a. Assistance to career starters*

To promote the employment of career starters, the Government launched the START Programme at the end of 2005 to help young people enter the labour market by providing essential work experience. Nearly 41,000 young people found jobs with the support of the programme between 1 October 2005 and 1 August 2007.

### **Extension of the START Programme**

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<sup>38</sup> Source: OEP (National Health Insurance Fund).

The promising outcome of the START Programme prompted the Government to extend it – with the support of the ESF – to raise the labour demand for disadvantaged workers and aid them in finding jobs.

- ‘START Plus’ support assists the long-term unemployed, who have looked after small children or other dependent family members, to resume work after the end of child care benefit or while receiving such benefit.
- ‘START Extra’ support assists the long-term unemployed over the age of 50 or with low educational levels to find employment.

#### *5.2.2.b. Development of the vocational and adult training institutions*

To obtain greater cost-efficiency within the vocational training institutional system, 16 regional integrated vocational training centres (TISZK) have been established using EU funds. Adjusting training facilities to cutting-edge technological instruments is now in progress and practical training started in most of them in September 2007.

An amendment to the Vocational Training Act in 2007 sets up a management, regulatory, financial, decision-making, interest-reconciliation and information system to help training institutions adapt to the labour market and react to labour market demands.

#### **Developments in the content of vocational and adult training**

To renew the content and structure of vocational training, a new, modular National List of Qualifications (OKJ) has been prepared (Measure 3.2.1 of HRDOP). It incorporates a fresh set of modular, competence-based professional and examination requirements. Qualifications in the new system result in a new examination system; a recent examination decree provides for the reform of the related control of examinations. Phase II of the Vocational School Development Programme is in progress, implementing educational and infrastructural improvements for 70 vocational schools and involving some thirty thousand students. The programme is improving the responsiveness of vocational school training to changes in the labour market (the content and structure of training will be adjusted to labour market needs), the quality of education and efficiency will be improved and drop-out rates will decrease. The programme offers new opportunities for disadvantaged students and students with special needs to obtain valuable skills that will assure them a living.

Act CI of 2001 on Adult Training has been amended twice since October 2006. Several national councils for making appraisals, proposals and preparing decisions and the support institution for adult training have been merged, and the rules concerning practising adult training have been tightened in the interests of adults attending training courses.

#### *5.2.2.c. Increasing the labour-market participation of women*

The Government has launched several measures to assist parents with small children to return to the labour market:

- Either parent may receive the child care benefits on the same terms. Child care benefit may also be transferred to grandparents after the child's first birthday.
- Inactive persons on child care benefit are entitled to participate in vocational training or in higher education free of charge and since 2007 they receive extra scores at the higher education entrance process.
- Persons on maternity leave can also join labour market training courses.
- The restrictive rules regarding the employment of persons receiving child care benefit has been abolished since 1 January 2006.
- About 800 new places at day care services for children (crèches) are being established between 2006 and 2008 financed by EU resources (HRDOP).

#### *5.2.2.d. Transformation of disability benefits and improving the rehabilitation system*

The new disability benefit system – which will have an important role in reducing early retirement – comes into effect on 1 January 2008. The purpose of the new rehabilitation system is to help those disabled persons who can be rehabilitated to return to the labour market, with only those persons not able to perform their work effectively remaining on disability benefit.

For people with partial disabilities, a transitional benefit will replace the recent benefit. This transitional benefit will be accompanied by appropriate

rehabilitation that assists and stimulates a return to the labour market. From 2008, disabled persons, who – regarding their state of health, skills, and age – have a good chance of being rehabilitated, will receive rehabilitation benefit instead of the recent disability pension.

- The net amount of the rehabilitation benefit is equal to the recent 3rd class disability pension. However, those receiving the benefit are also eligible for rehabilitation services and are obliged to cooperate with the labour organisation.
- Rehabilitation benefit can be granted for the period of the rehabilitation, at most for three years.

In parallel with changes in disability benefits, a new rehabilitation system is being established that focuses on individuals and their remaining abilities and makes the necessary services available for disabled people to maintain and develop their abilities and skills. ESF and ERDF funds will contribute to the development of rehabilitation between 2007 and 2013.

#### *5.2.2.e. Transformation of the unemployment benefit system*

The Revised National Action Programme has laid down that actions designed to address negative labour market effects of macro-economic adjustment should preserve activity and assist transition rather than increase inactivity. The effect of such measures can be seen in the labour market participation which has increased from 61.3 to 62.0% overall (67.9% to 68.7% for men and 55.1% to 55.5% for women).

#### **Transformation of the unemployment benefit system**

At the end of 2005, to meet the requirements defined in the Action Programme, unemployment benefit was replaced by job-search benefit, which has two components: job-search benefit and job-search allowance. The positive incentive-to-work effect of the job-search benefit support system is proved by the fact that over 33% of recipients of job-search allowance found jobs in 2006 before their entitlement to the allowance expired, compared with around 25% in previous years.

#### **Changes in the system of social benefits**

The new rules for social assistance aim to uphold social equity while providing incentives to work. Social assistance was transformed in 2006

and is now based on families instead of individuals. The amendments in 2007 have also given further incentives for the recipient to work:

- the total regular social benefit granted to one family cannot be higher than the net minimum salary;
- it is possible to cross over from assistance to public work, i.e. if a local authority employs the recipient of assistance, it may draw the amount of benefit from the state budget and convert it to wages.
- people in public work may receive the difference between their wage and the amount of the previous assistance, if the latter is lower.

#### *5.2.2.f. Programmes assisting employment of Roma people*

The Decade of Roma Inclusion Programme (DRIP) – to a large extent financed by European Union funds – enhances equal opportunities in education, eliminating school segregation, increasing the employment of Roma people, improving health conditions and the level of available health care and substantive improvement of housing conditions. The Hungarian Strategic Plan<sup>1</sup> for the DRIP defines comprehensive aims and concrete tasks in four priority areas, namely education, employment, housing and health, and also for equal opportunities, culture, media and sport. Actions to improve the employment position of the Roma mainly involve integrated programmes aimed at addressing labour market disadvantages. Such programmes are currently being supported by national resources (programmes of employment centres, National Employment Public Foundation programmes) and by ESF resources. According to recent estimates, the active labour market services provided by the Public Employment Service (PES) (including central and regional programmes financed by Labour Market Fund and HRDOP 1.1) helped to improve the employability of 30,000 Roma people in 2006.

Cooperation with Roma organisations (Roma minority municipalities and NGOs) and their involvement in the implementation are important features of such programmes. Besides comprehensive programmes (covering not only Roma people), “targeted” Roma programmes also have an important role (including the Roma employment-management network operating within the PES, or the Roma ‘Janitor’ and ‘Telepes’ programmes supported by the National Public Employment Foundation, and the Roma business support programme).

#### *5.2.2.g. Labour market programmes of the non-profit sector*

NGOs are best placed to reach those unemployed and inactive people who are not in contact with the Public Employment Service. For over ten years, the National Employment Public Foundation (NEPF) has supported pilot programmes and non-governmental initiatives to assist disadvantaged groups in entering the labour market. As a result, three main categories of labour market programmes of the non-profit sector have developed:

a) Programmes offering alternative labour market services are successful among the unemployed who have difficulty in accessing the labour market or are assisted through the government's system of labour institutions: these programmes establish direct and personal contact with the members of the target group, they offer complex employment solutions to them, and build on the cooperation of local players. Since 2000, the NEPF and the PES have supported between them a total of about 120 project plans with HUF 2.5 billion and helped to improve the lives of almost 75,000 jobless people with these programmes. Examples are:

- KID Programme - Recognising the high rate of unemployment among young people in Hungary- most of whom have not completed primary education, have no recognised qualifications, have psychological and/or family problems, learning difficulties and/or problems coping with life and no motivation for learning or work- the Hungarian government initiated in 2001 the KID programme for preventing the exclusion of disadvantaged young people from the labour market. The three-year programme was funded by the NEPF.

Within the framework of this programme, eight independent organisations from all over Hungary, with different employment and economic circumstances and addressing several kinds of local problems, launched their KID project. Each of them had established quite different methods and structures in line with local conditions.. They engaged highly qualified specialists, sociologists, teachers, psychologists, experienced social workers, educators, trainers, speech therapists, etc. Building up a local network with educational, social and labour organisations was an important part of the individual case-handling programme.

These eight KID organisations also founded a network based on active cooperation as a means of disseminating their results. This

network offered workshops for specialised teams (one for project managers, one for social workers, one for network managers).

- In 2004-2005, a total of 6129 disadvantaged jobless were involved in the projects of the Back to Work programme; of these, 3060 were found jobs and 1931 still had their jobs after three months. The programme budget was HUF 190 million.
- During the full-time period (2005-2006) of the programme assisting the re-socialisation of prisoners and former prisoners and the labour market integration of their unemployed relatives, a total of 321 people in the target group will be involved in the programme. The plan is to find employment for 30% of clients expected to be released by the end of the period. (In 2005, out of 229 clients 75, or 32%, found jobs.) Target: long-term employment of 20% of those who found jobs (no data is available regarding the achievement of this indicator). The programme budget was HUF 100 million.
- In its first phase, the programme aimed at the labour market re-integration of families of two or more working-age members fighting multi-generation unemployment; 440 people were found out of 478 families (869 people). In the second round of applications (out of 9 organisations 6 were successful again in applying), 206 families (412 people) will be included in the programme according to the project plans, and 212 people will receive a job by the end of the grant period. Preparation of the programme's impact studies started in late 2006. The programme's total budget between 2004-2006 was HUF 262 million.

b) Transit-employment programmes provide non-school based vocational training linked to employment for the untrained young jobless (employment is a target and also a means). Experiences to date have shown that 70% of young people with severe disadvantages who complete the programme managed to find a job. Examples are:

- The “Litmus” programme targets the labour market and social (re)integration of unemployed people aged 18-25, who left child protection services as they turned 18, and of young unskilled unemployed adults receiving after-care services. The projects provide

training and employment to young adults through the refurbishment and conversion of unused buildings, and provide them with accommodation in the new flats. 15 flats were constructed in the first phase. Of the 14 long-term participants in the project, 12 received training towards a semi-skilled construction worker qualification and passed the tests. After the completion of the 10-month employment and training programme, 7 persons received contracted jobs and 3 have seasonal work. The 2nd phase of the programme started in 2006, involving 16 young people. By the end of 2006, 15 more flats will be completed. After the implementation of the programme, a follow-up study will be launched on the impact of the programme. The programme budget between 2004-2006 was HUF 237 million.

c) Project providing opportunities for sheltered employment and long-term employment:

Non-profit organisations offering sheltered employment integrate people with reduced working capacities into employment rehabilitation.

Long-term employment projects create new jobs through increasing the headcount of already existing organisations (e.g. linked to the introduction of new services), creating new jobs, and through exploring new employment opportunities. Under personal service programmes, the projects create new jobs, mainly in the fields of health care and social services, by promoting local employment. The projects target the development of the social economy and aim to ensure that social enterprises launched with public funding gradually become self-supporting. Examples are:

- In the programme entitled “Lifting family commitments hindering employment through promoting the development of the social economy” “personal helpers” are used who assist people caring for children or elderly relatives so that they can keep their existing jobs or enter employment. The implementation of the projects was started late 2005, therefore no qualitative results are available yet (there are 40 successful applications). The programme budget for 2005 was HUF 208 million.<sup>39</sup>

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<sup>39</sup> Source: Report on the implementation of the Hungarian National Action Plan on Social Inclusion for the period 2004 - 2006.

### **5.2.3. Selected combinations of “Good Practice” towards a flexicurity approach**

The assessments of the social situation clearly reflect what has also been stressed in several EU reports on Hungary, namely that its unemployment rate is relatively low, while the employment level is also low, which means that a significant portion of the active population (nearly 40%) is not present on the legal labour market. Employment is far below the EU average, especially amongst those with low education levels, but territorial disadvantages also play a significant role in this unfavourable situation. In addition, the structure of training does not appropriately correspond to the needs of the market. Most of those who are inactive are eligible for various social and pension type benefits, while the qualification system related to various forms of benefits provided to those with reduced working capabilities is fragmented and does not appropriately concentrate on the development of remaining skills. The deteriorated state of health of the active age population also hinders the improvement of employment levels. Those with low education levels and the long term unemployed form a high risk group from the point of view of health. Employment of the Roma is also hindered by the prejudice of the majority of society. As a result, we believe that promoting the employment of disadvantaged groups – primarily those with low education levels, the Roma, the disabled, and those living with reduced working capabilities as well as elderly employees – is of primary significance. To achieve this, we are defining the following objectives:

#### **Promoting employment through legal and fiscal tools**

- by using contribution discounts for groups that are disadvantaged on the labour market – first time job seekers, women and long-term unemployed,
- by fighting unreported employment and strengthening labour controls.

#### **Encouraging job search, on one hand using employment policy tools, and on the other by strengthening the employment incentive elements of the social benefit system**

Active labour market policy tools aimed at disadvantaged groups must be strengthened, among others

- by developing the programmes of PES (Public Employment Service) providing help in re-entering the labour market,

- by various forms of sheltered and temporary employment for the most disadvantaged,
- by special support tools provided to first time job seekers,
- by tools supporting the employment of women,
- by programmes supporting the employment of Roma,
- by developing the employment rehabilitation system, and implementation of complex rehabilitation so that people living with disabilities and with reduced working capabilities can stay on the labour market or get jobs.

**Work incentive elements must be strengthened in the system of social benefits**

- by strengthening the work incentive elements of the social assistance system, e.g. by providing individual integration plans or continued assistance in case of employment,
- by reconciling the labour and social benefit systems, and providing a basis for rational integration,
- by restructuring the disability pension and forms of early retirement,
- by modernizing the professional conditions of complex rehabilitation, and harmonizing the actions taken in individual sectors.

**Extension of alternative employment solutions**

- by increasing the employment potential of NGOs,
- by providing incentives for voluntary employment
- by supporting the social economy, innovative and local employment initiatives and agreements.

**Promotion of lifelong learning**

- by training in the basic skills vital for adapting to the labour market in public education, and by developing key competencies,
- by the modernization of the vocational training system, so that it can better react to the needs of the labour market,
- by reducing school dropout rates, – by providing free basic and vocational education for certain disadvantaged groups,
- by expanding the opportunities for adult training, with special regards to acquiring basic level education,

- by establishing and developing the system of quality assurance in public education and vocational training.

#### **Elimination of obstacles hindering employment**

- by strengthening the efficiency of legal tools available against labour market discrimination, as well as other tools of social awareness raising, with special regards to reducing discrimination against the Roma, the disabled, mothers.
- by using health protection tools aimed at employees,
- by enabling physical access to training and work places in order to expand the employment opportunities of those with disabilities,
- by eliminating obstacles of transportation and developing community transportation in order to promote geographic mobility,
- by supporting the mobility of employees with low wages (covering the costs of commuting).

The poverty rate of children in Hungary is approximately one and half times that of the average population. Nearly one fifth of children live in households where the income per capita does not reach 60% of the median income.

#### **Promoting the employment of parents**

- by strengthening the measures related to the fight against inactivity,
- by improving the reconciliation of family life and work.

#### **Ensuring equal opportunity in the system of education and training, so that it can limit the transmission of poverty between generations**

- by decreasing the ratio of those classified as having special education needs within the group of students with multiple disadvantages,
- by decreasing drop-outs in secondary level education, primarily in vocational schools, as well as focussing more on the skills of disadvantaged students, and providing incentives to disadvantaged students to participate in forms of A-level training,
- by ensuring equal opportunities and free tuition for disadvantaged students in higher education.

#### **Improving income situation of families with children**

- by maintaining the value of family support benefits and related benefits in kind.

**Strengthening child welfare and child protection services**

- by making access to child welfare services possible in small settlements, also for those living in areas where services are lacking,
- by the gradual improvement of the quality of specialized care and temporary care,
- by strengthening legal and institutional tools of the fight against domestic violence,
- by ensuring good quality developmental and recreational programmes.

**Health protection of children and young people**

- by fighting addictions, with special focus on drug addictions regarding young people,
- by providing incentives for an active and healthy lifestyle,
- by strengthening youth services and developing young communities, and providing incentives for active citizenship.

Some areas with small villages and bad infrastructure are characterized by a significant ageing of the population, while at the same time, the ratio of children and young people is high in settlements with the highest poverty risk, which shows a close relationship with increasing residential segregation. The Roma population in these settlements is over-represented by more than four times. This is also where the “settlement comfort” level - considering both the quality of homes, as well as institutions and commercial supply centres - is the lowest. In addition, there are several big city areas that are degrading and becoming ghettos because of the concentration of the Roma population.

**Rehabilitating the most disadvantaged territories**

- by financial tools supporting disadvantaged areas and settlements,
- by extending the territorial pilot programmes already in progress,
- by launching complex economic, employment, training, infrastructure, and community development programmes in order to rehabilitate at least the 25 most disadvantaged micro-regions within the framework of the ‘New Hungary’ Development Plan,
- by continuing city rehabilitation programmes.

**Providing access to services in territories lacking services**

- by providing incentives to multi-purpose micro-regional associations, by micro-region level education, health, library, information, etc. services;
- by controlled territorial balancing of social services, integrated sub-regional services, as well as service organization,
- by mitigating geographical disadvantages and developing transportation, public utility infrastructure and IT services.

**Reducing housing disadvantages**

- by fighting over-indebtedness,
- by measures helping to gain access to housing,
- by the social integration of those living in slums, slum-like environments and city ghettos,
- by measures aimed at preventing and reducing homelessness.<sup>40</sup>

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<sup>40</sup> National Strategy Report on Social Protection and Social Inclusion 2006-2008 Ministry of Social Affairs and Labour.

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## Web sites

- [http://en.afsz.hu/engine.aspx?page=en\\_report\\_implementation](http://en.afsz.hu/engine.aspx?page=en_report_implementation)
- [www.eu-employment-observatory.net/resources/reports/Hungary-FlexicurityAR06.pdf](http://www.eu-employment-observatory.net/resources/reports/Hungary-FlexicurityAR06.pdf)
- [www.eurofound.europa.eu/ewco/2006/07/HU06070291.htm](http://www.eurofound.europa.eu/ewco/2006/07/HU06070291.htm)
- [www.gpn.org/data/hungary/hungary-analysis.pdf](http://www.gpn.org/data/hungary/hungary-analysis.pdf)
- [www.oecd.org/document/29/0,3343,en\\_2649\\_37457\\_38616413\\_1\\_1\\_1\\_37457,00.html](http://www.oecd.org/document/29/0,3343,en_2649_37457_38616413_1_1_1_37457,00.html)
- [www.okm.gov.hu/main.php?folderID=137&articleID=6982&ctag=articlelist&iid=1](http://www.okm.gov.hu/main.php?folderID=137&articleID=6982&ctag=articlelist&iid=1)
- [www.okm.gov.hu/doc/upload/200602/kiadvany\\_hungarian\\_strategy.pdf](http://www.okm.gov.hu/doc/upload/200602/kiadvany_hungarian_strategy.pdf)
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- [www.szmm.gov.hu/main.php?folderID=16286](http://www.szmm.gov.hu/main.php?folderID=16286)
- [http://tatk.elte.hu/index.php?option=com\\_docman&task=cat\\_view&gid=294&mosmsg=You+are+trying+to+access+from+a+non-authorized+domain.+%28www.google.co.uk%29](http://tatk.elte.hu/index.php?option=com_docman&task=cat_view&gid=294&mosmsg=You+are+trying+to+access+from+a+non-authorized+domain.+%28www.google.co.uk%29)
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## 6. Italy

### 6.1. Synoptic Table of flexicurity measures

<i>Flexicurity areas in consideration of the lifecycle approach</i>	<i>Simple/Aggregated measure(s) selected and described in the national case study report</i>	<i>Source: YOUTH Schedule A/Schedule B</i>	<i>Any additional measure(s) you consider relevant for the YOUTH research although not included either in Schedule A or in Schedule B<sup>41</sup> (Measure/Short abstract)</i>
<b>1. Leaving the general education</b>	1.1 Right-duty to participate in education and training (formal learning)	Schedule A, Schedule B	
	1.2 Apprenticeship Contract for exercising the right and duty to take part in education and training	Schedule A, Schedule B	

<sup>41</sup> Authors of the synoptic table are required only to mention the relevant measures not included in the Youth research, where considered important for a better understanding of flexicurity trends and measures, as well as a very short related abstract. No other information is requested at this stage.

	1.3 Higher Technical Education and Training (IFTS) pathways	Schedule A	
<b>2. Setting up social life</b>			<p><b>Civilian Service</b></p> <p>The National Civilian Service (SCN) pursues the following aims (1.64/2001):</p> <ul style="list-style-type: none"> <li>- to foster the implementation of the constitutional principles of social solidarity, with particular focus on the protection of social rights and personal services;</li> <li>- to contribute to the civic, social, cultural and professional formation of young people;</li> <li>- to participate in safeguarding and protecting the environmental, forestry, historic-artistic, and cultural</li> </ul>

			<p>heritage and in civil defence – to promote solidarity and international cooperation. The National Civilian Service is addressed to Italian citizens from 18 to 28 years. Civilian Service projects can be implemented in Italy and abroad and last for 12 months.</p> <p>Members of the SCN include the <i>Ufficio Nazionale per il Servizio Civile</i> (UNSC), Regions and Autonomous Provinces, accredited bodies who manage Civilian Service projects and volunteers. Accredited bodies are public administrations, not for profit associations and NGOs who work in the areas specified by the law and who possess the structural and organizational requisites, as well as</p>
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		<p>adequate competences and resources destined specifically for the SCN. These bodies select volunteers for implementing approved Civilian Service projects. At the end of the year worked, the UNSC issues a certificate to the volunteer.</p> <p>Fund for youth policies</p> <p>a) "Access to the labour world" project, to support initiatives for facilitating the young generations' access to work</p> <p>b) "Access to a house" project, aiming at removing the obstacles young people encounter for acquiring or renting their main residence</p> <p>c) "Access to credit", to promote young people's access to financing for their cultural and professional</p>
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		<p>formation</p> <p>d) "Young Ideas Change Italy" national competition to promote and support, through public contributions, young people's programming and creative abilities</p> <p>e) "Youth Charter" project for supporting the cultural formation of young people by offering subsidises for meritorious consumption through agreements with transport firms, publishing chains and theatrical associations;</p> <p>f) Initiatives regarding specific needs of young people in metropolitan areas. The Fund is shared between the Ministry of Youth Policies and Sporting Activities for implementing actions of national interest and the regions, provinces</p>
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			and local authorities. Financing in 2007 amounted to 60 million euro.
<b>3. Entering a professional learning process</b>	3.1 Apprenticeship Contract to achieve a professional qualification and to obtain a diploma or admission to higher education.	Schedule A, Schedule B	
	3.2 Induction contract ( <i>Stage</i> )	Schedule A	
	3.3 PES (Guidance & Counselling)	Schedule A, Schedule B	
	3.4 Regional VET courses	Schedule A	
<b>4. Entering the labour market</b>	4.1 Apprenticeship Contract to achieve a professional qualification	Schedule A, Schedule B	

	4.2 PES (job matching)	Schedule A, Schedule B	
	4.3 Work entry contract ( <i>contratto di inserimento</i> )	Schedule A	
	4.4 Ordinary unemployment allowance	Schedule A, Schedule B	
	4.5 Labour mobility ( <i>mobilità occupazionale</i> )	Schedule A	
	4.6 Wages Guarantee Fund ( <i>Cassa Integrazione Guadagni, CIG</i> )	Schedule A	
	4.7 Start up incentives	Schedule A	
<b>5. Professional growth and mobility</b>			A) Regional continuous training courses (1.236/1993, 1.53/2000 and ESF programmes)

			<p>Training courses for the employed are financed by the regions for updating competences and upgrading.</p> <p>B) Intercompany bilateral funds Continuous training courses Training courses for employees of firms supporting the funds. The resources come from the compulsory payment to INPS of 0.30% of total wages and contributions by firms (l. /2001).</p>
<b>6. Re-entering education/training pathways</b>	6.1 PES	Schedule A, Schedule B	
	6.2 Regional VET courses	Schedule A	
<b>7. Starting autonomous life</b>	7.1 Start up incentives	Schedule A	<p>Fund for youth policies</p> <p>a) "Access to the labour world" project to support initiatives for facilitating the young generations' access to work</p>

			<p>b) "Access to a house" project, aiming at removing the obstacles young people encounter for acquiring or renting their main residence</p> <p>c) "Access to credit", to promote young people's access to financing for their cultural and professional formation</p> <p>d) "Young Ideas Change Italy" national competition to promote and support, through public contributions, young people's programming and creative abilities</p> <p>e) "Youth Charter" project for supporting the cultural formation of young people by offering subsidises for meritorious consumption through agreements with transport firms, publishing chains and theatrical associations;</p>
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		<p>f) Initiatives regarding specific needs of young people in metropolitan areas. The Fund is shared between the Ministry of Youth Policies and Sporting Activities for implementing actions of national interest and the regions, provinces and local authorities. Financing in 2007 amounted to 60 million euro</p>
<p><b><i>* Please provide the Youth research team with a brief explanation of why the national case study report you arranged narrowed the field of investigation on the selected measures and did not include the ones mentioned in this column.</i></b></p> <p>For the criteria used to choose the measures see the case study (relevance or absolute lack of relevance of measures with regards to the youth target rejecting the greatest success factor because of lack of evaluations). In addition, the measures were chosen with reference to the time of entering the labour market, i.e. those immediately previous and those entering into operation in the event of an early exit, following the four families of measures defined. This has meant excluding the measures for the development of social life given here.</p> <p>Continuous training (regional and Intercompany Bilateral Funds) has been inserted because these are the only measures in Italy for professional development based on formal and informal learning; however they will only manage to involve more young people after a revision and/or redesign of the programmes (in the ESF interventions for active ageing are recommended). The figures on recipients of continuous training financed by the European Social Fund (and especially in the centre-north regions) demonstrate that, to date, only some 25% are under 30 years</p>		

of age (15% in the 25-29 group); considering that overall the ESF covers on average 1.2% of the employed every year, it is evident that the impact on young people is minimal.

## **6.2. Case Study Report Italy**

by *Alessandra De Lellis* and *Manuel Marocco*, ISFOL

### **6.2.1. “Flexicurity” in Italy: the political and academic debate**

Soon after the launch of the Green Paper on “Modernising Labour Law to Meet the Challenges of the 21st Century” and on the prompting of the European Commission various Italian bodies declared their positions on *flexicurity*.

In a document presented by a group of academics (see “I giuslavoristi e il Libro verde”, presented in March 2007<sup>42</sup>) it is claimed that the transfer of corporate risk, following the proposed shift of protection “from” labour contracts “to” the market, would incur considerable social and existential costs. It is mainly the “macro” dimension of *flexicurity* that is criticised, since the conditions in which it developed in the Scandinavian countries presumes “very special social and institutional conditions” difficult to apply in other countries.<sup>43</sup> According to the authors of that document, it is doubtful that the “Ghent system” (where the degree of flexibility of work contracts is directly proportional to the protection ability of the market, entrusted to the unions with government subsidies) could be exported, particularly to Italy. In fact, there could be doubts about exporting this system tout court, since in Italy not only are the unions partially involved in managing social security system, but above all (as described below) the same system do not sufficiently cover unemployment risks, and in particular those involving young people.

The possibility of developing a micro dimension of *flexicurity* seems less problematic. Italy has a long experience of “negotiated flexibility”, where the legal restrictions of some individual labour institutions and contracts are eased through collective bargaining which also supports individual bargaining. This tool is effective enough – the document drafters indicate a series of good practices of “positive integration between legal regulations and enhancement of collective agreements” – to promote, so to speak, a “good” flexibility.

The Green Paper has also been examined by other institutional players (Ministry of Labour and Social Security), social partners (CGIL- CISL- UIL), as well as academics (Centro Studi internazionali e Comparati “Marco Biagi” of the Università di Modena e Reggio Emilia, CSMB).

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<sup>42</sup> In [www.lex.unict.it/eurolabor/news/doc\\_libroverde.pdf](http://www.lex.unict.it/eurolabor/news/doc_libroverde.pdf)

<sup>43</sup> See Pisano, Reitano, 2007.

The trade unions see the need to ensure protection “both in the workplace and in the labour market” as the core of an effective reform of the labour law. They agree that it is necessary to promote measures (social buffers and active policies) to accompany jobseekers or those moving from one job to another. Another priority is the need to reduce disparities in costs and rights among the different contract typologies. Similarly, the Ministry of Labour states that “the segmentation of the labour market could be reduced through a better balance between flexibility and security, to render the former more sustainable thanks to effective protection in labour contracts and on the labour market”.

The Ministry of Labour and the unions are against any idea of “swapping protection in the work place with protection on the market”, since “both are necessary to give stability to work and create good employment”. Only the CSMB, with a view to redistributing protection between *insiders* and *outsiders*, has something to say about the thorny topic of flexibility when leaving; it basically proposes lessening restrictions while strengthening all the tools for protecting those excluded or at risk of being excluded from the labour market.

*Box 1 - The debate on the future of the labour law*

Simplifying greatly, three trends can be defined in this debate. Firstly, various authors<sup>44</sup> have proposed finding a new and broader notion of work “sans phrase”, within which labour relations currently separated into subordination and autonomy could be combined. According to this approach, there would be a “hard core of minimum protection” for this general category, to which the various kinds of labour relations would be gradually added until a strong and complete protection of subordinate work is achieved. Other authors however argue against this proposal, which would broaden the application of current subordinate work.<sup>45</sup> To contain the area of subordinate work, they suggest creating a new intermediate area between the latter and autonomous work (a tertium genus). In other words coordinated work, which would include a series of labour relations contiguous to dependent work, with a certain degree of, albeit minor, protection. Finally, a third proposal<sup>46</sup> wants to do away with regulation by types, that is by defining abstract legal cases as a premise for the application of different protection systems. To this end, they propose a “Workers Statute” in which the different kinds of protection would be ensured “by concentric circles”, also here moving out from a central core of common protection which would become progressively stronger.

**6.2.2. Employment services, vocational training and unemployment benefits: the relevance to young people needs**

We shall now analyse four different measures that are interlinked in the current legal framework and will become even more so in the future.

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<sup>44</sup> These proposals come from authors *close* to the CGIL (Italian General Confederation of Labour) See Ghezzi, 1996.

<sup>45</sup> De Luca Tamajo, 1997.

<sup>46</sup> Biagi M., *Le proposte legislative in materia di lavoro subordinato: tipizzazione di un tertium genus o codificazione di uno Statuto dei lavori?*, in “Lavoro e Diritto”, 1999.

The guideline used for defining measures addressed to young people is the actual dimension of their involvement in the measure.<sup>47</sup> Firstly, we have obviously chosen those directly addressed to young people and which involve them consistently (Public Employment Services, Apprenticeship, Right-Duty to Education and Training). Secondly, we chose a measure that neglects the flexicurity aspect for the young and consequentially needs to be reformed – see paragraph 6.2.2.b (Income support) – to help build a youth-related flexicurity system.

The considerable information constraints make it impossible to extend the analysis to the results and impacts of these measures.

### **6.2.2.a. Employment services**

#### *Legal framework*

For almost ten years Italy has been implementing a complex reform of employment services, along the lines of the international policy and regulatory “indications” mentioned earlier. Some authors have argued that this is the area in which we have had the most radical transformation of the Italian labour laws.

From an organizational angle, there was a shift from a hierarchical and nation-wide structure towards a “quasi-federal” model. Ever since the Fascist period, job placement services in Italy have been managed directly by the state and, after the Republic was established, through local offices of the Ministry of Labour (Law 264 of 1949). These offices were the only agents legally entitled to match labour supply and demand. Thus there could be no private intermediaries, even unpaid, between employment supply and demand.

Within the wider scope of the decentralization of public authorities’ powers, launched in 1997 and connected with administrative modernisation and streamlining (the so-called “Administrative Federalism”), a first reform consisted of the devolution of PES activities to local authorities. The task of organising its own “employment system” was assigned to each region (Legislative Decree No. 469 of 1997). It is important to stress that this decentralization meant that two main instruments of active labour market policies – PES activities together with vocational training policies,

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<sup>47</sup> For example, the various national and regional self-entrepreneurship promotion policies have not been considered, since only a little over 8000 people are involved (2006 data, Ministry of Labour).

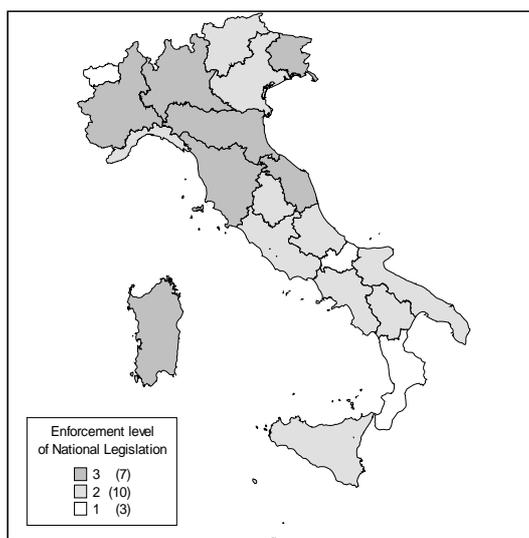
managed by the regions from the 1970s – were finally entrusted to the same institutional level.

A significant reform of the part of the Italian Constitution dealing with regions and local authorities came into force in 2001 (Constitutional Law 3 of 2001), generally strengthening their legislative powers. The constitutional reform introduces a new division of powers between the central government and the regions and provides a concurrent legislative power (*potestà legislativa concorrente*) on the new sector of “employment protection and security”. The Italian Constitutional Court has recently ruled that at least “employment services and placement in particular” belong to this sector (Judgement 50 of 2005). That is to say, the state should restrict its legislative power to the “fundamental principles” in this area and entrust the regions with the task of providing a detailed regulatory framework.

We tried to map (see below) the major regions’ implementation of the labour market policy act. We considered three different steps involving:

- 1) placement decentralization (legislative decree 469/97);
- 2) employment service reform (legislative decree 181/00)
- 3) labour market reform (legislative decree 276/2003)

Figure 1 - Levels of regional enforcement of national legislation



Source: ISFOL

### **Monitoring the reform**

The delegation to a local level meant that the regions were responsible for administrative organisation, planning, evaluation and control of employment services. The provinces had instead the task of providing services over the area using Job Centres (JC). Following the EES guidelines, the activities of these offices were turned into, at least from a regulatory point of view, more “customer-oriented” services to cope with hard-core unemployment by pinpointing and personalising the tools to combat it.

The organisations involved in offering employment are either:

- the job centres (*Centri per l'impiego*) run by the provinces or
- private organizations (for profit or non-profit) authorized by the regions or provinces, usually on the basis of open tenders.

At local level, two forms of Public-Private Partnerships (PPPs) exist:

- PPPs of a purely contractual nature, in which the partnership between the public and the private sector is based solely on contracts
- PPPs of an institutional nature, involving cooperation between the public and the private sector within a distinct entity.

At national level, objectives are expressed in the PES Masterplan. The PES provide seven kinds of services: information, administrative tasks (less than 40% of activity in 2006), labour demand–supply matching, job placement for disadvantaged people, people counselling, firms counselling, security inspection. Employment services receive national funds and European Social Funds from regional and national programmes.

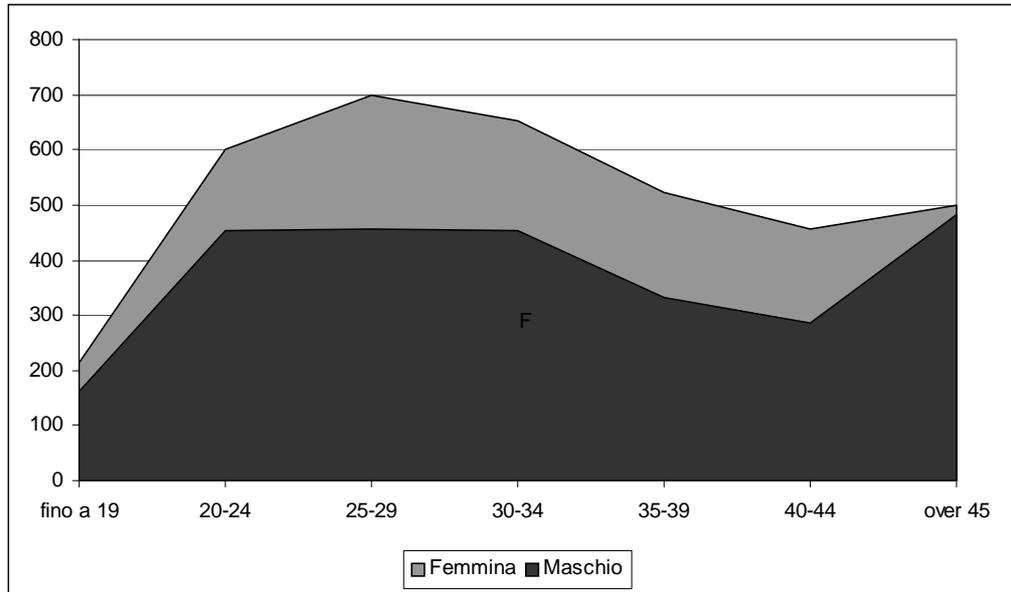
*Table 1 - PES funding*

(thousand euro)	2000	2001	2002	2003	2004	2005
human resource expenses	n.a.	n.a.	n.a.	n.a.	304000	309000
general expenses	660	97985	138603	222028	207180	118259
total	660	97985	138603	222028	511180	427259

*Source:* Ministry of Labour and Social Security, Monitoring Report on Labour Market Policies and Employment Policies, June 2007

Although no monitoring and/or measuring has been explicitly set forth in any of the relevant regulations, ISFOL yearly tracks the PES reform and it has found that over 3,200,000 people applied to Job Centres over the last 2 years and that most of them were young (over 50% under 30).

Figure 2 - Job Centre users by age and gender

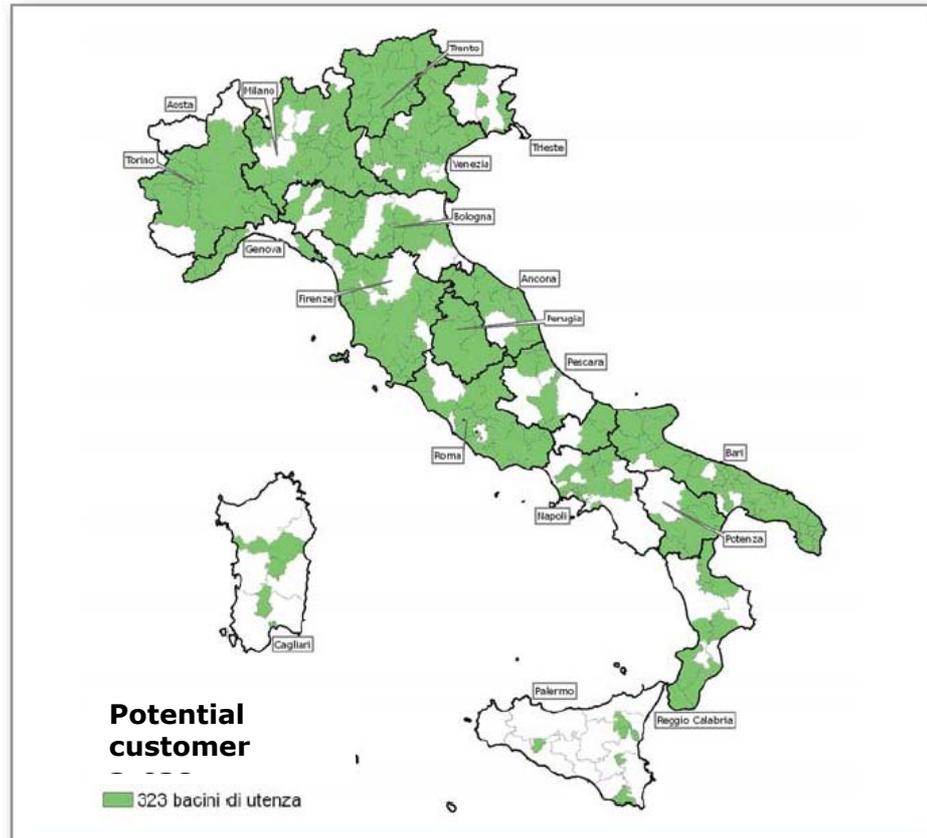


Source: ISFOL survey on PES customers, 2004

The ISFOL monitoring (2005 data) gives some indication on the evolution of the qualitative levels of the PES services. Map 1 shows the territorial dissemination of the full activation of advanced services<sup>48</sup>, as specified by the 2000-06 National Masterplan for employment services approved by the Ministry of Labour and Regions, defining the reference framework for developing the reform of these services. At almost the end of the reform implementation period it is quite evident that the service activation had not been completed, at least in some Mezzogiorno areas.

<sup>48</sup> According to the Masterplan the services at an advanced state are: Reception: presentation of services, sorting users, bookings, admin. tasks (max 40%); Demand/Supply Mediation: targeted procedures, soliciting/explaining vacancies, preselections; Placement Interventions: active and targeted promotion mainly for enterprises; Guidance: interview, curriculum preparation support, joint preparation of placement pathway, accompanying actions; Services for Businesses: targeted information actions (customer-oriented), accompanying actions; Checks and Controls: formal procedures, monitoring.

**Map 1. PES which deliver all services (as specified in**



Source: ISFOL monitoring 2005

*The activation agreement (patto di servizio)*

The law sets national standards for the services that Job Centres offer to particular target groups (young people, long-term unemployed, women, etc.) and establishes the eligibility guideline for jobseekers to benefit from these services (Legislative Decree 181 of 2000).

In particular Job Centres should offer adolescents and young people:

- a) a guidance interview within three months of registration as unemployed;
- b) a “new start” (training programmes, vocational retraining, or any other assistance for vocational integration) within four months of registration as unemployed.

To benefit from employment services, the eligible unemployed must go to the Job Centre and fill in the “unemployment declaration”.

The unemployed must meet the following conditions:

- be jobless (or with a job providing an income under taxation threshold, 8000 € for 2007)
- be available for an “acceptable” job
- agree to follow the measures defined in the activation agreement (see above).

The definition of “acceptable” work is fixed at both national and regional level. National legislation states that the activation agreement should offer candidates a full-time permanent contract; if a fixed-term contract (including temporary agency work) is offered, it should last more than four months. Regional regulations define the maximum geographical distance between the worker’s home and work place, the minimum wage, the match between the worker’s skills and job offered.

The aim is to foster competitiveness and the quality of the workforce as well as to encourage the inactive to enter the labour market. Guidance and counselling services are seen as preventive measures to combat unemployment. They aim to:

- discourage young people from leaving education too early
- facilitate movement between educational pathways
- foster the inclusion of at-risk groups in education, training and employment,
- raise employability, especially for disadvantaged categories such as young people, women and older workers.

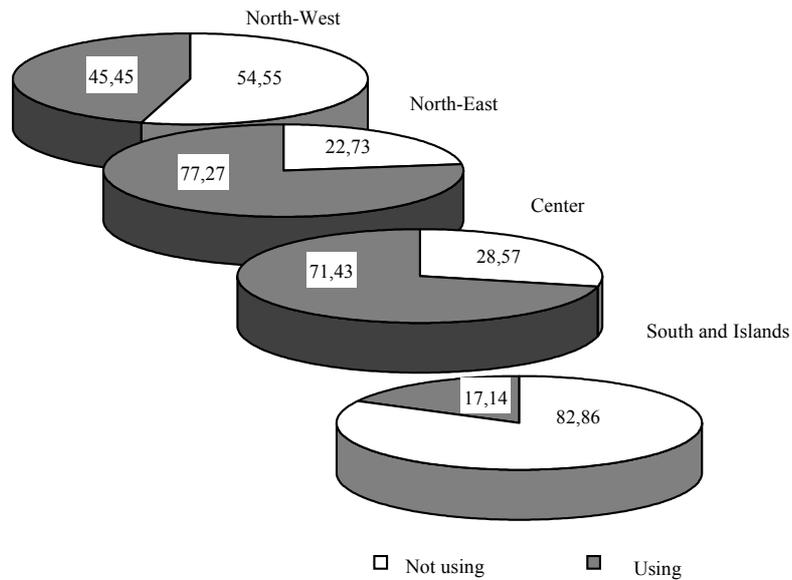
The instruments and components of the measure change from region to region. Participation in the measure is compulsory and does not include remuneration for the unemployed. Young people also have to sign an “Activation Agreement” (*Patto di servizio, PDS*) to benefit from employment services. If jobseekers do not comply with the Activation Agreement (i.e. do not answer job centre “calls”, refuse an “acceptable” job, etc.), they cannot use the employment services for a certain amount of months (varying according to the region).

The latest monitoring report states that:

- almost 98% of employment centres declare they apply, at least partially, the procedures introduced by Legislative Decree 181 of 2000

- the “activation agreement”, instead, is applied in 52% of the provinces, although this drops to 17.7 % in southern provinces.

Figure 3 - Job Centres using "Activation Agreements"



Source: ISFOL Monitoring report, 2005

Although the PES reform is a very important item on the Ministry of Labour's agenda, it is clear that the policy effort (in terms of financial resources) is not high. PES expenditure represents only 6% of total ALMP expenses in 2005 and drops further between 2004 and 2005. No evaluation is available for an effectiveness analysis, but some data on job brokers used by jobseekers demonstrates that Job Centres are not the main job-finding instrument (see Table 2).

Table 2 - Last Job Brokers used, by age

	Rate	Age			
		from 15 to 29	from 30 to 39	From 40 to 49	From 50 to 64
JCs	2,2	1,8	1,9	2,6	2,6
TWAs	1,1	2,8	0,8	0,5	0,2
Recruiting personnel agencies	0,7	1,1	0,9	0,5	0,3
Training schools and centres	1,7	3,5	1,7	0,7	0,7
Help wanted on the press	3,3	4,6	4,6	2,7	1,4
Work experiences	1,8	2,3	1,2	1,7	1,9
Friends, relatives	37	47	37,7	34,4	29
Self-applications	15,6	20,3	17,7	12,9	11,5
Public contests	17,7	6,3	16,1	25	23,4
Self employment start-up	11,6	5,9	10,7	11,8	18,1
Others	7,3	4,2	6,7	7,3	10,8
<i>Total</i>	<i>100</i>	100	100	100	100

Source: ISFOL PLUS 2005

The ISTAT data used shows that those with low educational levels are the main users of Job Centres. The PES must now try to supply a personalised service directly linked with labour demand for this target.

### 6.2.2.b. Income support

The ordinary unemployment benefit (*indennità ordinaria di disoccupazione, DS*) is part of the Italian social security system together with the ordinary wages guarantee fund (*Cassa Integrazione Guadagni Ordinaria, CIGO*), the extraordinary wages guarantee fund (*Cassa Integrazione Guadagni Straordinaria, CIGS*) and mobility allowance (availability list). These benefits are financed by the state as well as by contributions paid by employers and are disbursed by the INPS (National Social Security Institute).

Ordinary unemployment benefit is 24% of the unemployed income support and is the most active component of this policy field. It is payable to employees (not apprentices) for whom specific INPS unemployment benefit deductions have been made and who have lost their jobs but not through resignation (with the exception of resignation for just cause or resignation during pregnancy or during the first year after birth). The allowance is paid for seven months (if the unemployed person is under 50)

and amounts to 50% (40% in the last month) of the average pay received over the last three months, with a monthly ceiling fixed by law (for 2007: 844.06€; 1014.48 € for workers with a monthly salary > 1,826.07 €).

Although the percentage of young people (< 29 years) out of total beneficiaries increased between 2000 and 2004, only 10% of these receive ordinary unemployment benefit, but the cost per participant for young people is higher than that for adults.

*Table 3 - Percentage of young people (and related expenses) out of total beneficiaries (and related expenses) of ordinary unemployment benefit*

Year	Males		Females		TOTAL	
	Beneficiaries	Expenses	Beneficiaries	Expenses	Beneficiaries	Expenses
2000	6.5	5.9	8.8	8.9	7.7	7.2
2001	7.1	7.8	8.9	11.3	8.0	9.4
2002	7.7	8.5	9.3	12.0	8.5	10.1
2003	8.1	9.0	9.9	12.8	9.0	10.7
2004	9.2	10.6	11.0	14.5	10.1	12.4

Source: ISFOL processing of Ministry of Labour – INPS data

*Table 4 - Ordinary Unemployment Benefit, cost per participant*

All participants				Young participants (<29 years)			
Year	Cost per participant (euro)			Year	Cost per participant (euro)		
	Total	M	F		Total	M	F
2000	1,748	2,006	1,509	2000	1,638	1,801	1,525
2001	1,794	2,061	1,549	2001	2,093	2,255	1,974
2002	1,824	2,098	1,576	2002	2,147	2,315	2,022
2003	1,843	2,113	1,595	2003	2,178	2,343	2,055
2004	1,802	2,062	1,572	2004	2,205	2,375	2,079

Source: ISFOL processing of Ministry of Labour data

Table 5 - Ordinary Unemployment Benefit costs

Year	Males		Females		TOTAL	
	Beneficiaries	Cost	Beneficiaries	Cost	Beneficiaries	Cost
2000	18,992	34,206,310	27,717	42,282,011	46,709	76,488,321
2001	20,576	46,396,064	28,046	55,370,173	48,622	101,766,238
2002	22,341	51,720,415	30,079	60,807,394	52,420	112,527,808
2003	24,259	56,832,858	32,465	66,712,072	56,724	123,544,930
2004	25,373	60,266,412	34,176	71,052,694	59,549	131,319,106

Source: ISFOL processing of Ministry of Labour data

There are no specific age limits. Applicants must have paid at least two years of national insurance contributions and one year of contributions (52 weekly contributions) in the two years prior to cessation of work.

Employment policies, and in particular active labour-market policies managed by PES, have recently focused on the unemployment benefit system. Participation in labour-market programmes managed by local authorities is compulsory (Law 80 of 2005) and applicants must be registered as jobseekers at a Job Centres. This means jobseekers have to make an “unemployment declaration” and sign the “activation agreement”.

If they do not comply with the service contract rules, they lose entitlement to benefits not only from public services, but also unemployment benefits. The goal is to prevent and counteract unemployment, providing an indispensable complement to income provision for the unemployed through an unemployment benefit system.

### 6.2.2.c. The new apprenticeship contracts

#### *The legal framework*

The recent reform was intended to distinguish more clearly between training policies and employment policies, in particular by the abolition of “training and employment contracts” (*contratto di formazione e lavoro*) which have been replaced by the “starter contracts” (*contratto di inserimento*) for specific categories of workers to introduce (or re-introduce) into the labour market.

However, even after the 2003 reform, an employer who hires with this contract:

- still benefits from partial exemption from social security contributions
- may assign the worker to a grade lower than that to be reached at the end of the contract, meaning further reduction (new-entry pay)

Formal training components are specified in the new apprenticeship contracts.

### *Apprenticeship training*

Companies provide on-the-job training by putting the apprentice to work alongside skilled employees and by appointing an enterprise tutor whose task is to link up on- the-job with off-the-job training. Apprentices must attend training courses outside the workplace, which are free of charge, for a minimum of 120 paid hours per year. Apprentices subject to compulsory training (*obbligo formativo*) have to attend a supplementary module of 120 hours per year. Apprentices are paid a percentage, set by collective labour agreements, of the salary of an employed worker with the same qualification. A new system has been set up by Law 30/03 and the following legislative decree 276/03, but it needs to be regulated by regions and autonomous provinces and by collective agreements. This means that the old and new system will live together for some time.

The apprenticeship contract is divided into three types:

- apprenticeships for 15 to 18 year-olds who have the right-duty to vocational education and training (*diritto-dovere all'istruzione e alla formazione professionale*) which has broader educational aims
- a more strictly occupationally-based form of apprenticeship for 18 to 29 year-olds
- apprenticeships for acquiring a secondary or university diploma or a higher qualification, also for 18 to 29 year-olds.

Apprenticeships for fulfilling the right/duty (see learning strategies) to participate in vocational education and training last for three years and provide a vocational qualification certificate. This type of apprenticeship will be regulated after the educational system reform has been completed.

The duration of the occupationally-based apprenticeship is set by collective agreements and cannot be less than two or more than six years. The regions and the autonomous provinces are responsible for regulating the training aspects of the contract in accordance with the local employers' and workers' associations. To date, only seven regional laws have been approved for these apprenticeships.

In this type of apprenticeship, a formal training of at least 120 hours per year is compulsory. This formal training can take place in schools, training centres, or the workplace. Regulations issued to date usually require enterprises to fulfil specific requirements (in terms of teachers, utilities and locations availability) for providing formal training inside the workplace.

Apprenticeships for acquiring secondary or university diplomas or a higher qualification are regulated by local agreements between the regions, employers' and workers' associations and the university or school or training centre involved, according to the diploma that apprentices will acquire. The same agreement sets the length of the contract and the balance between on-the-job and school-based training. In 2005, some regions in northern Italy signed agreements with the Ministry of Labour to implement pilot projects for these apprenticeships.

#### *The outputs and cost of the measure*

According to the new system, all apprenticeship contracts must be set down in writing, with an indication of the work performance covered by the contract, the individual training plan and the qualification or diploma that has to be attained at the end of the employment, on the basis of the outcomes of both on-the-job and off-the-job training. The results attained within the training pathway are recorded in the citizen's training portfolio and can be recognised as credits for entering any education or training segment.

In 2006 the measure concerned around half a million young people. The apprenticeship contract has had a strong upsurge in recent years: between 1995 and 2002 the share of 15 to 24 year-olds with apprenticeship contracts increased by almost 30%, rising from 25.5% to 33.9% without appreciable territorial differences. For 20% of these young people this was their first labour contract, whereas for 60% it came after another standard employment contract. This latter percentage is similar to that of the other economically dependent workers, with 65-70% declaring previous working experience with subordinate work contracts (Ministry of Labour, 2007). This figure shows the possibility of considering the apprenticeship contract as one of the many low-cost fixed-term contracts.

With regard to salary, apprentices may be graded up to two contractual levels below that of an employed worker with the same qualification, according to collective agreements. (For further details, refer to: ISFOL – *La transizione dall'apprendistato agli apprendistati. Rapporto Apprendistato - The transition from apprenticeship to apprenticeships - 2004-05 apprenticeship report*] Rome: ISFOL, 2006).

The expenditure for partial exemption from social security contributions amounted to 2,133 billion euro in 2005. Over 40% of this went on employment incentives (new recruitments or stabilizations), 32% on active policies and 28% on employment policies (including social buffers). The resources for apprenticeship training are defined annually by the budget law. Over the 2003-2007 period 100 billion euro were allocated. No information is available on expenses and outcomes. The estimated training cost per participant is 1,500 euro.

#### **6.2.2.d. Right-Duty to education and training<sup>49</sup>**

In Italy, the school-leaving age was raised to 18 years in 2002, and since then young people carry out this compulsory education (*obbligo formativo*) in schools or in vocational training or apprenticeships.

The measure adopted aims to raise the level of basic education and training and constitutes an initial attempt to limit the early-school-leavers trend, for which the Ministry of Education stresses both the progress made since 2000 and the “quite large gap compared to other European countries” (Ministry of Education, 2006). Over a quarter of the 18-24 year-old population only possesses a lower-secondary school qualification and the territorial divides are no longer only seen in training (where they are considerable). For example, in the Autonomous Province of Trento, 9.5% of 18-24 year-olds are in this situation, but in Calabria, Puglia, Sardegna and Sicilia the same percentage is between 25.0% and 30.4%. A situation also aggravated by the poor competency results found by the PISA survey, demonstrating that the Italian position has deteriorated internationally speaking, besides once again highlighting the disadvantaged state of the southern regions (PISA 2003).

Until August of this year, education was compulsory from the age of 6 to 15 years in Italy. Law 53/03 introduced the concept of the right-duty to participate in education and vocational training (*diritto-dovere all'istruzione e alla formazione professionale*) for 12 years, or at least until students obtain an educational or training qualification. This right-duty starts from the first class of primary school and continues to the age of 18, or before that either by attaining an upper-secondary school diploma, passing a state exam or attaining a three-year vocational qualification. This reform, in line with Community principles and guidelines in education and

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<sup>49</sup> The authors thank Emmanuele Crispolti of ISFOL for his invaluable support in writing this paragraph.

training, aims to increase investment in human capital through better education and skills. There is no longer any distinction between staying in the school system up to the age of 14 and attending training up to the age of 18. The right-duty can be satisfied either in schools or in vocational institutions.

The 2003 reform (so-called Moratti reform) has organised the second cycle into two streams:

- the upper-secondary school (*licei*) system, for which the state is responsible, lasting five years, at the end of which students take the state examination necessary for access to university;
- the vocational education and training system, for which regional authorities are responsible, lasting at least three years and leading to a vocational qualification certificate (*certificato di qualifica professionale*) recognised Europe-wide. This qualification can be used either for entering the labour market or for post-qualification courses leading to an upper-secondary vocational diploma. This diploma is required for entry into higher technical education and training IFTS (*istruzione e formazione tecnica superiore*) or, after attending a supplementary year, for entry into university.

In both streams there are strong links with higher education, higher vocational training and the labour world. The partial completion of any pathway provides certified credits which can be used to return to education after a break or to move between the various streams. It is also possible, in practice, to switch streams within high schools and vocational education and training establishments and to move from one system to the other. At the age of 15, students can decide to satisfy the right-duty to obtain diplomas and qualifications by alternating school and work or by entering an apprenticeship.

The upper-secondary school reform will be tested during the 2006/07 academic year, after which the new curriculum will be defined and all the new regulations agreed with the regions.

The VET pathway is currently effective, although under testing.

The goals of the reform are:

- Continuation of studies in upper-secondary education
- Access to vocational education and training courses

In the lifelong learning scenario, it is important to offer young people more learning opportunities before labour market integration. As many studies reveal, people with low educational levels have very few opportunities for learning, firstly because they do not demand training

opportunities and secondly because they do not have the necessary ability to learn, especially if taken up long after leaving school. During 2007 the school-leaving age was raised to 16 years (as established previously, albeit for a brief period) as the new minimum age for work, limiting the choice of the stream for compulsory schooling to the last two years (ministerial decree of August 2007).

The institutional levels involved in the right-duty are:

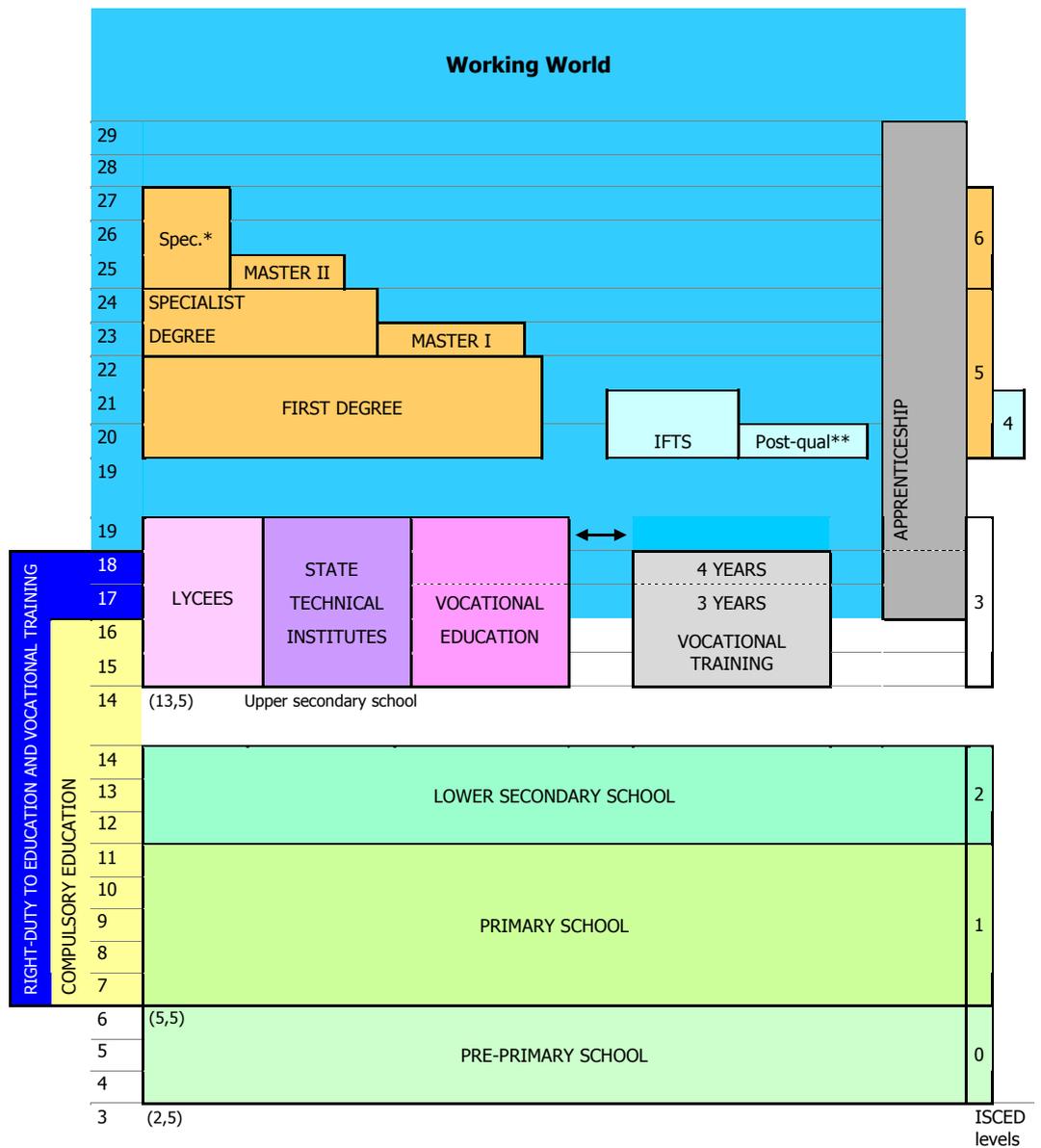
- National level: the state for the school system
- Regional level: the regions for the school system, training and minimum standard definition
- Local level: the provinces by delegation for providing training and educational and social policies in the school system

With regards to costs and results, the measure has not yet been completely implemented, so reference is to the old school system and primary-level training, i.e. the cost and results of compulsory training (*obbligo formativo*). The state provides the main finances for the school system: in 2004 the state invested 41,082 million euro in education (82% of public expenditure on education), almost all of it coming from the Ministry of Education, Universities and Research. Local authorities follow with about 8,068 million euro (16%) and the regions with about 1,559 million (2%). Other regional resources are also available for training: in 2004 the regions invested 419,560 million euro through European Social Fund regional programmes (ESF programmes cover 90% of regional training expenses in Italy).

With regards to the outcomes of compulsory education, within the framework of ESF programmes 58% of trainees obtained a job 12 months after training and 22% decided to re-enter the school system.

Furthermore, during 2007 the upper-secondary school system was modified (see figure below).

*Map of Italian educational and vocational system*



\* specialization school/research doctorate  
 \*\* Post-qualification regional courses (about 700 hours)

Source: Isfol - Area Politiche ed Offerte per la Formazione Iniziale e Permanente



### **6.2.3. The segmentation of the labour market: effects on social security system**

In Italy, few measures are directly aimed at young people. However, new apprenticeship and access-to-work contracts were established after the labour-market reform of 2003 and “adolescents” and “young people” are two employment service targets. It should be admitted that technical and institutional difficulties have hindered the start-up of these two contracts (ISFOL, 2007). This framework has naturally influenced our work, changing analysis patterns and findings with ex-post becoming more important than ex-ante investigations.

Besides apprenticeship and access-to-work contracts it is necessary to consider other employment contracts, such as project work contracts, because they are clearly aimed at the young.

The latest data available shows that only 45% of young people aged between 15 and 24 years enter the labour market with a standard form of work, confirming the poor prospects of occupational stability for young people approaching the labour world (see Table 6).

Albeit dependent work is by far the main source of employment for youngsters, the so-called economically dependent workers, one of the most instable job positions in the Italian labour market, represent 4.3% of the total 15-24 year old workforce, against an average of 2.2 %. These contracts are also widespread among young adults, with shares of 4.4 % for 25-29 year old workers and 2.8 % for 30-34 year old workers (Table 7).

In Italy, as the EC Commission has stressed (see Green Paper on “Modernising Labour Law to Meet the Challenges of the 21st Century”<sup>50</sup>), the reform of national employment protection legislation, increasing flexibility “on the margins”, has caused increasingly segmented labour markets (see Annex).

The increase in labour-market segmentation has meant that a new and capable protection net – the “security” part of the term “flexicurity” – has become one of the stepping stones in labour-market policies.

The present system of social buffers (see ordinary unemployment allowance in Annex) is constructed around standard work in the big industrial firms. Hence not only is there a low rate of coverage, but above all non-standard workers, who are often precisely the younger population cohorts, totally lack insurance coverage.

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<sup>50</sup> COM(2006) 708 final.

Looking at the beneficiaries of all the passive policies in 2005 (Table 8), it can be seen that the 28.5% rate of coverage, excluding formally employed workers (extraordinary wages guarantee fund - CIGS) and early retirees who have left the workforce, is much lower than in other European countries.

*Table 6 - Percentage of work entries according to age and type of work*

Year	Age classes	Permanent dependent employment	Fixed term dependent employment	Self-employed long-term consultant	Self-employed occasional consultant	Other self-employed	Total
Entries 2005-2006	<b>15-24</b>	<b>35.7</b>	<b>45.7</b>	<b>5.7</b>	<b>3.6</b>	<b>9.4</b>	100.0
	25-34	33.6	36.3	8.4	3.3	18.3	100.0
	35-44	39.5	30.0	3.1	3.1	24.3	100.0
	45-54	41.3	22.4	3.5	1.0	31.8	100.0
	55-64	36.3	20.0	5.9	0.0	37.8	100.0
	Totale	36.4	35.5	5.8	2.9	19.5	100.0
Entries 2004-2005	<b>15-24</b>	<b>39.1</b>	<b>45.6</b>	<b>5.4</b>	<b>0.9</b>	<b>8.9</b>	100.0
	25-34	39.0	33.7	6.4	2.9	17.9	100.0
	35-44	47.6	27.1	2.1	0.7	22.6	100.0
	45-54	38.5	26.2	3.6	2.6	29.2	100.0
	55-64	41.4	13.1	5.1	2.0	38.4	100.0
	Total	40.5	34.3	4.8	1.8	18.5	100.0

*Source:* ISFOL processing of ISTAT RCFL 2004-2006 data

*Table 7 - Employment according to professional status*

	Employee	Para-subordinate	Self-employed
15-19	88.6	3.3	8.1
20-24	84.9	4.5	10.6
<b>15-24</b>	<b>85.5</b>	<b>4.3</b>	<b>10.2</b>
25-29	79.1	4.4	16.4
<b>15-29</b>	<b>81.6</b>	<b>4.4</b>	<b>14.0</b>

30-34	75.7	2.8	21.5
35-39	73.7	1.7	24.6
40-44	73.6	1.3	25.1
45-49	74.3	1.0	24.6
50-54	75.2	0.8	24.0
55-59	67.5	1.5	31.0
60-64	48.3	3.5	48.1
<b>25-64</b>	<b>73.7</b>	<b>2.0</b>	<b>24.3</b>
<b>Total</b>	<b>73.6</b>	<b>2.2</b>	<b>24.3</b>

*Source:* ISFOL processing of Italian Labour Force Survey, 2006

In Italy, out of 100 workers seeking jobs, a little over a quarter receives income support if they lose their jobs and of these only a third receives a benefit of a consistent amount and duration (80% of the latest wage for at least 2 years), whereas the other two thirds benefit only from ordinary unemployment benefit, whose duration and rate of substitution (see Annex) does not give a suitable guarantee to those who have lost their jobs.

As said elsewhere, the current system of social buffers does not give adequate insurance coverage to workers with non-standard contracts, i.e. those who pass from one job to the other with frequent unemployment spells, nor to self-employed workers. The former includes fixed-term employees, who can only benefit from the modest ordinary unemployment allowance, long-term consultants who, albeit subject to frequent unemployment spells, cannot access any additional measure for the loss of their jobs, and apprentices and occasional consultants who are excluded from unemployment subsidies.

*Table 8* - Beneficiaries of passive policies in 2005 (annual average stock - thousands)

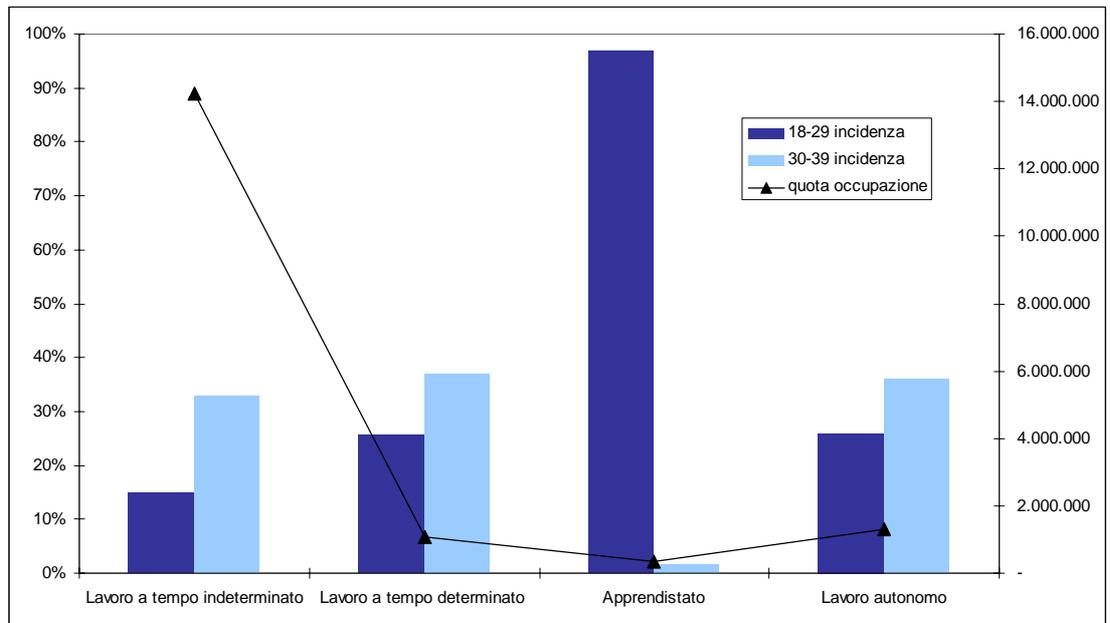
Ordinary wages guarantee fund (CIGO)	82.1
Extraordinary wages guarantee fund (CIGS)	58.8
Mobility allowance	110.0
Special building trade unemployment benefit	1.4
Ordinary building trade unemployment benefit	28.4
Ordinary non-agricultural unemployment benefit	137.3
Non-agricultural unemployment benefit with reduced requisites	128.0
Ordinary agricultural unemployment benefit	36.7

Agricultural unemployment benefit with reduced requisites	1.9
Special agricultural unemployment benefit (40%)	51.7
Special agricultural unemployment benefit (66%)	43.6
Early retirement	95.5
Total	775.4
Total without CIGO, CIGS and early retirements	539.0
Jobseekers (average 2005)	1.889
Rate of coverage (%)	28.5

*Source:* Monitoring Report of the Ministry of Labour and Social Policies

As can be seen from in following figure, taken from the ISFOL PLUS survey, some of the typologies mentioned above often involve younger people.

Figure 4 - Incidence and relative weight of the main non-standard contractual forms by age class



Source: Isfol PLUS 2006

Apart from apprenticeships, fixed-term work and freelance work (especially long-term consultancies, occasional consultancies and project work) are all types of labour contract which do not guarantee access to the traditional forms of unemployment protection. On top of this, beneficiaries of the most general unemployment insurance existing in Italy - the ordinary unemployment benefit - are also *excluded* from this kind of protection (see Annex). The latest administrative data available referring to 2004, shows that only 4% of those receiving ordinary unemployment benefits are young people.

Table 9 - Non-agricultural ordinary unemployment benefits - 2004

Age	V.a.	Number Beneficiaries					
		Days % compensated	Amount compensated	Amount of Days beneficiary x day	Amount x beneficiary	Amount x beneficiary	
<20	216	0.1	26,541	445,747	122.9	16.8	2063.6
20-24	12,384	4.0	1,488,447	26,485,634	120.2	17.8	2138.7

<b><i>Under 24 years</i></b>	<b><i>12,600</i></b>	<b><i>4.1</i></b>	<b><i>1,514,988</i></b>	<b><i>26,931,381</i></b>	<b><i>120.2</i></b>	<b><i>17.8</i></b>	<b><i>2137.4</i></b>
25-29	46,949	15.3	5,796,513	104,387,725	123.5	18.0	2223.4
<b><i>Under 29 years</i></b>	<b><i>59,549</i></b>	<b><i>19.4</i></b>	<b><i>7,311,501</i></b>	<b><i>131,319,106</i></b>	<b><i>122.8</i></b>	<b><i>18.0</i></b>	<b><i>2205.2</i></b>
30-39	124,700	40.7	15,253,847	279,766,938	122.3	18.3	2243.5
40-49	79,984	26.1	9,563,642	179,808,561	119.6	18.8	2248.1
50-54	23,337	7.6	3,318,553	63,291,023	142.2	19.1	2712.0
>=55	19,108	6.2	2,946,986	55,718,520	154.2	18.9	2916.0
<b>TOTAL</b>	<b>306,678</b>	<b>100.0</b>	<b>38,394,529</b>	<b>709,904,148</b>	<b>125.2</b>	<b>18.5</b>	<b>2314.8</b>

Source: ISFOL processing of INPS data

## 6.2.4. Italian measures and EU flexicurity approach

### 6.2.4.a. The so call Welfare Social Pact (23 July 2007)

In Italy, the debate on *flexicurity*, apart from the various observations outlined above, has focused the attention of all political and social actors on the need to set up a modern social security system that can meet changing economic and social requirements, as well as on the legislative reforms launched at the end of the 1990s. The political parties, social partners, government and institutions as well as researchers and commentators all agree that the reform of the social security system is one of the most urgent items on the Italian policy agenda. The current system is seen as dysfunctional since it neither provides adequate economic support for the unemployed (in particular the young), nor does it sufficiently promote re-entry into the labour market (EIRO, 2007).

The reform figured on the agenda of all Italian governments in the 1990s (see Annex) and since then the need for the unemployment benefit system to include activation programmes has always been highlighted in all proposals, whatever the “colour” of the political majority. So it was the prospect that the social security system will be in the next reform, with stronger links for access to passive and active labour market policies, that was one of the main reasons for selecting the followings measures. Also important is that fact that the measures considered echo the complex Italian institutional framework: both the central state and local authorities are involved, each with their own responsibilities, in the administration of all four measures.

This is why the current government intends to intervene in the matter. The Ministry of Labour and Social Security’s paper “The protection of

vulnerable people on the labour market. Social buffers – young people - women”,<sup>51</sup> anticipated what was later specified in the Trilateral Pact “Protocol on social security, labour and competitiveness for equity and sustainable growth”, signed by the government and social partners.

This paper maps out the general lines of a long-term legislative intervention. This includes the progressive harmonization of the current ordinary unemployment and mobility schemes,<sup>52</sup> firstly by creating a “single tool for income support and the re-insertion of the unemployed in jobs” and secondly by standardizing tools for wage guarantees when the employment contract is interrupted, by gradually extending and unifying the ordinary and extraordinary wage guarantee funds.<sup>53</sup>

In the short term it is intended to improve the “basic” interventions for unemployment. That is, the ordinary unemployment allowance and that with reduced requisites, for which the duration and amount will be increased, and the relative social insurance cover.<sup>54</sup>

Together with the primary need to strengthen and “extend protection for those lacking it” and to improve active policies, it is considered equally important to “combine active policies with monetary support” and thus “render effective the loss of protection in the event of unjustified non participation in work re-insertion programmes or non acceptance of suitable jobs”.

In the same protocol, some measures are expressly dedicated to the young. They can be divided into a group of income and employment measures<sup>55</sup> and another group aimed at improving their pension schemes.<sup>56</sup>

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<sup>51</sup> [www.lavoro.gov.it](http://www.lavoro.gov.it)

<sup>52</sup> In Italy there is a universal protection covering all dependent workers (but not the self-employed) after dismissal (see Annex) and one for workers involved in collective dismissal procedures.

<sup>53</sup> In Italy, for some production sectors there is a tool for preserving jobs in case of temporary redundancies (Wage Guarantee Fund - *Cassa Integrazione Guadagni*). In this case, for the duration of the corporate crisis, work contracts are interrupted and the redundant workers receive wage supplements.

<sup>54</sup> For unemployment benefits (see Annex for current legislation), the agreement has fixed:

- an increase in the duration of the benefit to 8 months for workers under 50 and to 12 months for workers over 50 years of age
- an increase in the amount of the benefit up to 60% of the last wage for the first 6 months, to 50% for the 7th and 8th months and to 40% for any subsequent months
- notional coverage for the entire benefit period, with reference to the wage.

<sup>55</sup> Three rotating funds are to be created:

- Credit fund for quasi-subordinate workers, offering loans up to 600 € a month for 12 months, with zero or very low interest, to cover any periods of inactivity
- Microcredit fund, to incentivize innovative activities for young people and women

While awaiting the regulatory “translation” of the norms set forth in the protocol, the Financial Law for 2008, recently presented by the government and currently under debate in parliament, contains measures with different aims. First of all, there are triennial tax deductions for young people aged between 20 and 30 years who rent a property for their main habitation, as well as a more general “national programme for young graduates” resident in the Mezzogiorno regions. This plan, fostering job placement primarily with permanent work contracts, will be disciplined with a decree of the Ministry of Labour and Social Security.

#### *6.2.4.b. The Italian measures and four flexicurity components*

The Community framework of the flexicurity approach could be of help in completing the Italian scenario. An overall “positioning” of the measures analysed for the case study in the flexicurity components square could assist in discovering those more “active”/available for a youth flexicurity system.

Descriptive and/or evaluative elements are provided for the various measures in the following table which could give some cues for the case-study conclusions.

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- Credit fund for young self-employed workers, to finance new activities in small and craft firms, in the retail sector, in agriculture and in cooperatives.

<sup>56</sup> For instance, the increase in the share paid by project work consultants, facilities for the “totalization” of contributions (the possibility of combining, for social security purposes, contributions paid to the various funds, varying according to the labour contract) and the reduction of payments for the “redemption” of years spent obtaining a degree (the possibility of including this period in social security schemes).

Table 10 - Descriptive and/or evaluative elements on some Italian measures

<i>Component</i>	Flexible and reliable contractual arrangements	Comprehensive lifelong learning (LLL) strategies	Effective active labour market policies	Modern social security system
<i>Measure</i>				
Employment services			Regional disparities in implementing the reform. 2.2% of jobseekers use Job Centres	
Ordinary unemployment allowance				10% of beneficiaries are young people
New apprenticeship contracts	Expressly addressed to young people, they are designed to “appeal” to employers	Contains a formal training pathway as well as on-the-job training	33% of young employees are apprentices. In one out of five the first employment contract is an apprenticeship	
Right-duty to participate in education and vocational training		The measure has been recently modified by raising school-leaving age to 16 years.		

Taken as a whole, young people seem to be able to count on a single measure, apprenticeship, which includes three of the four flexicurity components. Unfortunately, there are no elements to evaluate the importance of formal and informal training received during the apprenticeship in promoting employability and lifelong learning. It is thus still not possible to give an overall judgement on the measure.

With regards to the other measures, each linked to one of the components of the flexicurity approach, only the right-duty to education and training seems important for young people. The measure aims to lay the foundations for a lifelong learning strategy to support employability and

exercise of citizenship. The possibility of accessing training during the life cycle is closely linked to the educational level.

Since the right-duty to education and training has only recently been implemented there are still not yet enough elements to support a judgement, but certainly an increase in the years of education and training is positive in theory. It remains to be seen how the course of upper secondary education will be changed and the reversibility of some pathways chosen at a young age.

Employment services provide little support for job placement and they are considered an ineffective channel for seeking work. This is particularly damaging for young people who are more likely to find themselves in this condition, whether for their first job placement or afterwards at the end of fixed-term contracts.

It is also very evident that Italy is without a social security system. This lack is much more important for those who, like young people with flexible contracts, are most at risk of unemployment spells.

Finally, in Italy, where a considerable contractual flexibilization (and consequently also of wages) has been introduced in the labour market since 1996, young people do not benefit from flexicurity-oriented measures. The recent lively debate on labour precariousness has also been prompted by the absence of measures for accompanying work flexibilization that can act as buffers to the conditions of other markets in which young people operate as users/consumers (credit, property, training, etc).

The welfare protocol signed on 23 July 2007 can be considered as a first step towards a modernization of the system also specifically concerning young people to whom a special chapter is dedicated. The measures specified in the protocol belong, at least partly, to pathway 1 (tackling contractual segmentation). The limitations to the reiteration of fixed-term contracts and social security measures tend to narrow the gap between flexible workers and the rest of the labour force. The strengthening of employment services is also going in this direction. However, an essential component of flexicurity, social security, is missing from the protocol. The income support consists of credit to subordinate workers who are testing intermittent activities. The changes to social buffers could only theoretically concern young people and actually leaves them without income support during unemployment spells.

To support pathway 1 the protocol presents some proposals for adjusting insurance coverage, but no specific measure for promoting and guaranteeing access to training, except for reference to the resources of the Social Fund 2007-2013 programme.

The specific interventions regarding subsidies for renting apartments specified in the Financial Law 2008, still under debate, instead extend the range of interventions needed to encourage the autonomy of young people, rendering the necessary intervention for young people broader than that specified in the Community approach to flexicurity.

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## 7. Romania

### 7.1. Synoptic Table of flexicurity measures

<i>Flexicurity areas in consideration of the lifecycle approach</i>	<i>Simple/Aggregated measure(s) selected and described in the national case study report</i>	<i>Source: YOUTH Schedule A/Schedule B</i>	<i>Any additional measure(s) you consider relevant for the YOUTH research although not included either in Schedule A or in Schedule B<sup>57</sup> (Measure/Short abstract)</i>
<b>1. Leaving the general education</b>	1.1 Law 297/2005 on Apprenticeship training	Schedule A and Youth Case Study Report	Second chance education - described in the Youth Case Study Report;
<b>2. Setting up social life</b>	1.2 “From school to work, to career” programme	Schedule A and Youth Case Study Report	TVET Reform - described in the Youth Case Study Report; Increase the relevance of the qualification - described in the Youth Case Study Report; Counselling services - described in the Youth Case Study Report
	2.2 Law on the Prevention and	Schedule A	<a href="http://www.legislationline.org/legislation.php?tid=178&amp;lid=670&amp;less=false">www.legislationline.org/legislation.php?tid=178&amp;lid=670&amp;less=false</a>

<sup>57</sup> Authors of the synoptic table are required only to mention the relevant measures not included in the Youth research, where considered important for a better understanding of flexicurity trends and measures, as well as a very short related abstract. No other information is requested at this stage.

	<p>Combat of Trafficking in Human Beings</p>		<p>State of Impunity Human Rights Abuse of Roma in Romania</p> <p><a href="http://lists.errc.org/publications/reports/index.shtml">http://lists.errc.org/publications/reports/index.shtml</a> and</p> <p>Annual Report 2006  <a href="http://www.romanicriss.org/documente/Noutati/Annual%20report%20criss%202006_final.doc">www.romanicriss.org/documente/Noutati/Annual%20report%20criss%202006_final.doc</a></p> <p><b>Conduct of law enforcement officials</b>  Starting with the late 90s, the law enforcement officials' actions of torture, violence and abuse, especially the actions of the police officers and gendarmes, have become more numerous. The victims of these illegalities are mainly the Roma; some of the causes of this state of fact are the aggressors' stereotypes and racism, ensuring a state of impunity, as well as the disadvantaged status of the Roma. Romani CRISS has constantly monitored such incidents, drawing up monitoring reports, press releases and supporting legal actions. Through their nature and effects, these activities constitute a strategic line of action for Romani CRISS.</p> <p><a href="http://www.legislationline.org/upload/legislations/1c/51/83172a0c39a8f7e16d4d12cdf6f3.pdf">www.legislationline.org/upload/legislations/1c/51/83172a0c39a8f7e16d4d12cdf6f3.pdf</a></p>
	<p>2.3 Law concerning the</p>	<p>Schedule A</p>	<p><a href="http://www.mmssf.ro/website/en/legi/law416.jsp">www.mmssf.ro/website/en/legi/law416.jsp</a></p>

	minimum guaranteed income		In this context, the Minimum Income Guaranteed Law (2001) replaced the Social Aid Law (1995). The MIG aims at coping with severe poverty in accordance with EU regulations. It is also a means-tested social benefit, based on the social solidarity principle. The maximum amount of MIG for a single member family is 45% of the national minimum gross wage, 25% less than the unemployment benefit in 2002. The necessary funds were estimated at some 0.4% of GDP, and would be directed towards 10% of Romanian households (estimated to be some 750,000 families) in 2002.
<b>3. Entering a professional learning process</b>	3.1 Regulation on Vocational education	Schedule A	<p><a href="http://www.codulmuncii.ro/en/title-6/page-1">www.codulmuncii.ro/en/title-6/page-1</a></p> <p>The vocational training of employees has the following main objectives:</p> <ul style="list-style-type: none"> <li>a) adapting the employee to the requirements of the job or workplace</li> <li>b) obtaining a professional qualification</li> <li>c) updating knowledge and skills specific to the job and workplace and improvement of vocational training for basic occupation</li> <li>d) vocational retraining determined by social and economic restructuring</li> <li>e) acquiring advanced knowledge, modern methods and procedures, necessary for professional activities</li> <li>f) prevention of unemployment risk</li> <li>g) promotion and career development.</li> </ul>

			<p>The vocational training and knowledge assessment shall be based on occupational standards.</p> <p><a href="http://www.gov.ro/engleza/obiective/afis-docdiverse-pg-eng.php?iddoc=10">www.gov.ro/engleza/obiective/afis-docdiverse-pg-eng.php?iddoc=10</a></p>
	3.2 Vocational education and training reform	Schedule A	<p><a href="http://www.eric.ed.gov/ERICDocs/data/ericdocs2sql/content_storage_01/0000019b/80/15/16/dd.pdf">www.eric.ed.gov/ERICDocs/data/ericdocs2sql/content_storage_01/0000019b/80/15/16/dd.pdf</a></p> <p><a href="http://www.trainingvillage.gr/etv/Upload/Information_resources/Bookshop/128/11_en_keydata_ro.pdf">www.trainingvillage.gr/etv/Upload/Information_resources/Bookshop/128/11_en_keydata_ro.pdf</a></p> <p>The main priorities for the government are to :</p> <ul style="list-style-type: none"> <li>• build a comprehensive legal and institutional framework for vocational education and training</li> <li>• decentralise the management of the system</li> <li>• increase financial resources through a participatory financing system, which will pool funds from the central budget, budget of local authorities and other state and private agents and set up a vocational training fund</li> <li>• develop an information system and mechanisms for optimising the demand and supply for vocational training at national, regional and local level</li> <li>• base the training system on vocational standards as benchmarks for quality.</li> </ul> <p><a href="http://www.gov.ro/engleza/obiective/afis-docdiverse-pg-eng.php?iddoc=10">www.gov.ro/engleza/obiective/afis-docdiverse-pg-eng.php?iddoc=10</a></p>

	3.3 Vocational education and training reform	Schedule A	<p><a href="http://www.eric.ed.gov/ERICDocs/data/ericdocs2sql/content_storage_01/0000019b/80/15/16/dd.pdf">www.eric.ed.gov/ERICDocs/data/ericdocs2sql/content_storage_01/0000019b/80/15/16/dd.pdf</a></p> <p><a href="http://www.trainingvillage.gr/etv/Upload/Information_resources/Bookshop/128/11_en_keydata_ro.pdf">www.trainingvillage.gr/etv/Upload/Information_resources/Bookshop/128/11_en_keydata_ro.pdf</a></p>
	3.4 Career counseling ( <i>Consiliere profesională</i> )	Schedule B	
<b>4. Entering the labour market</b>	4.1 Law on wages	Schedule A	<p><a href="http://ec.europa.eu/employment_social/employment_analysis/japs/romania_en.pdf">http://ec.europa.eu/employment_social/employment_analysis/japs/romania_en.pdf</a></p> <p><a href="http://www.eurofound.europa.eu/eiro/2007/01/articles/ro0701029i.htm">www.eurofound.europa.eu/eiro/2007/01/articles/ro0701029i.htm</a></p> <p>On 29 December 2006, the national collective agreement for the period 2007–2010 was registered with the Ministry of Labour, Social Solidarity and Family (Ministerul Muncii, Solidaritatii Sociale si Familiei, <u>MMSSE</u>). The agreement sets the basic gross minimum monthly wage resulting from collective bargaining at RON 440 (€130) (representing RON 2.59 or €0.76 an hour) compared to the previous monthly RON 370 (€109), consequently ensuring an average wage increase of 18.9%.</p> <p><a href="https://gupea.ub.gu.se/dspace/bitstream/2077/4734/1/gunwpe0261.pdf">https://gupea.ub.gu.se/dspace/bitstream/2077/4734/1/gunwpe0261.pdf</a></p>

	4.2 Labour Code	Schedule A	<p><a href="http://www.codulmuncii.ro/en/title-1/page-1">www.codulmuncii.ro/en/title-1/page-1</a> and <a href="http://www.cdep.ro/legislatie/eng/vol58eng.pdf">www.cdep.ro/legislatie/eng/vol58eng.pdf</a> <a href="http://www.eurofound.europa.eu/eiro/2005/07/feature/ro0507102f.htm">www.eurofound.europa.eu/eiro/2005/07/feature/ro0507102f.htm</a></p> <p>In January 2005, the Ministry of Labour, Social Solidarity and Family (Ministerul Muncii, Solidarității Sociale și Familiei, <u>MMSSE</u>) proposed amendments to Law no. 53/2003, the Labour Code, in the hope of having them adopted by March. Negotiations delayed the process and it was not until June that the government passed Emergency Ordinance no. 65, published in the Official Gazette no. 576 on 5 July 2005, thus bringing into force a revised Labour Code.</p> <p>The arguments behind the new regulations include: establishment of more flexible work relationships; ensuring protection of employees; and creating the conditions to harmonise the Labour Code's provisions with the EU 'acquis communautaire' in terms of working time, collective redundancies and keeping workers informed, in line with the engagements assumed by Romania under chapter 13 on 'employment and social policies' of its EU accession negotiations.</p>
	4.3 Unemployment	Schedule A	<a href="http://ec.europa.eu/employment_social/employment_analysis/japs/romania_en.pdf">http://ec.europa.eu/employment_social/employment_analysis/japs/romania_en.pdf</a>

	<p>insurance system and employment stimulation/Government Emergency Ordinance. Also Law 76/2002 on insurance system for unemployed and on fostering employment for the labour force</p>		<p>and <a href="http://www.eurofound.europa.eu/eiro/2006/01/feature/ro0601104f.htm">www.eurofound.europa.eu/eiro/2006/01/feature/ro0601104f.htm</a> Government Emergency Ordinance no. 144/2005 amends 23 articles of Law no. 76/2002 and adds new provisions to six other articles. The amendments aim to define the category of unemployed people more clearly and regulate the obligation of employers to submit monthly declarations listing the names of insured employees, including the dues paid to the unemployment fund (previously, employers were obliged to submit only a declaration of social security contributions). Unemployment benefit contracts with the National Employment Agency (Agentia Nationala pentru Ocuparea Fortei de Munca, <u>ANOFM</u>) can be concluded only for people insured through public pensions and health insurance systems. The contribution of employers to the unemployment insurance fund is now set at 2.5% of the mandatory 'gross wage fund' for insured employees (down from the 5% stipulated by previous regulations), while individual insured people now pay a monthly contribution of 3.5% of their monthly income declared in the unemployment insurance contract (compared with the 6% stipulated by previous regulations). <a href="http://www.gov.ro/engleza/obiective/afis-docdiverse-pg-eng.php?iddoc=12">www.gov.ro/engleza/obiective/afis-docdiverse-pg-eng.php?iddoc=12</a></p>
	4.4 Employment	Schedule A	<a href="http://www.eurofound.europa.eu/eiro/2003/11/feature/bg0311203f">www.eurofound.europa.eu/eiro/2003/11/feature/bg0311203f</a>

	Strategy		htm
	4.5 Job Fairs ( <i>Burse ale locurilor de muncă</i> )	Schedule B	www.anofm.ro (all the job fairs are listed)
	4.6 Stimulating the employers to employ the young graduates ( <i>Stimulare a angajatorilor pentru încadrarea în muncă a absolvenților de învățământ</i> )	Schedule B	Additional measures handled by the ANOFM, described in the yearly reports (2005, 2006, 2007) include: <ul style="list-style-type: none"> <li>- reducing long-term unemployment by providing incentives for re-employing before the paid unemployment period ends;</li> <li>- reducing youth unemployment by counselling for entrepreneurship, for setting up a business; special financial incentives;</li> </ul> personalized support for disadvantaged young people, and special incentives for employing them, etc.
<b>5. Professional growth and mobility</b>	5.1 Extended role of the National Agency for Quality in Higher Education	Schedule A	<a href="http://qedu.ru.acad.bg/qedu/bg/accpapers/miron.pdf">http://qedu.ru.acad.bg/qedu/bg/accpapers/miron.pdf</a> <a href="http://www.bibl.u-szeged.hu/oseas/romania_facts.html">www.bibl.u-szeged.hu/oseas/romania_facts.html</a> <b>Ministry of Education:</b> its role is increasingly that of facilitation and co-ordination, rather than of overt control and detailed planning. The Ministry establishes the amount of state funding to be allocated to each institution. Institutions may decide for themselves the internal allocation of the funds they are given, they have complete autonomy over creation and expenditure of their own resources and have the right to charge students fees. Internal institutional sources include revenues from service and research

			<p>activities, contributions from individuals and economic agencies and fees paid by students.</p> <p>Within institutions, there is a distinction between academic management and institutional administration. Academic management is primarily the responsibility of the academic staff, in the form of the Senate, faculty councils, assisted by the rector, vice rector, deans and other administrators. Student organisations also participate in this form of management.</p> <p>Financial aid for students comes in the form of merit scholarships, study scholarships and grants-in-aid. The first two are awarded on the basis of academic performance while the last is need-based and related to the student's social status. Accredited private institutions may compete with state institutions for state financed development and research fund.</p> <p>The Romanian approach to higher education emphasizes market relevance, internal competition for state resources, support for entrepreneurial efforts and a focus on student issues (including equity concerns).</p>
	5.2 New National Policy on the Sustainable Development of Higher Education	Schedule A	<p><a href="http://www.old.edu.ro/highereducation.htm">www.old.edu.ro/highereducation.htm</a></p> <p>Since 1990, the Romanian higher education sector has been undergoing important changes. Among the changes already achieved are the increased number of higher education institutions, private and public, an increasing number of students, the diversification of study programmes, law reforms, institutional democratization, the concern to improve teaching and research laboratory infrastructure and the expansion of international communication and co-</p>

			operation. <a href="http://www.bibl.u-szeged.hu/oseas/romania_facts.html">www.bibl.u-szeged.hu/oseas/romania_facts.html</a>
	5.2 (Continuing) Professional training ( <i>Cursuri de formare profesională</i> )	Schedule B	
<b>6. Re-entering education/training pathways</b>	6.1 Anti-marginalization Act (2002).	Youth Case Study Report	<a href="http://www.cnfpa.ro">www.cnfpa.ro</a>
	6.2 Ministerial Order 4543/468 on validation of previous competences.	Youth Case Study Report	
	6.3 Encouraging the return to the labour market by tailored training	Youth Case Study Report	<a href="http://www.anofm.ro">www.anofm.ro</a> (Yearly activity report)

<b>7. Starting autonomous life</b>	7.1 Maternity benefits Paternal leave	-	Special incentives for employing single parents and for mothers to re-enter the labour market
	7.2 Emergency ordinance 96/2003 on protecting maternity within the workplace	-	2004 – National Agency for Family Protection
<b>8. Transition to adulthood</b>	8.1 Child Care System Reform	Schedule A	<p><a href="http://www.unicef.org/romania/imas1.pdf">www.unicef.org/romania/imas1.pdf</a></p> <p>At the end of 2004, of the 691 Placement Centers, 259 were classic centers, 108 were modular, and 329 were family-style centers (apartments, houses). A great number of old-style centers have been closed down. The number of institutions sheltering less than 50 children has increased from 134 in December 2000 to 330 in June 2003.</p> <p>In the past four years, the number of children living in placement centers decreased by 40%. This drop occurred concomitantly with an increase in the number of children protected in families (placement with extended families, foster placement).</p>

## ***7.2. Case Study Report Romania***

by *Simona Sava*\*

### **7.2.1. Conceptual framework of flexicurity approach**

The flexicurity debate in Romania is very recent if we consider the explicit use of this concept and furthermore it does not have a long history in the rest of Europe. Linking flexibility to (social) security is also a new approach since the Romanian labour market has only recently undergone substantial economic restructuring.

The need for such policies was emphasised by the Plan to Market transition (unfortunately overly long in Romania) since the restructuring of the labour market was forcing the big industrial enterprises to lay off large numbers of people. Unemployed workers received benefits that were often 'labour-market exit benefits' (policies focused on providing social security for the large numbers of people on long-term benefits) rather than 'transition into new employment'. Thus the policies stimulating labour market flexibility have developed consecutively rather than complementary to social policies, at least in the first part of the transition period. This is also explained by the rather slow economic development, with the limited capacity of the Romanian market to offer attractive jobs with difficult prospects for returning to the labour market. Many people were turning to the informal economy or seeking work outside the country.

The four flexicurity elements are not all combined in policy measures, but there is an integrated approach for at least some of these four components. Starting at the end of the 1990s, and especially over the last five years after joining the EU and harmonising the legislative framework with the *aquis communautaire*, effective labour market policies and a modern security system, in which flexibility and security were mutually supportive, began to take shape.

It will be analysed how the four flexicurity elements are included in policy development and implementation with the aim of improving youth employment in Romania and the measures (career counselling, (continuing) vocational training, job fairs, incentives for employers to employ young

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\* Reader PhD, West University of Timisoara, Faculty of Sociology and Psychology, Department of Education Sciences, and also the director of Romanian Institute of Adult Education from Timisoara.

graduates) described in more detail as examples of good practice for assuring more flexibility and/or security will be directly related to the respective element of flexicurity considered.

### **7.2.2. Youth related overview**

For understanding the situation of young people in the Romanian labour market, it should be recalled that the 15-24 and 25-29 cohorts are part of the two baby-boom generations of the mid-late 1960s and the late 1980s, largely due to a discretionary pro-birth decree issued by the Communist regime. Because of these two brutal shock policies, Romania entered the Nineties and its Plan to Market Transition with a large 15-24 year-old group and also a great number of under 15 year-olds who gradually fed into the 15-24 cohort during the Nineties and first years of the current decade (Ghinararu, 2005: 4).

The youth employment rate has constantly decreased over the last ten years, dropping from 38.1% in 1997 to 24.9% in 2006. The youth unemployment rate hovered around 17% until 2001, then rose to over 20% in 2002 and 2004. In 2006 it stood at 19.7%.

This situation can be also explained by the extension of education, following the increase in the supply of (post)higher education. The percentage of 22-year-olds who have achieved at least upper secondary education level (2006: 77.2%) is about EU average. These figures need to be seen in the context of the late 1980s, when Romania's labour force had one of the lowest educational levels in Europe (because of the limited supply of higher education - Romania Youth Country fiche, 2007: 53).

The current trend is now similar to the rest of Europe: a decreasing percentage of young people against an increasing number of pensioners (also because of early retirement schemes).

The ongoing reform of the educational system has also encountered problems; the school drop-out rate of 19% in 2006 fell for the first time for many years below 20%, although it is still higher than the EU average of 15.3%. Much work still needs to be done to meet the EU target of not more than 10% of early school leavers by 2010.

As a consequence of educational shortcomings, a quarter of all youngsters approach the labour market without sufficient qualifications. The school to work transition is thus difficult and the high non-student

inactivity rates among 15-24 year-olds should be a matter of concern for us, as they go hand-in-hand with high early school leaving rates and high youth unemployment rates (see Progress Report 2007e: 148). The percentage of long-term unemployed youths is 29.2% (against 16.8% for adults), of which 34.1% were benefiting from active measures for stimulating employment during the first half of 2007.

Most graduates have great difficulties in finding a job. The number of those who are over qualified for the job they hold has increased over the last years; this mainly applies to higher education graduates, despite the fact that their unemployment rate is the lowest in their cohort (out of a 7.4% total unemployment rate for 15-64 year-olds in 2006, 9% had a low level of education, 7.7% had a medium level and only 3.1% had higher education). They are often trapped in jobs with poor conditions or prospects, either in temporary employment, working part time (around a quarter) or in low paid positions. It is a reason for concern that about a quarter of youths (27%) are thinking of working abroad and only 21% consider that they have better chances of success in Romania than elsewhere (A-B. Sanduleasa, 2007a: 8 - research on the attitude of youths towards employment). For many people, migrating to find employment is the only solution, and even here most find jobs for which they are over qualified. This employment can serve as a stepping stone to help young people establish a track record of employment, but for some it can lead to a cycle of permanent low quality jobs.

Against this, higher-education graduates\* find it difficult to make use of their qualifications on the labour market since the increase in the supply of higher education was not matched by the quality of provisions.

### **7.2.3. Some possible solutions**

In the National Plan for Reforms (April 2007), subchapter 10.3 deals especially with the placement of young people in the labour market. Short-term actions include:

- facilitating transition from school to work by consolidating information and counselling services, including career counselling, by fully

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\* The main reasons emerging from the research are: low level of compatibility between graduates' competencies and labour market needs; narrow specialization (there are about 270 specialisations in higher education), lack of work experience, weak links and partnerships with the business sector.

implementing the National Plan for informing young undergraduates of labour market opportunities and risks;

- promoting apprenticeships as an alternative for young people with low levels of education and without qualifications;
- implementing measures for stimulating youth employment handled by the public employment service (bonus for finding work within 6 months of graduating with a contract for over 12 months; reducing taxes for employment security funds, contributing to the salaries of neo-graduates who are employed for at least three years, re-training programmes, loans with preferential interests for students starting up businesses, etc.);
- focusing on young people from social protection institutions by implementing the special programme for integrating vulnerable groups with risk of marginalization.

From 2008 to 2010 the Government will implement the National Programme for Promoting Youth Employment (with ESF support), with the aim of improving the administrative capabilities of public and social partners so they can gauge the effectiveness of interventions for attracting young people to the labour market and increase awareness of their precarious situation in it.

This special focus on youth is prompted by their condition on the labour market: in 2006, the unemployment rate for their age group was 19.7%, about three times higher than that of the total population in Romania (7.4% in January 2007) (Eurostat, “Young Europeans through statistics”, March 2007). Moreover, out of 210.3 thousand unemployed 15-24 year olds in 2005, 162.1 had never had a job. 13.1% of the young are long-term unemployed with 18.2% in the cities, 9.5% more than in rural areas, were they are mainly employed in agriculture. Jobs in agriculture have low wages and are unattractive, so there is widespread migration, either to urban areas or abroad (mainly women). The government plans to help young people start up competitive farming with financial aid from FEADER through the National Programme for Rural Development.

These priorities are concrete examples of how the Operational Programme on the Development of Human Resources was implemented, in particular under the priority axes on education and training to support growth and the knowledge-based society; increasing the adaptability of the labour force and enterprises; promoting active employment measures and promoting social inclusion.

These measures can be found in all the strategic employment plans since 2002, when Law 76 on unemployment benefits and job creation came into force (with all its subsequent improvements and amendments up to 2006).

The measures are thus in their fourth year of implementation, and their effects will be described below.

In addition to young people from rural areas, there are specifically designed schemes for youngsters from social care institutions, youngsters who have completed their mandatory military service, youngsters from Roma communities, etc. In 2002, the ten-year National Anti-Poverty and Social Inclusion Plan were also set up, together with Law 116/2002 on the prevention of social marginalization.

But another important youth employment issue in Romania still lacks coherent solutions and approaches, and that is the massive migration for employment reasons. Unofficially, there are about four million Romanians working abroad and a significant share of these migrants is youngsters. If we count just those going abroad with legal contracts (obtained through the Office for Labour Force Migration or private employment agencies), 1 out of 8 Romanians works abroad (E. Militaru, 2007a: 14 – Emigration amongst youths – a chance for them, or a risk for Romania?). The obvious drawback is that a large number of highly qualified young people leave the country.

#### *Labour market policies*

Labour market policies can be described, according to the different levels and aims of intervention and the different target groups they are addressed to (see Interim Report, 15.10.2007, p. 112-118), as policies:

- 1) *to attract people to the labour market*, where the focus is either on providing young people with an adequate level of professional competence or helping them to find a job;
- 2) *to foster the vocational and the continuing vocational development* of young workers and their adaptability, by stimulating and supporting both individuals and companies to invest in developing skills;
- 3) *to promote the roles of different actors* in a governance framework, that is vertical and horizontal subsidiarity;
- 4) *to integrate various measures and public policies within a flexicurity framework* that combines flexible work arrangements, active labour market policies, lifelong learning systems and social security systems.

#### *a) Lifelong learning system*

The Ministry of Education, Research and Youth (MERY) is mostly responsible for designing and implementing **professionalization** policies. The main challenges are:

i - preventing young people entering the labour market without (adequate/basic) skills and competences for the profession they have trained for, or to prevent training for professions not demanded by the labour market.

In this respect, the entire TVET (Technical Vocational Education and Training) system was restructured and the specializations offered in higher education were also revised. In 1998, the National Centre for Technical and Vocational Education and Training Development (CNDIPT) was set up to reform the TVET system at pre-university level. In 2001, the National Agency for Partnership of Universities with the Socio-Economic Environment (APART), replaced by ACPART\* in 2005, was established to organize the new qualification system, in line with the Copenhagen Declaration (2002), restructuring the higher education system on three different levels under the Bologna Process, and also to meet the European Qualification Framework.

The school reform processes also aimed at enhancing the labour market relevance of initial and vocational education and training, offering a framework for linking schools with the labour world by giving them increasing *autonomy* in defining curricula and in strengthening their links with the territory and with local companies. After introducing the *school-based curriculum* concept and enabling vocational schools to set up partnerships with potential employers (either for practical training or for facilitating the transition from school to work), the process of decentralizing the educational system is now continuing for the entire pre-university level, the TVET schools being an example in this respect.

To increase the relevance of the qualifications to (local/regional) labour needs, Local Consortia were set up in 2003, as well as Regional Consortia involving a large number of stakeholders, with the main task of drawing up and subsequently revising the Regional and Local Action Plans for

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\* The missions of the National Agency for Qualifications in Higher Education and Partnership between Universities and Socio-Economic Environment (ACPART), as national authority for the qualifications in higher education, are: (a) the definition, implementation and updating of the National Framework for Qualifications in Higher Education including the development, recognition and certification of qualifications on the basis of the competences acquired by the beneficiaries of the higher education system; (b) the analysis of the compatibility of the curricula of fundamental areas of higher education with national qualifications framework benchmarks. In this respect, the ACPART is about developing the National Qualifications Register for Higher Education, fundamental for the process of recognition and validation of degrees issued by higher education institutions in Romania (Report Romania 2007 for London Conference on Higher Education of Ministers of Education, 2007: 9).

Vocational and Technical Education systems (the first plan came out in 2004-2005).

Law 87/2006 (for approving Government Ordinance 75/2005) set up agencies for assuring the quality of education, both at pre-university and higher education level. Relevance is one of the criteria for evaluating the quality of qualifications provided.

ii - creating *new structures for the training system* (special pathways, new system arrangements) to address its weak points

The ongoing reform of the educational system meant experiencing different structures, different pathways and different lengths of compulsory schooling. To compensate the transition from one structure (e.g. compulsory schooling up to 9th grade and then to 10th grade) to the second cycle of vocational high schools (and thus to facilitate the access to vocational pathways), young people can attend an additional year.

For those leaving the education system without completing compulsory education (14-25 year olds), *the second chance for education* enables them to obtain basic skills (meant to be acquired at the end of compulsory education) through a special, 3½ year curricular programme in parallel with apprenticeship training. Thus in 1999 the national programme “Second Chance for Education” was set up as a pilot for the Roma population in 15 counties, and since 2004 the programme has been extended to all early school leavers, with pilot implementation in 22 counties.

Law 297/2005 covers *apprenticeship training*. 16-25 year olds can take up apprentice contracts for not more than three years and for at least six months. 133 occupations are listed for which an apprenticeship can be carried out. Beside apprenticeship contracts, these youngsters can attend an additional year (after obtaining the compulsory school certificate) that will allow them to enrol in a vocational high school. This measure covers not only learning policies but also flexible working arrangements and social aspects. It has tools for stimulating employment, such as apprenticeship subsidies that recognize the contract as a distinct type of labour contract under which a person, who cannot be younger than 15 or older than 25 years of age, can be hired and receive, while in employment, both practical and theoretical training. Apprentices’ wages are eligible, at the employer’s request, for a subsidy calculated at 50% of the minimum statutory wage. Apart from this, employers taking on apprentices receive an allowance covering expenses incurred by their theoretical training. This allowance cannot be higher than 20% of the minimum statutory salary. However, the

conditions for obtaining these facilities are discouraging for employers and there is little demand for this active measure.

iii - providing *incentives to remain in training* through financial support for children of disadvantaged families as a measure for reducing social exclusion and marginalization.

At least three positive experiences can be described here, as extending access to education for the disadvantaged is one of MERY's priorities. There are two national programmes that address individuals in disadvantaged socio-economic situations ("EURO 200" that helps pupils buy computers, and "Money for High Schools" to help youngsters from rural areas and from underprivileged backgrounds continue their education – for the 2007-2008 school year 140,888 pupils received 180 RON a month under this programme), as well as national institutional programmes (programme for rural education or programme for the disadvantaged Roma population, etc.), with integrated measures that support access or return to training and ensure that *young people remain in lifelong learning pathways*.

To encourage the return to training, the *accreditation of prior education and learning experiences* system was set up, Romania being the first Eastern European country with a national strategy in this respect, after the Copenhagen Declaration. The common Order of Education and Labour Minister n° 4543/468 (2004) provides procedural guidelines for the evaluation and certification of professional competences acquired in other contexts than the formal one. At the request of the individual, these competences are evaluated by centres for professional competences.

The National Council for Adult Vocational Training authorizes and monitors the evaluation centres for professional competences and certifies their evaluators. At present, 31 centres are functioning for the evaluation and recognition of prior learning, assessing 61 occupations and qualifications ([www.cnfpa.ro](http://www.cnfpa.ro)).

iv - *encouraging companies to assume educational roles* with regards to young people in training and for the unemployed young in particular, also through government financing and various incentives.

Despite the positive experiences described, in Romania there is still no national strategy for lifelong learning and the data regarding the percentage of adult population between 25 and 64 participating in education and training (1.6% in 2005 and 1.3% in 2006) shows that much still needs to be done. The National Strategy for Continuing Professional Training for 2005-2010 stipulated what is needed to create a flexible and transparent system.

According to Eurostat, employers pay 109 euro per employee for continuing vocational training; on average, companies in Romania spent six times less per employee than the EU average (see *Report on the State of the Art of the Education System*, Ministry of Education and Research, 2006: 104), despite the fact that the Labour Code (2003) states that employers have to provide in-house continuing professional development/training (CPT) for their employees, and since 2004 the state has been offering employers 50% of professional training costs for up to 20% of their staff. The companies mainly rely on the qualified labour force on the market, one explanation being that the majority of them are SMEs with limited capacity to invest in training and with limited opportunities for this strategic investment.

Nevertheless, the **(continuing) professional training** measure (described in more detail as an individual measure) is well coordinated by legislation within the framework created by the state. Beside the actions mentioned earlier, in 2004 CPT providers obtained authorization from the National Council for Adult Vocational Training (CNFPA in Ro). In 2004 more than 1800 programmes were authorized, in 2005 about 3800 and in 2006 about 5200, ranging from introduction to re-qualification, further training, etc.

This does not mean that there was no previous organized professional training. The authorization measure was mainly introduced as a means to assure the quality of training provided, providing certified training recognized on the labour market. But a large amount of training, mainly within enterprises, is still carried out without following the route of authorization. The regulation of CPT for the unemployed became more systematic and state financed once the National Agency for Labour Force Employment – ANOFM – with its network of county agencies AJOFMs - as well as the National Council for Adult Vocational Training – CNFPA - were set up. They both started functioning in 1999, with representatives of the trade unions and employers' federations sitting on their boards at national and regional ("judet"- county) and even local level.

Any job seeker can benefit from free (continuing) professional training recognized on the labour market, under Law 76/2002 on the assurance system for the unemployed and on fostering the employment of the labour force. Professional training leading to a qualification cannot be shorter than six months.

The unemployed enjoy many rights and facilities for attending training (updated and extended by Ministerial Order 171/2004), including the right to qualitative theoretical and practical training, travel expenses to the vocational centre, expenses for accommodation if they have to travel more than 50 km, tools for training and learning, etc.

Assuring the professional competencies unemployed people need to improve their job chances through professional training courses is an active measure aiming both at improving the competency profile of individuals and at satisfying the immediate needs of the labour market. In this respect, there are yearly professional training targets set in the national employment plans implemented by ANOFM. For instance, the target for 2006 was to enroll at least 50,000 persons in these courses. 2,422 (2,194 in 2005) professional training courses were organised, out of which 2,190 (2,059 in 2005) were for unemployed people registered in the AJOFM databases, 79 (47 in 2005) for prisoners, 121 (79 in 2005) were organized by employers for their own employees under Law 76/2002, and 32 (9 in 2005) for those taking free professional training courses (mothers trying to re-enter the labour market after maternal leave). The courses can be organized either by AJOFMs or by authorized training providers with AJOFM contracts. In 2005, out of 2,194 courses organised, 1,089 were held by authorized training providers, 614 organized through AJOFM CPT centres, 418 by regional providers (also belonging to ANOFM) and 73 were organized by the three Romanian-German Foundations, also co-financed by the Ministry of Labour in agreement with the German ministry.

Access is for free for all unemployed job seekers, irrespective of their level of education. To be eligible for unemployment support, they have to follow one of the active measures for finding employment. The AJOFMs have a database with training offers, and during the counselling process the unemployed decide which vocational training course they want to attend. ANOFM's yearly statistics show that young people are much more likely to be involved in training and are more willing to change/update their qualifications than adults.

The vocational training providers have to prove, as standard of success, that 75% or more graduates managed to get a job after their new qualification, and that at least 80% of the registered unemployed attending the course have finished it. It can also be asked how long they managed to stay employed once they got the job.

Modular approaches to vocational training are now encouraged. All training providers have the possibility of certifying not only graduation from a full training course, but also graduation from distinct modules of a training programme (i.e. course), provided that an individual can prove that he or she can only attend a specific module.

Regarding the costs for implementing these measures, ANOFM data shows that the resources allotted to "Professional Training" were 32,778,000 and that 25,330,926 or 77.28% were spent for 2006. But ANOFM data also shows that, between 2001-2004, out of the entire public

allocation for the labour market, less than 4% is for professional training (the explanation being the relative small number of unemployed accepting this active measure – see *Report on the State of the Art of the Education System*, Ministry of Education and Research, 2006, p. 104-105).

A total of 46,681 people benefited in 2006 from this measure, out of which 42,565 were registered unemployed. The 42,565 unemployed (22,228 women) attended the following types of professional training: (a) introductory courses: 5,894 (3,640 women); (b) re-qualification courses: 35,197 (17,671 women); (c) further training courses (*perfectionare* – in Ro): 1,012 (652 women); specialization courses: 462 (265 women).

The under-25 year-old unemployed formed the largest group, with 29.18% (36% in 2005) of all trainees (26.88% of 25–34 year olds). But out of the total number of registered unemployed in 2006, only 8.77% were attending professional training courses (10% in 2005).

In the peer review done with the ETF representative in 2004 it was shown that only 1 out of 40 unemployed people has attended a professional training course, the participation rate being one of the lowest in Europe. In most cases, the participants are the individuals, not the companies, who are reluctant to invest in the continuing professional development of their employees. But in spite of the low rate of participation, in Romania there is a great interest in developing these training policies.

#### *b) Active labour market policies*

In the National Plan for Reforms (April 2007) mentioned above, the active measures for stimulating employment were described. The implementation of these measures is closely monitored, quarterly statistics being published on the Ministry of Labour's website. ANFOM's annual activity reports (as PES responsible for their implementation) also show the figures for each active measure against the targets set in the yearly employment plans. For instance, in the first half of 2007, the figures provided by ANOFM are as follows:

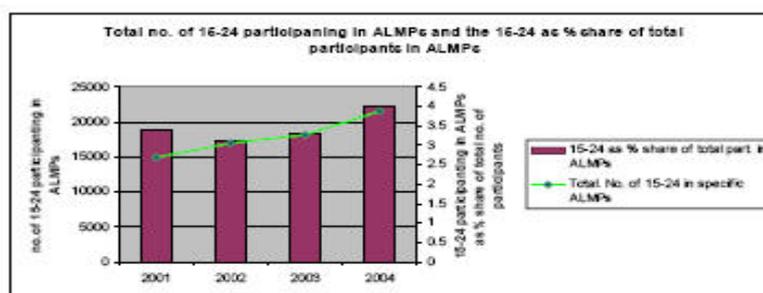
*Number of persons employed through the implementation of the Program for Employment, by regions/counties and types of measures, on June 30, 2007-Part I*

ty	Total	din care (out of which):					
		Prin mediere, din care: (Through job-matching services)	din care (out of which):		Prin servicii de informare și consiliere profesională (Through information and counselling services)	Prin organizarea cursurilor de formare profesională (Through organizing vocational training courses)	Prin acordarea de alocații pentru șomerii care se încadrează înainte de expirarea șomajului (Through benefits granting to the unemployed who take up employment before the end of the period of entitlement to the unemployment benefit)
			în locuri de muncă vacante pe perioadă nedeterminată (employed with open-ended contracts)	în locuri de muncă vacante pe perioadă determinată (employed with fixed-term contracts)			
	282.951	222.293	164.224	58.069	25.539	10.774	12.810

Number of persons employed through the implementation of the Program for Employment, by regions/counties and types of measures on June 30, 2007-Part IV

Din total persoane încadrate: (Out of total persons employed:)							
Prin stimularea mobilității forței de muncă (Through the stimulation of the labour force mobility)	din care: (out of which:)		Prin acordarea de servicii de consultanță și asistență pentru începerea unei activități independente sau pentru inițierea unei afaceri (Through services of consulting an support for starting an independent activity or a business)	Prin ocuparea temporară a forței de muncă în lucrări publice de interes comunitar (Through temporary employment in public community interest works)	din care, încadrați pe o perioadă de minimum 6 luni (out of which, employed for at least 6 months)	Prin încheierea de contracte de solidaritate, în baza Legii nr. 116/2002 (Through concluding solidarity contracts, according to the Law no.116/2002)	Prin alte măsuri active (Through other active measures)
	Șomeri care se încadrează într-o localitate la distanță de peste 50 km. față de domiciliu (Unemployed taking up employment at more than 50 km. away from the locality of residence)	Șomeri care se încadrează în altă localitate cu schimbarea domiciliului (Unemployed taking up employment in other location by changing their residence)					
1.760	823	937	272	36.636	15.378	946	252

Again based on ANOFM sources, Ghinararu (2005: 17) the evolution of active measures was summarised:



A more detailed description will be provided on **counselling and job fair** active measures.

**Helping graduates to find a job and facilitating their access to work** means that the Ministry of Education and Ministry of Work have to jointly design and implement another set of policies, aiming at reducing times and providing young people with transition pathways from education to work and from training to work (statistics show that in 2006 the long-term unemployment rate out of the total unemployment rate was 57.5% - the EU27 average is 40.6% - although it had continued to drop from the highest rate in 2003). *Accompanying services* (development of information, motivation and guidance services) help set up individual action plans, personalized support, tailored job search, etc.

Offering assistance in building up a career means providing young people with tailored guidance and counselling for choosing a suitable education pathway leading to a labour market qualification, reducing the mismatch between education outcomes and labour market requirements. Career counselling services assist youngsters to evaluate their aptitudes,

possibilities and interests and to make effective decisions for their possible career paths, based on appropriate information concerning the world of work and occupations. The young are also told how to look more effectively for the relevant information and for a job. After counselling services, individuals can opt to take a job, attend further training courses, or set up their own business.

Providing information and counselling services means acting at different levels and with different purposes, both for prevention and for facilitating (re)insertion in the labour market (as information and counselling services are general preconditions for applying the further measures).

Counselling services are free and provided both by public bodies and private agents who have contracts with AJOFMs. There are also formal partnerships between school inspectorates and AJOFMs, since career counselling is a joint responsibility of the Ministries of Education and of Labour.

The “From School to Work, to Career” programme (implemented through a joint agreement in 2004 between the two ministries) is potentially addressed to all students before graduation, involving individual counselling by the school or group counselling sessions by the classroom coordinator or the counsellor. To assure the quality of counselling services, in 2005 rules were established for counties’ resources and education assistance centres as well as for school labs and counselling centres. Universities have career counselling centres (since last year it has become compulsory) and student (professional) associations also provide these services.

The government is intending to set up a national plan to make young people about to leave education aware of labour market opportunities and risks.

For those who are already unemployed or registered as looking for a job, the first step is to provide a counselling service. Since the staff of the employment offices found it difficult to cope with the large numbers of applicants, accredited private specialised services have been set up.

In 2006, 126,121 job seekers benefited from counselling services, out of which 37,352 went on to further training courses, 5,503 received advice for setting up their own business and 36,906 found employment. In 2005, 31,160 under 25-year-olds benefited. Through the “From School to Work, to Career” programme, 1,518 group counselling meetings were carried out for high-school leavers. 847 disabled persons also received counselling services (15.34% of the disabled persons registered in employment offices).

Under the item “Active measures for preventing/ ameliorating unemployment (through consultancy and career guidance)” ANOFM budgeted 89,052,000 in 2006 with an expenditure of 83,417,457 (93.67%).

However, despite the many potential sources of information provided by the media and specialized institutions (the professional counselling described, as well as other counselling and information centres for citizens run by local administrations), the long transition from education/training to work, the high long-term unemployment rate and the high percentage of young people neither in education nor in employment show that much still needs to be done to increase and improve the supply of counselling services.

In some ways complementary to the measure described are the **job fairs**, considered also as an active measure to stimulate employment. Job fairs are one of ANOFM’s, with its AJOFMs, most well-known active employment measures and can be directed at all sorts of target groups. For instance, there have been job fairs specifically aimed at recent graduates since 2003, taking place each year in September. Beside the general job fairs (for all types of jobs), there are organized job fairs for increasing employment among the more marginalized groups in society (Roma, youngsters from social care institutions, women, disabled people, etc.). Job fairs act as a link between companies/employers and job seekers (and those with difficulties in finding a regular job through the existing channels).

Job fairs are organised for one day by AJOFMs with the support of interested companies. The companies present themselves and the jobs they are offering and have the opportunity to meet potential candidates. Each company has a small stand which the unemployed can visit and have a chat about the possible job. The unemployed leave their CVs at different stands, hoping they will be called for an interview. Participation is free.

The possible *goals* of such events are to provide employers and job seekers with knowledge about each other: employers get to meet the unemployed whom they might otherwise never have talked to. The unemployed get new ideas and learn about new professions and companies which they might otherwise never have heard about. They also have the chance to ask the company questions in person and to learn about the challenges and skills involved.

For vulnerable groups with less access to information (Roma and people from rural areas) caravans have also been organised since 2005. These events disseminate information about the rights and services they can

access and also identify the problems and obstacles people from these communities have to cope with.

Job fairs are conducted locally in close cooperation between local companies and the AJOFMs, together with school inspectorates, universities, high schools, etc. For caravans, the local authorities from the respective communities are involved. The organisation of job fairs has been flexibilised so that two general job fairs are organised at national level, and at local level, according to the needs of the market, as many job fairs as needed for the types of vulnerable groups represented. Job fairs for young graduates are organised everywhere.

In 2005, job fairs were responsible for the employment of 24,230 persons, with 6458 during job fairs for women; 4604 during job fairs for young graduates (out of the 24,230 young graduates participating, 15,525 were selected and 4604 obtained a job); 11,507 general job fairs, etc. In 2006, 25,355 persons were employed thanks to job fairs.

For this measure there is a general positive evaluation but sometimes the qualitative evaluation reveals young students' disappointment about the quality and attractiveness of the jobs offered.

#### *c) Flexible work arrangements*

The Labour Code (Law 53/2003) offers high employment protection in Romania, making it very difficult for employers to dismiss a worker. Hence employers are cautious in offering employment on an unlimited basis, as such a decision is difficult to reverse. The present government tried to support employers by amendments to the Labour Code in 2005 and in 2007.

Beside the affirmative measures and specifications already mentioned to foster employment of young people (for both them and employers), there are no different rules on temporary or unlimited contracts for young people. In most respects, therefore, young adults are treated the same as prime-aged workers, with the exception of apprenticeships, addressed to very young people meaning that their limited physical capacity for work needs to be considered, with time for rest and for education and special working conditions.

Where differences between the young and the prime-aged do exist, they are often in terms of the security aspects of the labour market, with lower levels of security offered to young workers in an attempt to improve their

active efforts for entering the labour market. Unemployment benefits are also lower for youngsters, as they are in direct relation to their contribution (while working) to unemployment protection funds.

A special measure to stimulate the employment of young people during their summer holidays was implemented this year (subsidies up to 50% of minimum gross wage) to familiarise them with the labour market and to reduce the transition from education to work as well as to bring this work into the open.

Nevertheless, disguised employment is still quite high, and undeclared work/income or employees in the “grey area” of self-employment (and often not covered by social protection) are a big problem\*. It is mainly the young who are in this situation; they are less informed about working regulations and many of them are students looking for part-time/flexible working arrangements so as to continue studying.

In an attempt to bring out at least part of the massive percentage of undeclared work (with second and third jobs mostly qualifying as such), the present government introduced the 16% flat-rate income tax on 1st January 2005. This measure aimed to stimulate both investments for the Romanian economy and to increase overall employment, at the same time encouraging the Romanian workforce, and notably its youngest segments, to take up a second or even a third (declared) job and thus increase income. However, this measure failed partly to reach its aims, as it is not clearly stipulated if more declared jobs (and thus, more contributions to public pensions and health insurance systems) will mean additional benefits to these “hard-working” contributors (see also Ghinararu, 2005: 25).

Although the percentage of fixed term contracts decreased in 2004, with 9.5% compared to 10.1% in 2003, the introduction of flat-rate income tax made them increase once again. However, workers on temporary contracts have, in most respects, the same protection as those on permanent contracts. Once the temporary contract has ended, it can be extended only once, for not more than one year; after that, if the employer wants to keep the worker, an open-ended contract has to be offered. Fixed term-contracts can be used in addition to open-end ones for the same employee, but for not more than two hours/day. The fiscal relaxation was not necessarily encouraging fixed-term contracts but rather civil contracts (not employment

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\* However, the self-employment percentage is steadily decreasing - (from 38.3% in 2002 to 37.5% in 2003 and 34.1% in 2004), as the evaluation report of employment policies since 2005 shows.

contracts) that can be used only by NGOs.

However, it is well known that young people have a higher than average mobility on the labour market in their struggle to find better jobs.

*d) Social security systems*

Employment policies in Romania generally aim at better security rather than stimulating more flexibility on the labour market. This is mainly valid with regards to the difficulties for dismissals. But if we consider that security is also about equipping people with the skills for progressing in their careers and helping them find new employment, about adequate unemployment benefits to facilitate transitions or training opportunities for all workers, especially the lower skilled and older workers, then the situation described above is not very favourable, being mainly about opportunities for continuing professional development.

Security also means providing adequate income support. Romanians have a low average income which has a direct impact on the standard of living and on the fact that a great number of people are forced to take an extra job beside their open-ended contract.

It could be said that the security system is focused more on passive than active measures. Passive social security measures were to some extent a short-term solution for the extensive restructuring of the economy, with the closing down of the big communist enterprises and massive collective dismissals. As restructuring and privatization speeded up during the late Nineties, the top priority was measures aimed at displaced workers and at alleviating the negative social effects of restructuring. During the first part of this process, the focus was mainly on providing severance payments for at least one year in addition to unemployment benefits. But the security provided by a generous social system was reducing flexibility and locking people in a dependency trap.

Nowadays the situation has greatly improved with a modern security policy offering active measures of counselling and training through support committees and transit centres set up in enterprises.

For instance, the system for protecting families and stimulating maternity has been improved and updated since 1999 (when the law on paternal leave came into force) with the aim of raising the birth rate. Besides the right to 2 years paid maternal/ paternal leave, (paid) return to work is also encouraged, and there is currently widespread debate on the reform of early education (*Reforma educatiei timpurii*).

Laws and legal stipulations on equality between women and men (Law 202/2002), on combating discrimination (Government Decision 1279/2003 setting up the National Council for Combating Discrimination) and on protecting maternity within the workplace have also been introduced. Emergency ordinance 96/2003 etc., and the related institutions have been set up: the National Agency of Equality between Men and Women; National Agency for Family Protection, against violence within the family, etc.

The trade unions are however still negotiating for salaries and guarantees for remaining in the jobs rather than focussing on the active measures for continuing professional development and training to assure career prospects. Thus employers in Romania spend less than other European countries per employee for training (see above).

It is recognised (see also Ghinararu, 2005) that most of the unions do not have a coordinated strategy for young people, they have failed to make inroads in the SME sector, which counts for a large share of employment and especially of youth employment, and are losing constantly ground in multinationals. There is also the fact that most young people distrust unions.

#### ***Employment subsidies***

The Romanian Ministry of Labour has set up an initial system of employment subsidies aimed at young graduates.

Stimulating the employers to employ young graduates means offering them the possibility to obtain subsidies from public unemployment funds for one year to pay the wages of a new employee who has just graduated from the education system. For those graduating from high-schools and/or vocational schools, a subsidy amounting to 60% of the minimum salary was provided and 70% for university graduates. Naturally, this did not mean that employers had to pay the minimum salary but that this was the amount up to which salary expenses were state subsidized. To obtain this facility, the employer has to employ the individual for an unlimited period and to keep him/her employed for at least three years. It is a measure aiming both at stimulating the employment of young graduates without experience and of consolidating their employment status (at least for three years). One might ask how many young people employed through this facility remain in the same working place for three years, since there is a high percentage of mobility from the first job, either because of accommodation difficulties or better prospects.

The measure encourages employers to hire inexperienced workers and thus to offer young graduates the possibility of consolidating their employment status and of obtaining work experience (so, implicitly to reduce their [long term] unemployment rate).

ANFOM data shows that, in 2006, 36.09% of young graduates (34,449 persons) found a job within six months of their graduation, with 47.6% (16,414) benefiting from the facility described. Of these latter, 3,284 were graduates from upper secondary or vocational schools; 5,964 were post-highschool specialisation graduates and 7,166 were higher education graduates. The highest percentage of employment for young graduates was in the counties where there are big university centres.

In 2005, 40,019 graduates were employed (35.55% out of 112,564 registered graduates), out of which 51.78% got a job due to this facility. Beside the salary paid for one year, indirect costs related to the successful implementation of this measure cover the job fairs organised in September especially for young graduates and the counselling services. Also, once being employed, employers can also receive 50% of the costs for training for up to 20% of their staff; this is an attractive measure to compensate the lack of experience with tailored training on the job.

In addition to the measures to incentivize employers, and to foster employment among youngsters leaving education, since 2006 those managing to get a job for more than one year also receive a bonus equivalent to the minimum wage per county without interest. In 2006, 5,429 graduates received this employment bonus.

Complementary measures include apprenticeship contracts, social personalized support (for those from vulnerable groups), preferential loans and support for setting up businesses, special support for employing disabled graduates.

The Anti-Marginalization Act (2002) introduced a special type of labour agreement known as the “solidarity contract”, under which salaries are subsidized up to 75% of the national average, to be paid to employers hiring young people qualifying as marginalized under this law, for a fixed term. If there are open-ended contracts, then salaries paid to employees coming from the ranks of so-called “marginalized youngsters” are eligible for a subsidy that amounts to 50% of the national average.

In spite of their stimulating concept, the real problem lies in their actual take-up rate by both employers and the young. Most employers view such measures with deep distrust because of the bureaucratic procedures they entail (Ghinararu, 2005, p.18-19).

#### 7.2.4. Combinations of policies

Economic development in Romania in recent years has had a positive impact also on the overall capacity of labour markets to create good quality jobs. Despite this positive trend, it is still likely that young people will find it increasingly difficult to integrate in the labour market. Migrating for employment is still an effect of the limited absorption capacity of the domestic labour market mechanisms, as well as of the rather unattractive low-quality jobs with regards to generating income.

This raises the more general question of the appropriate combination of flexibility and security in the functioning of the Romanian labour market, for quality in work and facilitating transitions for young people.

The Commission's Communication, *Promoting Young People's Full Participation in Education, Employment and Society*, does not have special recommendations for Romania, meaning that policies in this respect have attempted to implement all the Commission's proposals. However, some critical points (migration or the long transition from education to work\*) still need joint efforts to improve them.

As was made clear in the opening section, flexicurity as a whole package has not really been adopted in Romanian employment policies. In spite of the concept of flexicurity being used in the last government progress report (from Oct. 2007), the package of actions for coordinating both the flexibility and security aspects is not convincing in its inner congruence. Whereas the policies are mutually supportive – as seen in their package design and implementation (see Action Plan for Reforms 2007 described above) - and have an overall impact on the situation of young people on the labour market, as ANOFM's yearly reports show, there are still many issues with acute problems and slow progress. The government's intention to launch the National Programme for Promoting Youth Employment (also with ESF support) shows it is aware of the need for integrative policies covering all flexicurity dimensions.

To implement such policies, the PES' organizational capacity still needs to be improved, so they can offer young people personalized employment

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\* Young people (15-24) not engaged in employment or in education, irrespective of educational level, in 2006 had the second highest percentage in Europe, with about 27.5%, while those with higher education had an even greater one of about 31% - a possible explanation being migration.

paths and services and can modernize and strengthen their role as a first link between job seekers and employers.

The high rate of migration means that more efforts are needed to assure safe and legal conditions of work and protection for those choosing working mobility abroad, as the European labour markets have a bigger capacity for absorbing workers.

The European Social Fund could be tapped to increase the attractiveness of the Romanian labour market and its absorption capacity with quality jobs for youngsters, also to improve youth employment in general.

In conclusion, we consider that an effective combination of measures and, more generally, a policy co-ordination on youth employment issues needs to be based on solid data on the current situation (from both a quantitative and qualitative point of view for greater insight into youth employment issues). There should also be a better understanding of the effects of policies and measures in place. An improved system of data collection and monitoring of implementation processes needs to be set up, providing reliable data for decision makers (for instance, it is not at all clear how many people are migrating, how long they stay abroad, what their working and living situations are there, etc.). Many measures have been set up quite recently and their effects need to be properly measured to improve our knowledge of them. For instance, in the transition process from education to the labour market, besides employment as such, it is also interesting to see and analyze how long young people remain in their jobs, and to find out if they have a migrant background.

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COMPLEMENTAR; *STUDIU PILOT: JUDEȚUL GALAȚI*, INCSMPS, București; [www.tvet.ro](http://www.tvet.ro)

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### **Web sites**

[www.anofm.ro](http://www.anofm.ro)  
[www.cnfpa.ro](http://www.cnfpa.ro) [www.edu.ro](http://www.edu.ro)  
[www.gov.ro](http://www.gov.ro)  
[www.incsmps.ro](http://www.incsmps.ro)  
[www.ise.ro/](http://www.ise.ro/)  
[www.mmsf.ro/munca.jsp](http://www.mmsf.ro/munca.jsp)  
[www.protectiamuncii.ro](http://www.protectiamuncii.ro)  
[www.tvet.ro](http://www.tvet.ro)

## 8. United Kingdom

### 8.1 Synoptic Table of flexicurity measures

<i>Flexicurity areas in consideration of the lifecycle approach</i>	<i>Simple/Aggregated measure(s) selected and described in the national case study report</i>	<i>Source: YOUTH Schedule A/Schedule B</i>	<i>Any additional measure(s) you consider relevant for the YOUTH research although not included neither in Schedule A nor in Schedule B<sup>58</sup> (Measure/Short abstract)</i>
<b>1. Leaving the general education</b>	1.1 14-19 Education and Skills – introduction of new diplomas	Schedule A	
	1.2 Young apprenticeship	Schedule A	
	1.3 Education Maintenance Allowance	Schedule A, Schedule B	

<sup>58</sup> Authors of the synoptic table are required only to mention the relevant measures not included in the Youth research, where considered important for a better understanding of flexicurity trends and measures, as well as a very short related abstract. No other information is requested at this stage.

<b>2. Setting up social life</b>			
<b>3. Entering a professional learning process</b>	3.1 New Deal for Young People	Schedule A, Schedule B	
	3.2 Jobcentre Plus	Schedule A	
	3.3 Pathways to Work	Schedule A	
	3.4 Entry to Employment	Schedule A	
	3.5 Activity agreements	Schedule A	
	3.6 Connexions	Schedule A	
<b>4. Entering the labour market</b>	4.1 Employment on Trial	Schedule A	Work Trial - Allows workers to have a 2 week trail in a job whilst still receiving benefits, in order to hopefully win a job contract. Only introduced since Schedule A originally written
	4.2 National Minimum Wage – lower for youth workers	Schedule A, Schedule B	
	4.3 Employment protection laws	Schedule A	
	4.4 Social security availability	Schedule A	

	4.5 Apprenticeship	Schedule A Schedule B	
	4.6 Learning agreements	Schedule A	
<b>5. Professional growth and mobility</b>			
<b>6. Re-entering education/training pathways</b>			
<b>7. Starting autonomous life</b>	7.1 Sure Start	Schedule A	
	7.2 Family friendly policies	Schedule A	
	7.3 Maternity Pay	Schedule A	
<b>8. Transition to adulthood</b>			

## **8.2. Case Study Report United Kingdom**

by *Steven McIntosh, Department of Economics, University of Sheffield, UK.*

### **8.2.1. Conceptual Framework of the Flexicurity Approach in the UK**

#### *8.2.1.a. General Overview*

##### *The public and academic debate*

##### *The flexicurity debate in the UK*

The term ‘flexicurity’ is rarely heard anywhere in the UK, within policy circles, amongst labour market practitioners, or amongst researchers and commentators. As an over-riding concept, the flexicurity approach to labour markets has not entered the general psyche, or terminology, of the British people. This is not to say, however, that the various elements of flexicurity are not to be found in the UK. Examples of the four elements of flexicurity can indeed be observed in the country. It is more the case, therefore, that the various elements are not seen as a unified approach to labour market policy, with the elements rarely considered in combination with each other. In addition, some elements receive more attention and therefore involve and affect more people than others. In particular, the flexibility elements of flexicurity are implemented more thoroughly than the security elements, as will be revealed as each element is discussed in turn.

##### *Flexible labour markets*

The concept of ‘flexible labour markets’ means different things to different people. It can be concerned with functional flexibility (the ability of individuals to perform different tasks within their job), or numerical flexibility (the ability for firms to hire and fire workers easily, to achieve a workforce of desired size), or indeed wage flexibility (free movement of wages in response to changes in demand and supply, to price people into jobs and clear the labour market).

In the 1980s, the focus on policy in the UK was primarily on wage flexibility, making the labour market perform as freely as possible. The

context was a period of mass unemployment, and the blame was centred on the labour market institutions that prevented wages falling to price workers into work, following the fall in aggregate demand. The power of trade unions to influence wages was curtailed, the generosity of unemployment benefits was reduced, and the value of industry-specific minimum wages set by Wage Councils fell, before the Councils were abolished altogether in 1993. These policies were credited with transforming the UK from an above-average unemployment to a below-average unemployment country and an example for other nations to follow. It is fair to say that security of workers did not play a large role in government thinking during this period.

*Alternative measures of labour market success*

Aggregate unemployment in the UK is now lower than EU or OECD averages (in 2006, 5.3% in the UK, relative to 7.4% in EU-15 or 6.0% in the whole OECD<sup>59</sup>). The employment-population ratio is also relatively high in the UK (in 2006, 72.5% in the UK, relative to 66.0% in EU-15 or 66.1% in the whole OECD<sup>60</sup>). However, this does not mean that the UK has solved all problems of the labour market. For example, although official unemployment figures may be low, the numbers not looking for a job and so classified as inactive rather than unemployed has grown. In addition, disparity in labour market outcomes is higher than ever before in the UK. Whilst the increase in wage inequality in the UK since the start of the 1980s is well-known, the growing disparity in employment outcomes is perhaps less so. Unemployment and inactivity is increasingly concentrated on particular groups, usually the most disadvantaged. One of the clearest examples of this growing polarisation is the growth of workless households. The traditional family model of one wage-earner has been replaced and increasingly households either have two wage earners or none at all. Although employment is high, it is concentrated on particular households, with 1 in 6 households in the UK having no working member, a much higher proportion than in the 1970s.<sup>61</sup>

Of particular relevance to the current study is youth unemployment. Although the level of youth unemployment is lower than in many other OECD countries, Wadsworth (2006) shows that this is partly a definitional issue, and if the unemployed are defined as the proportion of the total youth population, rather than the proportion of the young people *in the labour market* who are unemployed, then the UK performs worse than a number

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<sup>59</sup> Source: (OECD 2007).

<sup>60</sup> Source: (OECD 2007).

<sup>61</sup> Source: Wadsworth (2006)

of OECD countries (due to the fact the other countries have a higher proportion of young people aged 18-24 in education, so increasing the denominator in the calculation for those countries). Furthermore, OECD (2007) shows the unemployment rate of 18-24 year olds in the UK to be 13.9% in 2006, whereas the rate for 25-64 year olds is 4.1%. This ratio of 3.4 is higher than in all but 4 other OECD countries (the exceptions being Iceland, Italy, New Zealand and Sweden). Quintini *et al.* (2007) show that this ratio increased dramatically in the UK between 1995 and 2005 (having been around 2 in 1995), taking the UK's youth: prime-aged unemployment ratio from well below the OECD average to well above it.

The current view in the UK is therefore that making labour markets as free and flexible as possible will not solve all the problems, with more targeted policies required. The following section describes some of these policies, with particular reference to those that can be referred to the tenets of flexicurity. Further information regarding a range of policies can be found in the annex.

#### *Flexicurity and labour market policies*

The four elements of flexicurity as typically defined are flexible work arrangements, active labour market policies, lifelong learning systems and social security systems that provide sufficient protection when unemployed.

#### *Flexible Work Arrangements*

Considering each in turn with respect to the UK, flexible work arrangements are argued to be required to reduce restrictions on firms, and to allow them to hire and fire workers more easily. It is therefore numerical flexibility in terms of employment levels that is being considered, rather than functional flexibility. Without such flexibility, firms cannot respond to the rapid changes brought on by technological change, and also may be less likely to offer employment in the first place if they believe that such a decision would be difficult to reverse.

The labour market in the UK is relatively unregulated compared to many other countries and so does offer a relatively high degree of flexibility. Employment protection is lower in the UK than in many other countries, making dismissal of workers easier. A firm can make all or some of its workers redundant if it is in its interests to close down or reduce the number of employees it hires. As long as the job 'disappears' (i.e. a replacement worker is not immediately hired), then workers cannot claim

they have been unfairly dismissed. Firms do have to make redundancy payments to workers that they lay off in this way, but only to workers who have given at least two years of continuous service to that firm. Any worker who has been employed by a firm for less than two years has no automatic entitlement to a payment if made redundant. The level of compensation to which eligible redundant workers are entitled is determined by length of service and age, but is low by international standards. The specific rules are:

- 0.5 week's pay for each full year of service where age during year is less than 22
- 1.0 week's pay for each full year of service where age during year is 22 or above, but less than 41
- 1.5 weeks' pay for each full year of service where age during year is 41+.

There is, however, a limit on the weekly pay that can be taken into account when redundancy pay is calculated, which is currently £310. Thus two workers with identical years of service and age, one earning £310 per week and the other earning £500 per week, would receive the same redundancy payment.

The notice that must be provided to workers that a firm intends to make redundant is at least one week if they have been employed for between one month and two years, one week's notice for each year if employed for between two and twelve years, and twelve weeks' notice if employed for twelve years or more. Again, the degree of restriction imposed on firms is small.

In the cases when a firm dismisses a worker and cannot offer justification in terms of business needs requiring redundancies, the conduct of the worker, or the capability of the worker, then the worker may be able to claim unfair dismissal. To do so, they must have at least one year's continuous employment at that firm.

Therefore, employment protection is generally weak in the UK. With respect to temporary or fixed-term contracts, it is, however, not the case that employment protection is weaker still. In most respects, employees on temporary contracts have the same protection as employees on permanent contracts. In particular, temporary workers have the same redundancy and unfair dismissal rights as permanent workers, subject to the same provisos about length of service. If a fixed-term contract comes to its end date, but is not renewed, employees are entitled to redundancy payments as long as they have at least two years' continuous employment with their employer. Similarly, fixed-term workers with sufficient service can claim unfair

dismissal if they feel that they have been unfairly dismissed.

Temporary contracts in most respects do not offer greater flexibility than permanent contracts in the UK. This is primarily due to the fact that employers find permanent contracts to be flexible enough. Thus, little use of any temporary contracts is made in the UK. Analysis of 2006 Labour Force Survey data suggests that 94% of all employees have permanent, open-ended contracts.

Taking the various aspects of employment protection discussed above as a whole, the 2004 *OECD Employment Outlook* (OECD, 2004)<sup>62</sup> created an index of employment protection, based on criteria classified within the three categories of 'protection of permanent workers against individual dismissal', 'specific requirements for collective dismissal' and 'regulation on temporary forms of employment'. The resulting figures showed that the UK has the lowest employment protection of the OECD countries in the EU, having more protection than only the United States in the whole OECD. It would therefore appear that the UK satisfies the flexibility component of flexicurity.

#### *Active Labour Market Policies*

Considering now the other elements of flexicurity, in terms of active labour market policies, the UK has become more involved in such policies over the previous decade. There is greater security offered to individuals who have lost jobs in terms of assistance to help them back into work. The centrepiece of the Active Labour Market programme is the New Deal Programme. There are seven different strands of New Deal, each dealing with a different target group within the population of unemployed people (young people aged under 25, long-term unemployed individuals aged 25+, older people aged over 50, lone parents, the disabled, partners of benefit claimants and musicians).

The New Deal process involves participants discussing their situation and receiving advice from a personal adviser, before moving onto an option designed to help them move back into work<sup>63</sup>. The programme invokes rights and responsibilities for those who are out of work. The right is to the assistance that will help them find employment. However, for certain groups, there is also a responsibility to be involved, and if this responsibility is not acted upon, then the individual loses access to benefits. For example, young people aged under 25 must join the

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<sup>62</sup> [www.oecd.org/document/62/0,2340,en\\_2649\\_201185\\_31935102\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/62/0,2340,en_2649_201185_31935102_1_1_1_1,00.html)

<sup>63</sup> Further information about the New Deal process is provided in Section 2, where the New Deal for Young People is discussed in more detail.

programme after they have been unemployed for six months.

Other labour market policies can be seen as a reaction to the large numbers of inactive people in the UK, many of whom claim various forms of Incapacity Benefit. The 'Pathways to Work' scheme has now been made available nationally after a successful pilot. This scheme involves a 'Work Focussed Interview', compulsory for all new claimants of Incapacity Benefit as well as being available for existing claimants (becoming compulsory for existing claimants under the age of 25 from 2009), whereby individuals can discuss their health situation with a personal advisor, who can advise on how best to cope with the situation with a view to returning to employment. As an incentive to obtain work, individuals accepting a lower wage job can be paid a Return to Work Credit of £40 per week for one year.

Despite the commitment to all the variants of the New Deal and other policies, spending on active labour market policies is still low in the UK when evaluated in proportional terms compared to other countries. In 2004/5, public expenditure on active labour market programmes in the UK as a percentage of GDP was 0.49% (OECD Employment Outlook, 2007)<sup>64</sup>. Although this is a higher proportion than in the US, Canada, Japan and other non-European countries, it is the lowest proportion of all western European countries in the OECD. British spending on active labour market policies compares particularly badly to countries such as Belgium (1.08% of GDP), Denmark (1.74%), France (0.90%), Germany (0.97%), the Netherlands (1.33%) and Sweden (1.32%).

#### *Lifelong Learning Policies*

The UK has now for a number of years recognised its relatively low skills base weighed against many comparator countries, and this has led to the current attention to lifelong learning policies. The Leitch Review of Skills in the UK reported that over one-third of adults do not hold the equivalent of a basic school-leaving qualification (Leitch, 2006)<sup>65</sup>. Evidence also suggests that it is particularly in terms of intermediate (Level 3 and 2) vocational qualifications that the UK falls behind countries such as Germany and France (Steedman *et al.*, 2004)<sup>66</sup>. Most attention has therefore been focussed on such provision, and intermediate vocational education and training has gone through a number of overhauls in the recent past. Another is due to begin in 2008, with the first of a number of

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<sup>64</sup> [www.oecd.org/document/38/0,3343,en\\_2649\\_33927\\_36936230\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/38/0,3343,en_2649_33927_36936230_1_1_1_1,00.html)

<sup>65</sup> [www.dfes.gov.uk/furthereducation/uploads/documents/2006-12%20LeitchReview1.pdf](http://www.dfes.gov.uk/furthereducation/uploads/documents/2006-12%20LeitchReview1.pdf)

<sup>66</sup> [www.dfes.gov.uk/research/data/uploadfiles/RR548.pdf](http://www.dfes.gov.uk/research/data/uploadfiles/RR548.pdf)

new diplomas being introduced, following a review of 14-19 year old education provision in 2005. The aim of the diplomas is to have a strong vocational element to retain the interests of young people who have dropped out of mainstream education, and which satisfies the skills needs of employers, but also have a stronger element of core academic skills in Maths and English. The latter characteristic is to render vocational learning more rigorous, and therefore with greater appeal to both young people and employers.

The justification for improving education provision is not usually phrased in terms of providing labour market security to individuals who lose their jobs (i.e. retraining to restore access to the labour market). The policy is more often described as fulfilling employers' skills needs or improving the nation's productivity record. When the focus is on the benefits of learning to the individual, more attention is placed on young people than lifelong learners. This is reflected in the participation rates in lifelong learning in the UK relative to other countries. Eurostat's ad hoc module on lifelong learning attached to the European Labour Force Survey in 2003 revealed that, in the year prior to the survey, 38% of adults aged 25-64 living in the UK had participated in some form of education or training. This is lower than the average EU-25 proportion of 42%, and considerably lower than the countries with the highest participation rates in lifelong learning, such as Austria (89%), Denmark (80%), Finland (77%), France (51%) and Sweden (71%). When attention is focussed only on those individuals in employment, the participation rate in lifelong learning of 25-64 year olds in the UK (45%) is similar to the EU-25 average rate of 48%. However, in terms of flexicurity, the involvement of those in unemployment and inactivity is crucial if the system is to provide the security of such learning to help these individuals return to work. Here the UK falls further behind other EU countries. For people classified as unemployed and aged 25-64, the education and participation rate in the UK is 33%, but 41% on average across the EU-25. Similarly for inactive individuals, the rates are 19% in the UK and 28% on average in the EU-25. Access to lifelong learning in the UK is particularly low for those with no, or only low level, formal qualifications. For 25-64 year olds at ISCED Level 2 (at best lower secondary education) in the UK, the participation rate in any education or training was just 16% for employees, 14% for unemployed persons and 7% for inactive people.<sup>67</sup>

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<sup>67</sup> All statistics in this paragraph were downloaded from the Eurostat website [http://epp.eurostat.ec.europa.eu/portal/page?\\_pageid=1996,45323734&\\_dad=portal&\\_sche](http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1996,45323734&_dad=portal&_sche)

### *Social Security Systems*

There are three main benefits for out-of-work individuals in the UK:

- Jobseekers' Allowance (JSA) – to receive JSA, individuals must show that they are capable of working and are currently looking for work. The amount received per week varies according to age; £35.65 for 16-17 year olds, £46.85 for 18-24 year olds and £59.15 for people aged 25 and over.
- Income Support (IS) – this benefit can be paid to anyone with a low income, regardless of whether they are working or not. To receive benefits when out of work, however, individuals must again show that they are looking for work, unless they fall into certain categories such as being a lone parent or a long-term carer. The personal allowances below which IS takes effect are £35.65 for 16-17 year olds, £46.85 for 18-24 year olds and £59.15 for people aged 25 and over.
- Incapacity Benefit (IB) – this benefit is paid to sick or disabled individuals who are unable to work. Current rates for a single person are £63.75-£75.40 per week for short-term illnesses, and £84.50 per week for longer term disabilities.

These benefits do not seem to involve particularly large sums. A method of comparing the value of benefits across countries is to calculate replacement rates. An individual's replacement rate is the value of benefits that they receive out of work, relative to their in-work wage. To calculate a country-specific replacement rate, the average wage across the working population can be used. It is not straightforward, however, to compare this to the level of unemployment benefits, because the latter can vary according to age, disabilities, other income, duration of unemployment, marital status, and number of children. The OECD calculates a gross replacement rate summary measure, defined as the average of the gross unemployment benefit replacement rates for two earnings levels, three family situations and three durations of unemployment<sup>68</sup>. In the UK, this average replacement rate declined from 24% in 1961 and 28% in 1967 to 16% by 2003. This rate is only lower in 2003 in Canada, Greece, Japan and the United States. The summary replacement rate is above the UK value in all other EU countries, with particularly high values in Belgium

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ma=PORTAL&screen=welcomeref&open=/&product=EU\_MASTER\_education\_training&depth=2.

Data Source: European Labour Force Survey, ad hoc module on lifelong learning, 2003.

<sup>68</sup> For further details, see OECD (1994) and Martin (1996).

(42%), Denmark (50%), France (39%), the Netherlands (53%) and Portugal (41%).

The general trend is to make these benefits harder to receive, or at least to receive over a long period of time. The aim is to make passive receipt of benefits much more difficult, with receipt much more closely tied to job search. Continued job search is a condition of benefit receipt (called 'Jobseeker's Allowance') for those out of work and without other disadvantages and, as described above, benefit receipt is stopped altogether if unemployed individuals do not take up a New Deal place after a specified amount of time out of work. Also, receipt of Incapacity Benefits requires a 'Work Focussed Interview' of all new claimants, while regular health checks and evaluations of ability to work will be increasingly required. As a final example, the child's age at which lone parents can claim Income Support because of their lone parent status will be reduced in the coming years to age 7 by 2010.

In addition to payments made to those out of work (or under-employed, working fewer than 16 hours per week), the UK also has a system of tax credits for those working more than 16 hours per week for low wages. The aim of the tax credits is to make low-income work pay so that it becomes more attractive to individuals.

In summary, the flexibility aspect of flexicurity is more prominent in UK policy than the security aspects. International comparisons show that the UK has some of the most relaxed employment protection laws in the developed world and it is relatively easy for British employers to dismiss workers. However, the security offered to such workers, in terms of active labour market policies, provision of lifelong opportunities and social security provisions is less developed than in all other European countries.

#### *8.2.1.b. Youth Related Overview*

The young do relatively well in the UK's labour market when compared to equivalents in other European countries. The unemployment rate of 16-24 year old workers in the UK was 13.9% in 2006, while 57.3% of this age group were in employment. These figures compare to the average 17.4% for the unemployment rate and 37.5% for the employment/population ratio in the EU-19 countries, and 17.3% for the unemployment rate and 36.8% for the employment/population ratio in the OECD countries in Europe.

However, the points made above regarding this performance relative to that of prime-aged people in the UK (the ratio of youth to prime-aged unemployment in the UK being high) must still be borne in mind.

The UK does not apply many policy variations specifically for young people. In terms of contracts of employment, there are no special laws for young people, or variations in existing laws, for example different rules on temporary contracts for young people. In most respects, therefore, young adults are treated the same as prime-aged workers.

Where differences between the young and the prime-aged do exist, they are often in terms of the security aspects of the labour market, with lower levels of security offered to young workers in an attempt to improve their employment chances. In terms of the security elements of flexicurity, the key active labour market policy, New Deal, does have a specific version for individuals aged 24 or less. Young people in this age group must join the New Deal programme after 6 months of unemployment or risk losing their benefits, whereas for those aged 25 and over, they join the New Deal after 18 months of unemployment. Also in the labour market, the value of the National Minimum Wage varies by age, currently amounting to £3.40 for 16 and 17 year olds, £4.60 for young people aged 18-21, and £5.52 for individuals aged 22 and over. Thus attempts are made to set the youth minimum wage at a sufficiently low level to ensure that youth workers are not priced out of the labour market.<sup>69</sup>

With respect to learning policies, it was mentioned above that recently more recent attention has been paid to young rather than adult learners. There has been a recent review of 14-19 provision (Department for Education and Skills, 2005)<sup>70</sup> in the UK, introducing new diplomas offering a more standardised and recognised indication of achievement. These diplomas will include more generic and academic skills, such as Maths and English, than have traditionally been included in UK vocational qualifications, in the hope that they will be more attractive to both employers and learners. Apprenticeships were re-introduced in the UK in 1994, after a period in which they had been allowed to decline and all but disappear. The apprenticeships, as would be expected, focus on young people, and although over-24s were recently allowed to register for an apprenticeship, it remains very much a policy targeted at youth.

Finally, with respect to social security, the figures for the usual payments for the three key benefits received by those out of work showed clearly that the levels of benefits paid to young people are lower than for the prime-

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<sup>69</sup> Evidence on the impact of the youth minimum wage will be provided in Section 2.

<sup>70</sup> [www.dfes.gov.uk/publications/14-19educationandskills/docs/14-19Whitepaper.doc](http://www.dfes.gov.uk/publications/14-19educationandskills/docs/14-19Whitepaper.doc)

aged. The aim again is to reduce the reservation wage (the minimum wage for which people will work) of young people and increase the likelihood of them moving into the labour market.

The next section describes specific measures to improve the labour market position of young people in the UK.

### **8.2.2. Individual Measures**

#### *8.2.2.a New Deal for Young People*

The first individual measure to be discussed in detail is the New Deal for Young People (aged below 25). This is just one element of the overall New Deal programme, but it is the largest part. Since its initial pilot in January 1998 and full national implementation in April 1998, a total of 1.2 million young people have participated in New Deal (with some having more than one spell in the programme, meaning that young people have enjoyed a total of 1.68 million spells in the programme). Men are much more likely to be involved in the programme than women, with 820,000 men and 380,000 women having participated so far. The total figure compares to just 700,000 people who have participated in the New Deal for those aged 25+<sup>71</sup>. The New Deal is therefore the UK Government's flagship active labour market policy, and the young persons' element is its principal component.

Young people register for the New Deal once they have been unemployed for six months. It is mandatory for them to participate, otherwise they will suffer a loss of benefits. The first stage of the process is to move onto 'the Gateway' where they discuss their situation with a personal adviser with the aim of determining the reason why they are having problems finding employment. Once the problem is diagnosed, the personal adviser recommends a course of action, which can take one of four options: a subsidised job in a private firm, work experience in the voluntary sector, work experience with an environmental task force or a full-time education or training programme to provide absent skills. The last is by the far the most popular of the four options. If the young have still not

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<sup>71</sup> All figures here obtained from the Department for Work and Pension's online Resource Centre: [www.dwp.gov.uk/asd/tabtool.asp](http://www.dwp.gov.uk/asd/tabtool.asp) .

obtained employment by the end of their option period, they return to discuss further options with their personal adviser in a ‘follow-through’ period.

The New Deal for Young People is a national programme open to all young people who reach six months of unemployment. The programme is managed at a national level by the Department for Work and Pensions but much of the administration and decision-making is carried out at a local level, at local jobcentres. This is where the personal advisers are based so they can source work experience positions or relevant education and training opportunities in the client’s local area. Local employers and local colleges also have a role to play by making such positions available, so that personal advisers in the jobcentres can match the young people to appropriate positions.

The New Deal for Young People is consistent with the flexicurity approach, being an active labour market policy that provides ‘security’ in the labour market. The programme is specifically designed to help those who have previously lost jobs and are finding it difficult to become re-employed. The programme identifies the cause of the problem, and then places the individuals in the most appropriate option to solve the problem, typically by providing education, training or work experience. The aim is to make them re-employable, and help them back into full-time work. It is therefore a supply-side policy, attempting to improve the quality of the labour supply stock, and the job-matching process.

The expected outcome for participants on the New Deal for Young People programme is therefore that they will move back into employment. Since the New Deal is managed by local jobcentres, the availability of large databases of benefit claimants means that outcomes can easily be monitored. 745,000 of the 1.2 million people involved in the New Deal for Young People so far have been successful in moving into employment at some point after joining the programme (533,000 men and 212,000 women).<sup>72</sup> Given that the New Deal is mandatory for all young people who have been out of work for 6 months, long-term unemployment was reduced, with young claimants falling from 85,000 to below 7,000.

The key questions that such aggregate data cannot answer are how many of these unemployed people would have obtained a job at some point anyway, in the absence of the programme, and how long they stay in work once they obtain employment. More sophisticated evaluations are

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<sup>72</sup> Data source: Department for Work and Pension’s online Resource Centre: [www.dwp.gov.uk/asd/tabtool.asp](http://www.dwp.gov.uk/asd/tabtool.asp) .

necessary, such as that by Wilkinson (2003).<sup>73</sup> The innovation of Wilkinson's study is that it uses as a control group individuals in an older age class, specifically 30-39 year olds, who have also been unemployed for six months, but obviously have not participated in the New Deal for Young People. The outcomes for 30-39 year olds at a similar stage of unemployment are taken as an indicator of the outcomes that 18-24 year olds would have achieved if they had not participated in New Deal. Clearly the 30-39 year olds do not provide a good control group, as their characteristics systematically differ from those of the 18-24 year olds. Apart from being older, they generally have different levels of experience, different levels of qualifications given the growth in attainment that has occurred between recent cohorts, and different family situations. Any raw difference between the outcomes of 18-24 year olds and this 30-39 year old control group could therefore be a result of differences in these characteristics, rather than of the fact that the 18-24 year olds have participated in the New Deal for Young People. Wilkinson therefore adopts a 'difference-in-difference' approach, whereby the difference in employment outcomes between 18-24 and 30-39 year olds before the introduction of the New Deal is calculated. This difference is then re-calculated for the period after the introduction of the New Deal, and the 'difference-in-the-difference' reveals the relative improvement that the treatment group has enjoyed following their participation in New Deal for Young People. As long as the average characteristics of the individuals in the two groups remain constant over time, then any differences in these background characteristics between the two age-groups drop out of the calculation (since their 'difference' or change is zero), giving an unbiased estimate of the project impact. Wilkinson calculates that the impact of New Deal for Young People was to reduce unemployment amongst young men by 30,000, six months after entry to the programme. Clearly, not all these men remain in jobs, however, as the effect falls over time. Thus, twelve months after entry in the programme, male youth unemployment was estimated to be 20,000 lower due to the New Deal, while eighteen months after entry, the effect had fallen to 18,000. Since fewer women participate in New Deal for Young People, the unemployment effects were expected to be lower, and Wilkinson estimates that 11,000, 8,000 and 6,000 fewer young women were unemployed due to participation in the New Deal, 6, 12 and 18 months after entry to the programme respectively.

The evidence suggests that, although large numbers are participating in New Deal who would probably have found a job anyway, the programme

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<sup>73</sup> [www.psi.org.uk/docs/rdp/rdp15-new-deal-for-young-people.pdf](http://www.psi.org.uk/docs/rdp/rdp15-new-deal-for-young-people.pdf)

still ensures that significant numbers of young people are helped out of unemployment. In terms of money spent, the cost per person moving into employment was £2852 in 2005/6, which seems a reasonable outlay, giving the saving in benefits that the reduction in unemployment implies.

Bonjour *et al.* (2001) evaluated the impact of the different options in which individuals can participate under New Deal for Young People. Again, the approach taken was to develop a control group of individuals who had not participated in New Deal for Young People. The outcomes of the control group were taken as an estimate of the outcomes that New Deal participants would have achieved had they not participated in the programme. To ensure that these are good estimates, the characteristics of the participants need to be as similar as possible to those of the control group. This is achieved through a process of matching, whereby a statistical technique matches each person on the programme to the individual in the control group who looks most like them in terms of observable characteristics. The results showed that the New Deal option which most increased participants' employability was work experience with private employers. Somewhat surprisingly, the education and training option seemed to have the lowest impact on employability.

#### *8.2.2.b. Apprenticeship*

The second individual measure is apprenticeships, which were re-introduced into the UK in 1994 after a long period of decline. The 'Modern Apprenticeships', as they were initially called, differ from traditional apprenticeships in that they are found not only in craft and artisan occupations but also, for example, in service sector occupations that might attract more women. There are now over 200 apprenticeships available across more than 80 industrial sectors.

Apprenticeships provide young people with both generic training in key skills and more job specific training in the apprentice's chosen area. The median length of an apprenticeship is 86 weeks (71 weeks for a Level 2 Apprenticeship, and 130 weeks for an Advanced (Level 3) Apprenticeship).

Apprenticeships are very much targeted at young people. Although recently age restrictions were removed, the overwhelming majority of apprentices fall into the 18-24 age group. Although in principle they are open to all young people, in practice the fact that there are more people wanting to do an apprenticeship than available places means that employers

can pick whom they want to train. Assuming that employers are more likely to choose higher ability young people, it is usually recommended that individuals should have at least five good GCSEs<sup>74</sup> if they want to apply for an apprenticeship place.

Apprenticeships are, like New Deal, a national programme, and so available nationwide. Responsibility for the overall programme rests with the recently formed government department, the Department for Innovation, Universities and Skills (DIUS). At this level, the DIUS devises the overall apprenticeship framework, monitors outcomes, evaluates results and sets budgets for spending limits. Apprenticeships are put into practice at a local level by regional Learning and Skills Councils (LSCs). LSCs will negotiate with local employers about setting up apprenticeship positions, discussing the content of the apprenticeship in an attempt to satisfy employer skill needs, and then try to match appropriate apprentices to the positions. The off-the-job training component of apprenticeships is often not provided by the employers themselves, but by a third-party training provider.

Apprenticeships are a supply-side approach to solving problems of youth unemployment by providing young people with the occupation- or job-specific skills that they need to obtain regular, permanent employment. The policy is therefore most relevant to the lifelong learning element of flexicurity, and can be seen as a 'security' procedure, helping those who cannot obtain a job by offering training to improve their employability. However, apprenticeships are not primarily seen as a security mechanism to help people who cannot find work return to the labour market, but rather as one of the solutions to the UK's low skills base.

The expected outcome of apprenticeships is that young people will complete the programme, acquire new qualifications and key skills and move quickly into permanent jobs. Data on apprenticeship numbers and completion rates are collected and monitored by the DIUS. Currently, there are around 250,000 young people on an apprenticeship, at one of around 130,000 firms. In the most recent year for which data are available, 2004/5, almost 170,000 young people completed an apprenticeship. This figure represents 120,000 completing a Level 2 Apprenticeship and 50,000 completing a Level 3 (Advanced) Apprenticeship. Significantly higher numbers started an apprenticeship however, with the success rate being 40% in terms of completing the full framework (38% success rate for Level 2 Apprenticeships and 40% for Level 3 Apprenticeships). Just over half

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<sup>74</sup> Qualifications taken at the end of compulsory schooling at age 16, as part of lower secondary education.

(51%) of apprentices achieve at least some component of their apprenticeship (for example, the National Vocational Qualification and so have some qualification to show). Clearly, these completion rates need to be improved for the programme to be more successful.

Once young people have completed their apprenticeship, the hope is that they will have become more productive and so be more likely to secure employment - at higher wages if they are indeed more productive. This has been tested in an evaluation by McIntosh (2007).<sup>75</sup>

McIntosh used the regression analysis methodology, whereby the wages and employment probabilities of those who have recently completed an apprenticeship are compared to those of non-apprentices, checking for other characteristics that might influence wages and employment outcomes, such as other qualifications held, gender, age, ethnicity, region, workplace size and public/private sector. Individuals at the qualification level from which apprentices have come were included in the control groups. For example, the wages of young people who completed a Level 2 Apprenticeship were compared to the wages of people with the same observable characteristics with at best a Level 1 qualification.

The results reveal that young men who have completed a Level 3 Apprenticeship since their re-introduction in 1994, earn on average 22% more than young people in the appropriate (as discussed above) control group with the same characteristics but without an apprenticeship. This figure is 14% for young women. With respect to Level 2 Apprenticeships, the wage gains are 20% for men and zero for women. Similarly, a Level 3 Apprenticeship is shown to increase the likelihood of employment by 10 percentage points for men and 16 percentage points for women (5 percentage points and 6 percentage points respectively for Level 2 Apprenticeships).

To fully evaluate apprenticeships, it is necessary to consider the costs as well as the benefits. In 2005/6, £597million was allocated to apprenticeships for 16-18 year olds and £266 million for apprenticeships for 19-24 year olds. In all, there were around 250,000 apprentices. Hogarth and Hasluck (2003)<sup>76</sup> provide evidence on the cost to employers of supplying one single apprenticeship in a series of case studies across five specific sectors of the economy. Once the benefit of the value of output produced by apprentices is taken into account, the following net costs are obtained:

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<sup>75</sup> [www.dfes.gov.uk/research/data/uploadfiles/RR834.pdf](http://www.dfes.gov.uk/research/data/uploadfiles/RR834.pdf)

<sup>76</sup> [www.dfes.gov.uk/research/data/uploadfiles/RR418.pdf](http://www.dfes.gov.uk/research/data/uploadfiles/RR418.pdf)

	costs	benefits	net costs
Construction	30,992	27,808	3,185
Engineering	46,150	31,435	14,715
Business admin	23,712	20,984	2,729
Retail	24,250	24,875	-625
Hospitality	22,976	18,150	4,826

McIntosh (2007) uses these costs, plus costs to the state and costs to apprentices themselves in terms of foregone earnings, and compares them to the wage and employment benefits estimated above, to estimate the net present value of completing an apprenticeship. The estimated net present value of a Level 3 Apprenticeship in 2004/5 is £105,100, while the net present value of a Level 2 Apprenticeship is £73,000. There is therefore a substantial estimated surplus of benefits over costs across the full working life. This can be taken as an estimate of the benefits to the individual apprentice, or the benefits to society of higher productivity, if wages are assumed to be an indicator of productivity. Therefore, when completed, apprenticeships are an effective learning and labour market policy. The key is to increase the number of apprenticeship places available and then increase the completion rate once young people have started them.

### 8.2.2.c. Education Maintenance Allowance

The Education Maintenance Allowance (EMA) was introduced in 2004, initially as a pilot, and to 16 and 17 year olds only. From 2006/7 onwards, EMA has been available to all 16, 17 and 18 year olds nationally. The aim of the scheme is to increase participation in post-compulsory education, by offering payments to young people from poorer households, if they remain in full-time education at a school or college.<sup>77</sup> The payments made to young people are £30 per week if their parents' income is below around £20,000 per year, £20 per week for family incomes between £20,000 and £25,000 and £10 a week if their parents earn between £25,000 and £30,000 per year. For young people living in a household with an income of above £30,000 per year, no payment under EMA is made. Additional bonus payments are made to young people for remaining on courses for given

<sup>77</sup> [www.dfes.gov.uk/financialhelp/ema/](http://www.dfes.gov.uk/financialhelp/ema/)

periods of time, and for achieving certain levels.

The EMA is a national policy, available throughout the country, but administered at the local level by regional Learning and Skills Councils. The money is paid directly into young learners' bank accounts.

The EMA is clearly a supply-side policy, aimed at persuading more people to participate in post-compulsory education to increase the supply of qualifications and skills to the labour market. It could be loosely related to the concept of flexicurity, given that it is a learning policy. However, the aim of the EMA is not to provide the security of helping those who lose their jobs return to labour market but rather to capture young people and get them to extend their learning before even entering the labour market. It could be argued that it is providing future security by providing people from poorer backgrounds with the access to further education that will hopefully protect them from job losses in the future.

The expected outcome is that more people amongst the least well-off groups, who have the lowest participation rates, will continue in post-compulsory education. In 2005, 76% of 16-18 year olds in the UK were participating in some sort of education and training, which shows significant numbers not participating and so potentially reachable by the EMA, subject to satisfying the eligibility conditions.

In England alone in 2006-7, 406,319 young people received the £30 per week payment, 49,863 the £20 payment and 43,993 the £10 payment (take-up of the benefit amongst eligible families is far higher amongst those eligible for the highest payment). These figures meant that 25% of all 16, 17 and 18 year olds in England were receiving the EMA. Spending on the EMA amounted to £443.5 million in 2005/6, the majority of which (£396.8 million) was directly spent on student payments, with the remainder on administration costs.

The question when evaluating whether this money has been well spent, is how much participation in post-compulsory education has increased as a direct result of the policy. As usual, it is not sufficient to simply calculate the numbers involved, in this case EMA payment recipients, because some of these students would have participated in education anyway. The EMA payments made to such people are therefore simply a deadweight loss of the policy.

Middleton *et al.* (2005) use the fact that the EMA was piloted to undertake an effective evaluation<sup>78</sup>. They use a matching technique known as propensity score matching, whereby individuals who received an EMA payment in pilot areas are matched to individuals in non-pilot areas who

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<sup>78</sup> [www.dfes.gov.uk/research/data/uploadfiles/RR678.pdf](http://www.dfes.gov.uk/research/data/uploadfiles/RR678.pdf)

did not receive the EMA but who have the same observable characteristics. The outcomes for the matched individuals in the non-pilot areas are taken as an estimate of the participation likelihoods that would have been observed amongst those living in an EMA pilot area if the policy had not been introduced. The results show that, on average, the EMA increased immediate post-compulsory participation by 5.9 percentage points. This impact was strongest for men, those from lower income families and those who were not high achievers at the end of compulsory schooling. Young people seem to have been drawn into education who would otherwise have entered work or training (-3.4 percentage points) or from the NEET (not in employment, education or training) group (-2.4 percentage points). The results also show that young people, once entered, do not only spend a short period of time in education, with the participation rate increasing at ages 16, 17 and 18. However at age 19, when EMA payments are no longer made, there is no longer any significant impact on participation.

The EMA therefore appears to have been effective in increasing participation in post-compulsory education, with the targeting of young people from the least well-off families reducing the deadweight loss connected with the policy of making payments to individuals who would have continued their education anyway.

#### *8.2.2.d. Minimum Wages*

The final measure related to the labour market position of young people in the UK is the policy of lowering the National Minimum Wage for young people<sup>79</sup>. As mentioned above, the current value of the National Minimum Wage, since October 1<sup>st</sup> 2007, is £3.40 for 16 and 17 year olds, £4.60 for young people aged 18-21, and £5.52 for individuals aged 22 and over.

A National Minimum Wage covering all employees in the country was introduced into the UK for the first time in 1999. The rate for the National Minimum Wage is proposed each year by the Low Pay Commission, an independent body made up of employer representatives, employee or union representatives and independent commissioners. The Low Pay Commission does not have the power of law and its recommendations can

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<sup>79</sup> For details, see Department of Trade and Industry (2004) [www.dti.gov.uk/files/file11671.pdf](http://www.dti.gov.uk/files/file11671.pdf)

be ignored, though this has not happened so far. The National Minimum Wage is enforced by Her Majesty's Revenue and Customs.

The aim of the policy, specifically with respect to the lower rate for young people, is to ensure that such individuals are not priced out of the labour market. It is therefore a demand-side policy, designed to increase the labour demand for young workers. In flexicurity terms, it could be argued that the policy is attempting to increase the labour market security of young people by improving their chances of obtaining and keeping a job.

The expected outcome of the policy is that more young people will be employed than would otherwise be the case, if the minimum wage took the same value for workers of all ages, for example. Data collected in 2006 show that, amongst 16-17 year olds in employment, 206,000 (60%) received wage rates below the adult minimum wage. Amongst 18-21 year olds in employment, 346,000 (18%) received wage rates below the adult minimum wage. Therefore employers make extensive use of the ability to pay a lower minimum wage to young people aged 21 or below. Of course, what is not known from such raw data is how many of these young people would still have been employed if their employers had been forced to pay them the adult minimum wage.

Econometric evaluation of the impact of the minimum wage for young people has centred on the calculation of the change in the probability of young people being employed, following the introduction or uprating of the youth minimum wage<sup>80</sup>. For example, Stewart (2004) considers the impact on the probability of being employed amongst 18-21 year olds of the initial introduction, and subsequent upratings, of the National Minimum Wage. The usual evaluation problem exists, in that we do not know what the employment rate of the young people would have been in the absence of the minimum wage. Stewart therefore uses a control group of individuals who initially earned more than the new minimum wage when it was first introduced, and so were unaffected by its introduction. To check for differences in characteristics between those affected by the minimum wage and those unaffected, Stewart uses a difference-in-difference approach, comparing the difference in the outcomes of the two groups before the introduction of the minimum wage, to the difference in outcomes after the introduction. For both the introduction and the upratings, no adverse effects on the employment of youths are observed; the estimated effects are

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<sup>80</sup> A full evaluation of the National Minimum Wage, including outcomes other the employability, can be found in Low Pay Commission (2001) [www.lowpay.gov.uk/lowpay/report/pdf/report3.pdf](http://www.lowpay.gov.uk/lowpay/report/pdf/report3.pdf)

actually positive, but statistically insignificant. It would therefore seem that the minimum wage for young people has been set at a value low enough to ensure that they are not priced out of the labour market.

Rice (2006) considers the impact of the National Minimum Wage on 16-17 year olds from a labour supply point of view, considering whether the presence of a minimum wage tempts young people into the labour market and away from education. She simulates the effect of a minimum wage for 16-17 year olds set at the lowest decile of the observed distribution of hourly earnings for young people (which is close to the actual rate when it was introduced for this age group in 2004). She shows that the impact of the National Minimum Wage is greatest for low ability young males, but even for this group, the impacts are not large. Setting the National Minimum Wage at this level (rather than no minimum at all) is predicted to reduce the participation of this group in full-time education by 1.6 percentage points, whilst their unemployment rate rises by 1.3 percentage points

### **8.2.3. Combinations of Policies**

This case study has set out the position with respect to flexicurity in the UK, then considered four individual policies, evaluations of which have shown that they have all helped the labour market position of young people.

This final section concludes by discussing whether combinations of policies exist in the UK, particularly with respect to flexicurity, and then whether a fuller adaptation of flexicurity could be installed in the UK.

As was made clear in the opening section, flexicurity as a whole package has not really been adopted in the UK, with flexibility receiving more attention than security, in general. There are therefore no examples of combinations of policies that include all the four elements of flexicurity (flexible work arrangements, active labour market policies, lifelong learning systems and social security systems), whereby the policies are mutually reinforcing and have an overall impact greater than the sum of their parts. In particular there are no joined-up combinations of policies, providing combinations of flexibility and security. In other words, there are no security policies that have been implemented in the UK to deal specifically with the problems created for people, young or old, in the labour market by flexible working arrangements.

This is not to say that security policies do not exist, however. The previous section considered a number of policies that, to a greater or lesser extent, could be considered security policies, trying to ease the transition back into work for those young people who have lost their jobs (New Deal for Young People), improve learning opportunities, or incentives to learn (apprenticeships; Education Maintenance Allowance) or increasing the demand for labour at the lower end (the flexible approach to setting the National Minimum Wage at different values for different age groups). However, the motivation for these policies is not usually expressed in terms of providing security from flexible work arrangements for such people.

It is also true that combinations of policies exist in this area. Thus the Education Maintenance Allowance will not be successful in terms of persuading young people to continue into post-compulsory education, if the courses on offer are not of sufficient interest. There has long been a problem in the UK of vocational education being seen as a confusing list of different qualifications, most of which are little valued by learners or employers. To be more successful, the EMA therefore needs to be offered in combination with a policy to improve the standard of vocational education and training in the UK. At numerous points in this study, the proposed introduction of new diplomas, primarily for 14-19 year olds, in 2008 has been mentioned. The diplomas are intended to simplify the system, be easy to understand, and be much more highly valued than traditional vocational qualifications in the UK, due to the inclusion of more generic, academic material within them. The EMA and new 14-19 diplomas can thus be seen as a combination of policies, although only one element of flexicurity, namely learning, is covered.

Other combinations of policies have seen jobcentres administering both out-of-work benefits and active labour market policies such as the New Deal. Bringing the two processes together has demonstrated that the two processes are mutually supportive. Thus the payment of benefits whilst out of work is meant to be a means of support while a new job is found rather than a permanent state of affairs and there is an obligation to participate in active labour market policies such as the New Deal to prevent benefits being withdrawn. Such a combination involves two elements of flexicurity, namely active labour market policies and social security.

It is unclear whether a fuller adaptation of the flexicurity model would be successful in the UK. As was seen in Section 8.1., although working arrangements in the UK are amongst the most flexible in the world, the UK ranks low in terms of the provision of security (active labour market policies, learning and social security). The biggest changes, and the most discussion, have been in the area of lifelong learning, though mostly from a

viewpoint of improving the skills base in the country and so improving the productivity record. Active labour market policies have been used more in the last decade and the New Deal in all its forms has been successful in helping people who lose their jobs return to work. It is in the area of social security that the UK appears to be furthest from the flexicurity model. Over a number of years and successive governments, social security payments have become less generous in terms of their value, their longevity and the restrictions in place to ensure entitlement. The aim has been to incentivize work and make living off benefits a less attractive, and increasingly less available, option. It seems unlikely that this policy direction will be, or could be, reversed in the near future.

Overall, the UK fares quite well in terms of labour market performance, with higher employment rates and lower unemployment rates than many of her neighbours. This seems to be mostly due to the flexibility of UK working arrangements, and also to the lack or minimum impact of labour market institutions supporting wages at the lower end of the market, allowing flexible and thus low wages for many workers<sup>81</sup>. Successive governments seem to have achieved this flexibility without offering too much security to workers who lose their jobs. Although security aspects have improved in the past decade, particularly in the form of active labour market policies and new learning opportunities, it seems unlikely that security will be offered through improved benefit payments in the near future.

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<sup>81</sup> This naturally introduces concerns about equity, and the UK has one of the most unequal distributions of earnings in Europe.

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## 1.ANNEXES

### *Case Study Czech Republic*

by Věra Czesaná, Věra Havlíčková, Olga Kofroňová, Zdeňka Matoušková

#### 1. Labour market position of young people

##### *1.1. Unemployment*

**The labour market position of young people** aged 15-29 is less favourable when compared to the overall situation. In 2000-2006, the rate of unemployment among young people between 15 and 29 was 1.5 to 1.6 times higher than the overall rate of unemployment (15+). In 2007, this figure dropped for the first time to 1.4. In the analysis framework, people aged 15-19 continue to hold the worst position in the labour market. This is because if unemployment grows, the unemployment of this group increases faster than average and, conversely, if unemployment decreases, their unemployment drops more slowly.

In 2007, the overall rate of unemployment decreased for a second subsequent year to 5.3%. The unemployment rate of the 15-19 group also decreased, but it remains five times higher than the overall rate (26.6%). The situation is more favourable with the other two young age: the unemployment rate in the group aged 20-24 was 1.6 times higher than the overall rate in 2007, and in the 25-29 group it was the same as the overall rate. Young unemployed people as a whole accounted for 28.4% of the total number of jobseekers, while the 15-19 year-old unemployed accounted only for 4%. Although this group is the smallest in number (some 11 thousand people),<sup>82</sup> their mobilisation is the most difficult and they run the highest risk of not acquiring the necessary work habits and becoming used to life on welfare.

The main reason for the youngest age group's discouraging situation in the labour market is their low or absent skills. Solutions are therefore being sought in terms of measures designed to keep young people in, or possibly return them to, the education system. The unemployment of young people with at least medium-level qualifications, particularly in the current period with relative workforce shortages, is based more on their unwillingness to

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<sup>82</sup> Source: Labour Force Survey (LFS) 2nd quarter, own calculation.

look for a job, change their qualifications or commute longer distances than employers' unwillingness to hire young people. Many employers prefer young people over older ones, as experience shows that the costs of their introductory training are lower than those of changing older employees' work habits. Employers particularly appreciate the fact that young people's education is more up-to-date than that of older people, that they are more willing to learn further and have better ICT and language skills. Last but not least, they have a better physical condition (and performance) and no work stereotypes. (Remr, 2007).

### 1.2. Wage flexibility

Young employees are fast approaching average monthly gross wages. The 15-19 age group achieves only some 64% of the average wage, mainly due to the fact that these people enter the labour market without a qualification (aged 15-17) or experience. The 20-24 age group achieves 81% of the average wage, and the 25-29 group as much as 101%. This age group already has practical experience, and there is also the influence of a higher proportion of people with tertiary qualifications. Tertiary education in the CR offers graduates a higher wage premium than in most other European countries. This testifies to a certain imbalance in the labour market and a high demand for tertiary educated professionals which still has not been completely satisfied.

Table 1: Average monthly gross wages by age group (%)

Age group	Total	Males	Females
15 - 19	63.7	60.5	64.5
20 - 24	80.7	77.2	85.8
25 - 29	100.9	97.2	105.7
Total 15+	100.0	100.0	100.0
Total 15+	18,589 CZK	20,265 CZK	16,443 CZK

Source: ČSÚ, Statistical Yearbook of the Czech Republic, 2006.

Women generally get lower wages than men (81%). This is not only because women still get lower wages for the same work, but also because they tend to hold positions with lower skills intensity. Young women are approaching average wages faster than men. As early as 25-29, women get a wage 6% higher than the female average, while men of this age still have a wage 3% lower than the male average.

Employers are encouraged to employ young people with low or no qualifications by the possibility of paying them lower than the minimum

wage. In the case of 14-18 year olds it is 80% of the minimum wage, and for 18-21 year olds it is 90% the first 6 months of their first job.

### *1.3. Working time flexibility*

According to the law, the CR has a 40-hour week. The only exception is under 18 year-olds who may only work 6 hours per day. This means that employers are less interested in hiring unskilled or low-skilled 16-18 year-olds. This also makes it less profitable to hire students for seasonal work during the two-month summer holidays. From 2008 it will be possible, after an amendment to the Labour Code, to employ these young people for the same working time as applies to other age groups – i.e. 40 hours per week. However, young people under 18 will not be allowed to work more than 8 hours per day.

## **2. Contractual arrangements**

### *2.1. Permanent employment contracts*

**Permanent employment contracts** are the most frequent type of contract in the CR. These employees have a high level of employment security, even if they do not perform their work properly. The Labour Code allows for dismissal without notice only if employees grossly violate legal regulations related to the work they perform. In other cases, employers are obliged to inform employees that they are not satisfied with their work and provide a certain time period to redress the situation. From the employees point of view, a permanent employment contract does not limit external flexibility more than a temporary contract provided that they want to terminate it before the given date. In both cases the notice period is two months. The Labour Code allows the employee to agree with the employer on shortening the notice period. This agreement depends on the willingness of the employer, or the direct superior. In practice, the employer agrees to the shortened notice if the outgoing employee finds an appropriate replacement.

External flexibility is also strengthened by the possibility of a **probationary period**, both in permanent and temporary contracts, which must not, according to the Labour Code, exceed three months. During this period the employer can dismiss the employee immediately.

External flexibility can only be initiated by the employer for reasons

stipulated by the Labour Code (closing down, relocating or restructuring of an undertaking) while respecting a minimum two-month notice and payment of severance pay triple the average wage. The severance pay can be increased under conditions stipulated in the plant collective agreement or in internal rules issued by the employer.

**Temporary employment contracts** are not very common in the CR. 10% of employees aged 15-29 and 8% of all employees have a temporary contract. This type of contract is slightly more common with young people. Consequently, a larger proportion of young people face a limited employment security. On the other hand, they are more stimulated to perform well and to adapt to employers' requirements. However, this is only true if the young person is interested in concluding a subsequent temporary or permanent contract.

The Labour Code protects all employees regardless of age against abuse of temporary contracts by laying down that consecutive temporary contracts have a maximum period of two years. A new temporary contract may not be concluded earlier than six months after expiration of the last temporary contract.

## *2.2. Contracts with employment agencies*

As with temporary contracts, **contracts with employment agencies** are more common with young people than with other age groups. The proportion of these contracts is gradually growing. Following LFS data, 1.1% of all employees and 1.3% of people aged 15-29 have such contracts. Data of the Czech-Moravian Chamber of Trade Unions (ČMKOS) suggests that this proportion is higher, but it is not statistically covered in LFS<sup>83</sup>. The growing proportion of jobs found through employment agencies is the result of economic growth in the CR and an insufficient supply of specific, namely manual work-related, professions in the labour market. The increasing proportion of jobs brokered by employment agencies has come in for tough criticism on the part of trade unions who warn about the drawbacks of this trend in terms of wage dumping and violation of labour regulations. On the other hand, employers point out that employment brokered by agencies gradually changes into regular employment, and that companies are becoming increasingly interested in using flexible employment forms (Tripartite, 2007).

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<sup>83</sup> ČMKOS states that, in large automobile companies, the proportion of employees who have contracts with recruitment agencies is 40-55%. As these are foreign nationals living in lodging houses, they are not included in LFS, and the proportion of these contracts calculated on the LFS basis is undervalued.

### *2.3. Flexible working hours*

The Labour Code allows for a relatively extensive **flexibility within working hours**. A flexible working time, where the start and end of work are set by the employee, is particularly important for workers with small children – i.e. young employees. Certain problems concerning family care are related to an uneven distribution of working hours and the use of the working time account. Although the employee must be informed at least one week in advance about a weekly working schedule in the case of a working time account, and two weeks in advance in the case of uneven distribution of working hours, this uneven distribution may cause certain problems in caring for dependent children. However, there has been no research carried out into the extent to which such arrangements are acceptable for young people looking after children.

### *2.4. Part time work*

The CR ranks among the countries with an extraordinarily low proportion of people **working part-time**. According to Eurostat, this proportion was the fourth from the bottom of the EU27 scale, and in 2006 (4Q) it was only 4.9% (men 2.2%, women 8.6%). The reason is a limited interest on the part of workers due to low real earnings, as well as lack of interest on the part of employers, with the exception of those in retail and telecommunications. Employers see disadvantages in part-time employment because of its insufficient flexibility and operability since part-timers cannot be ordered to work overtime (VUPSV, 2004). An increased interest in part-time employment may be expected in relation to the growing level of real earnings in the CR, when one partner in a couple will be able to afford to work part-time. Interest in part-time jobs, particularly for women on parental leave (for the child's first three years), has increased following an adjustment to the conditions constituting entitlement to parent allowance in 2004. Since then the parent can earn a certain amount of money without losing entitlement to this support.

## **3. Life long learning**

### *3.1. Tertiary education reform*

The reform of tertiary education aims, above all, to **increase the flexibility and openness of tertiary education**. In addition to their existing

academic autonomy, HE institutions should be granted autonomy in economic and management matters. Mechanisms of external control should be reinforced (e.g. on the part of employers or regions) so that students are granted *security* in the form of good-quality education and employability in the labour market.

As the reform process is still at its initial stage, we only have preliminary results of a survey (Výsledky průzkumu, 2007) to ascertain how higher education is viewed by major groups of the Czech population.

a) The views of external and internal interest groups vary considerably, particularly with regards to their evaluation of the “outputs” of HE institutions. The external interest group is far more critical about the responsiveness of HE institutions to changes in the labour market, co-operation with regions and international competitiveness than those directly linked to particular HE institutions.

b) There are smaller differences, or even agreement, about strengthening the role of students as clients, a greater use of business approaches to school management, the need for changing the division of powers and responsibilities, the role of tuition fees, establishing stronger links between the budgets of HE institutions and the employment situation of graduates, etc.

c) However, there is a main difference in opinions on whether an increase in expenditure on higher education to match that of developed countries would increase the quality of teaching. Those linked to particular HE institutions believe this much more than the other respondents.

### 3.2. Career guidance

The increasing flexibility of educational routes and the growing difficulties faced by young people in the labour market following social changes in the early 1990s prompted the gradual adoption of measures to support career guidance. The importance of guidance was stressed in a number of strategic documents (e.g. the White Paper – National Programme for the Development of Education in the CR, 2001). Guidance was supported, above all, by the **OECD** project Review of Career Guidance Policies implemented in 2002-03. One of its outcomes was the **Proposal for a National Policy for the Development of Career Guidance**. The importance of lifelong career guidance is also emphasised in the Strategy for Lifelong Learning in the CR (2007).

The measures supporting career guidance constitute a response to the increasing *flexibility of educational and employment opportunities*. The complex, and sometimes even non-transparent, range of opportunities

increasingly requires professional assistance focused on the needs of a specific individual. Guidance organisations therefore represent a certain *security*, particularly for individuals with lower levels of information literacy and those who face problems in education and/or in the labour market.

#### 4. Social security system reform

##### 4.1. *Maternity leave/benefit and parental leave/ benefit*

In addition to maternity leave (maternity benefit) of 28 weeks (37 weeks if the mother gave birth to two or multiple children, or if she is a single mother), mother or father is entitled to parental leave until the child reaches three years of age. During this period the employer is obliged to offer the parent a job. During parental leave, the parent receives parental benefit, which is a fixed amount regardless of the parent's previous wage (40% of the average wage in the non-business sector). Moreover, he/she can receive parental benefit for an additional year (until the child is 4), but the employer is no longer obliged to offer him/her a job. Most young families opt for the maximum limit, particularly if another child is born. According to empirical surveys, the average length of care for a first child is 3.0 years and for a second child 3.3 years (Ettlerová, Matějková, 2004, p. 27). The CR is the only country in Europe with a four-year entitlement to parental benefit.

##### 4.2. *Child-linked social benefits*

Support for socially weaker families is provided in the form of additional **benefits that are linked to the number of children and the financial situation of the family**. These benefits help young families overcome financially demanding situations associated with childbirth and the temporarily missing income of one parent. The existing system of benefits is fragmented, some benefits overlap and their level is one of the reasons for inactivity and the poverty trap (Jahoda, 2006, p. 49). The reform of the benefits system therefore specifies, from 2008, reduction of the social benefit that is provided to a parent who looks after a dependent child where the family income is below a certain level established on the basis of the subsistence level. The number of families entitled to this benefit will be lowered and so will the level of the benefit.

Furthermore, the system of child allowances will be changed. Since

families with an income up to four times the subsistence level were entitled to this allowance, it was collected by most households with children. For low-income families with a larger number of children this meant less motivation to change their situation through work (Jahoda, 2006, p. 49). As part of the social-security reform, the income level constituting entitlement to the allowance will be lowered, and the benefits will be fixed according to the child's age and not be indexed automatically. The number of households collecting the benefit will decrease and the future purchasing power of the benefit will no longer be guaranteed. The partial reduction of child allowance will be offset by high tax allowances related to wage income (see below – an increase by 80% per child per annum). This system will be beneficial for families where at least one parent works.

#### *4.3. Benefits in material need*

These benefits are designed for individuals whose income is below the subsistence level. The welfare reform tightens the eligibility conditions for people who make no or weak efforts to obtain income from work. Long-term unemployed persons who turn down a job or retraining offer will not get subsistence level benefit, but only the so-called “existential minimum” which is much lower and merely meets basic needs for survival. At the same time, account is taken of the difficulties faced by certain individuals in the labour market. Therefore this provision does not apply to people over 55, the partially disabled and parents taking care of children up to 12. These measures are expected to increase individuals' motivation to provide for themselves through work.

These changes within the reform signify a lesser number of persons on benefit and a lower level of social benefits paid. This reduction will be offset by increased amounts for child and spouse with no income that can be deducted from the tax base.

#### *4.4. Tax allowances*

In addition to expanding the scope of tax allowances, a single tax rate will be introduced, totalling 15% of the so-called “super-gross” wage (gross wage + social contributions paid by the employer). A further drop to 12.5% is planned for 2009, lowering the tax burden on wages. However, this will have the largest impact on high-income categories and a relatively weak impact on lower-income categories (including young people's initial wage). In a period of economic growth with increasing demand for qualifications at all levels and a subsequent increase in wages, this relatively small

decrease of the tax burden on lower incomes will encourage young people to take lower-paid jobs. If economic growth slows down and the supply of job opportunities is lower, the stimulating effect of tax allowances for employees will not be sufficient. It would thus be advisable to reduce contributions paid by employers. However, this option has not yet been discussed.

The tax changes transform a portion of social contributions into increased income from employment. The reform is to the disadvantage of those who have got used to living on social benefits and stimulates them to take a more active approach to job seeking.

#### *4.5. Further steps of social security system reform*

**At stage 2 and 3 of the social reform**, measures will be adopted that will further support active approaches on the part of both individuals and families. Payment of social benefits will be linked to participation in retraining, continuing education, one-off registered work activities, public work etc. The benefits will be such as to ensure that people stay jobless for the shortest possible time. Unemployment benefit will be the highest in the first two months, than it will gradually decrease.

If a citizen refuses, over the long term and repeatedly, to work actively to improve his/her position, the level of social benefits he/she collects will be reduced. Material benefits are also being considered linked to active behaviour – e.g. sending children to school. Material benefits may include, for example, vouchers for basic foodstuffs or clothing. Some payments may be forwarded directly to pay for school meals or rent.

### **5. Individual action plan**

The current IAP is divided into three stages. The stages are limited in terms of time as agreed by the job seeker and the labour office. The schedule can be adjusted in line with the job seeker's needs. The first stage consists of an interview with a guidance practitioner and identification of the job seeker's needs and profile. The job seeker is also informed, for example, about his/her rights and obligations, legal requirements, and services offered by the labour office (retraining, self-employment, possibilities within individual action plan, etc.). The objective of the second stage is to implement the goals agreed. It involves job brokering, analysis of information obtained, consideration of the job seeker's realistic chances, and, possibly, personal development courses, psychological guidance and the use of other ALMP instruments. At the third stage, specific activities

and possible solutions are assessed, job brokering continues, various subjective and objective factors identified by labour office specialists are evaluated, etc.

## 6. Childcare services

Childcare services enjoy a long tradition in the CR. **Care of children from 3 years to school age** is provided by kindergartens run by municipalities, regions, state and private entities. According to the Education Act, priority of admission to public kindergarten has to be given to children in the last year prior to their compulsory school attendance (5/6 year old). In terms of overall capacity, the accessibility of these facilities is quite good. Various localities differ in the the capacity and quality of services. In places with concentrated job opportunities, the capacity is usually insufficient. The prices are, on the whole, affordable, but for poorer families they may pose a problem. (Kuchařová, Svobodová, 2006).

Care of **younger children up to 3** is offered by the day nursery/crèche. The capacity of these facilities was considerably reduced in the 1990s because of a decline in the number of children and less interest on the part of parents, as young mothers began to prefer personal care.

**For school-age children** there are after-school centres (up to age of 11), or school clubs (for children over the age of 11). They are organised by schools after classes, in most cases with daily attendance.

**Leisure centres** provide a wide range of free-time activities for children regardless of their age. Their activities are not directly linked to schools.

## 7. Housing support

Independent housing enables young people to become independent of their parents and to assume responsibility for their lives. Availability of housing is also important in terms of professional career development, as it allows for moving to places with job opportunities and choosing the most appropriate.

The housing situation of young people in the CR is not very favourable, as rents are very high and keep increasing. Low-income groups are entitled to a housing contribution up to the level of standard housing costs (rent and related services). This standard is very low compared to real housing costs, and so the benefit may only provide for lower quality housing. Only people

with very low income are entitled to this support.

There is limited state support for young people to purchase a house or a flat. Young people under 36 can apply for low-interest loans for the renovation, building and purchase of a flat/house. Financial loans are low and can only cover some 5-20% of house purchase costs (depending on size and location). There is of course the possibility of mortgages offered by banks but these place an excessive financial burden on young families. State support for housing is largely ineffective as confirmed by research (Ettlerová, Matějková, 2004) which found that less than half of the 20-35 age group live on their own (in their own or rented flat). One fourth live with parents and the rest in lodgings.

## *Case Study Denmark*

### *Unemployment in Denmark*

Prior to the description of the Danish flexicurity model, it is useful to make a few comments upon the nature of the Danish labour market. Table 1 compares the August 2007 level of unemployment to the situation in December 2000. As the table demonstrates, the overall level of unemployment is quite low in Denmark, having declined from 6.3 percent in December 2000 to a mere 3.3 in August 2007.

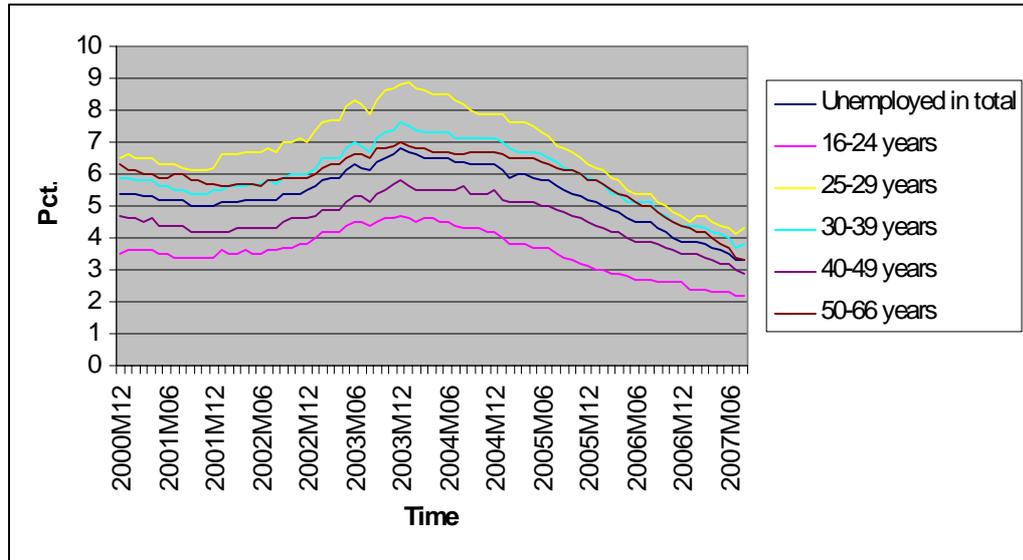
*Table 1.* Seasonally adjusted unemployment (percentage and absolute numbers)

	December 2000		August 2007	
	Percentage	Absolute number	Percentage	Absolute number
Insured	6.0	130,800	3.4	71,800
Uninsured	3.5	21,800	2.9	19,300
Male	4.7	69,200	2.7	39,500
Female	6.3	83,300	3.9	51,500
16-24 years	3.5	13,900	2.2	7,900
25-29 years	6.5	21,100	4.3	11,900
30-39 years	5.9	42,400	3.8	26,300
40-49 years	4.7	30,600	2.9	20,100
50-66 years	6.3	44,500	3.3	24,900
Total	5.4	152,500	3.3	91,100

*Source:* Danmarks statistik [Statistics Denmark], 2007

The trend towards a low level of unemployment has been steady for several years. Figure 2 plots the overall level of unemployment since December 2000. It can be seen that the decline is observable within all age groups, but the figure also reveals marked differences within these age groups. The 16-24-year-olds consistently have the lowest level of unemployment. The fact that the 25-29-year-olds have the highest level, on the other hand, is an interesting peculiarity. It may be due to most Danish university students graduating at that age, which means they need to find a job, having previously not been included in the unemployment statistics. The university graduates alone hardly account for the peculiarity, however, and so further research seems necessary to fully explain it.

Figure 1. Seasonally adjusted unemployment sorted by age (percentage)



Note: The numbers after the years refer to months. For instance, 2000M12 means December, 2000.

Source: Danmarks statistik [Statistics Denmark], 2007

Nevertheless, it seems justified to say that the youngest (16-24-year-old) members of the labour force have the lowest levels of unemployment while older people tend to have higher rates of unemployment. This is important to note, since Denmark belongs to the group of countries that experiences a rapidly aging population. The problem may not be as severe as in other countries (Jensen, 2004: 5-7), but as table 2 shows the tendency is also quite noticeable in Denmark.

Table 2. Age distribution of the Danish population between 10 and 69 (2007)

10-19 years	20-29 years	30-39 years	40-49 years	50-59 years	60-69 years
675,875	620,077	767,594	798,288	727,239	616,932

Note: On January 1, 2007 there were 5,447,084 Danish citizens in total.

Source: Danmarks statistik [Statistics Denmark], 2007

In conclusion, the Danish labour market can therefore be characterized by 1) relatively low levels of unemployment among young people and 2) a marked difference between the numbers of younger people compared to the people who will retire in the near future. While Denmark has been successful in terms of low youth unemployment, it is therefore important to ensure continued low and possibly lower levels of youth employment in the future when the number of retirees can be expected to rise.

## *Case Study Germany*

### **Youth related overview. The labour market context**

Labour market proves to be much more flexible for young people than for other age groups. The turnover rate of young people are three times as high as of unemployed of the other age groups. In 2006, the average stay in unemployment of young people being aged less than 25 years was about 19 weeks while people aged 25 years and more were on average unemployed for 46 weeks. There are two reasons for the shorter spells in unemployment: first young people participate more often in active labour market policy and training measures and are not counted as unemployed during their participation in the various schemes and secondly, the labour market is more flexible for some groups of young people and “search and orientation unemployment” is higher. However, in particular young people with a low educational attainment, lacking vocational training and the “wrong” vocational choice encounter severe difficulties to enter the regular labour market and are at risk of permanent social exclusion.

As already been pointed out, the German labour market is still characterized by comparatively high employment stability in Germany, although the erosion of the “standard employment” has been widely addressed (see Düll, N.; Düll, K., 2003, and see above). Nevertheless, the German labour market is characterised by labour market segmentation in general, and in particular with regard to the pathway to labour market integration of different groups of young people. This affects young people in two ways: First, labour market entry is increasingly characterised by fixed-term contracts and non- or low-paid “internships” (*Praktikum*, Grün, D.; Hecht, H., 2007). This lengthens the transition period from training or education into employment. Furthermore, there is the danger that disadvantaged young people will be permanently in precarious employment and socially excluded.

Youth unemployment in Germany has used to be below EU average. In 2005, the youth rate was about 15%; while the unemployment rate in Germany was with 9.3% (and thus higher than the EU-average ranging at 8.7%. Source: Employment in Europe 2005). It has risen in the recent past, from 7.7% in 2000 to 15.2% in 2005 and is thus catching up with the European average (cf. OECD Employment Outlook 2005). However, this increase is partly linked to changes in the labour market policies, as former non-active young persons who got social assistance are now counted as unemployed, as far as they are able to work. Youth unemployment is twice

as high in Eastern Germany than in Western Germany. (cf. Rothe, Tinter, 2007).

The unemployment rates of young women are lower than that of young men, in particular regarding young women below 25 years of age. This is linked to the fact that girls and young women have on average a higher educational attainment and have higher marks and might more often still be in training. Although, girls have a better access to education, discrimination and inequalities of women is a feature of the German labour market. This is linked to the vocational choice of young women and men which still follows traditional roles. It is interesting to note, that in the first young women are migrating and prove to be more flexible as compared to young men.

Unemployment rates among young foreigners were by 4 to 5 percent points higher than that of German young people. This can be explained by their lower educational attainment.

The structure of youth unemployment reveals that half of young unemployed have a low educational attainment. Although, a shift in the structure can be observed as increasingly also young people with a middle level of educational attainment (10 years of schooling) are among the unemployed. Furthermore, the general bad labour market context of the last years has led to an increase of young people having accomplished initial professional training among the unemployed.

### **The National Training Pact**

#### *Analysis of the measure*

As a part of the Pact different type of partnerships were established at the national level, the regional level, as well as between types of organisations (often with a regional focus): e.g. cooperation between Chambers, cooperation between companies (*Ausbildungsverbundprojekte*).

The concrete aim of the pact signed in 2004 was

- To enhance the number of dual training places in the private sector by 30,000 per year until 2006,
- To create 25,000 additional internships (*Praktika*) in the context of the Programme for providing entry qualifications p.a. (*Programme für Einstiegsqualifizierung*). The Federal State is going to support financially the Programme for providing entrance qualifications (see below for more details)

- The Federal Government is committing itself to enhance the number of training places within the State administration by 20%.

- The Federal State will continue the “Programme for Vocational training in East-Germany” (“*Bundes-Länder-Ausbildungsprogramm Ost*”) in 2004 (objective: 14,000 training places). The Länder governments implemented this programme with different approaches and additional funding.

- There is the commitment that the Public Employment Service will continue its activities in the area of preparatory measures (see below for more details) at least at the same level than in 2003.

- The optimisation of the placement activities at the vocational training market provided by the Public Employment Service is envisaged. It is planned the Public Employment Service will contact in time the young people through a Call Center. At the same time the Call Center provides an actualisation of the number of available training places at the companies by contacting them on a regular basis. Furthermore, the cooperation between the Chambers and the Public Employment Office in this area should be improved. Further, the Public Employment Service and the Chambers will carry out a “competencies check” of young people, if needed.

- For young people who could not be placed the year before, an offer for a training place will be made. The young people will be contacted ongoing from July of each year (the normal “training year” starts in September). This renewed placement measure (*Nachvermittlungskaktion*) is carried out in cooperation between the Chambers and the Public Employment Service. Those young people who have bad chances to be placed (“*eingeschränkte Vermittlungsperspektive*”) can take part in the Programme for providing entrance qualifications (see above).

- The Chambers will further develop the system of qualification elements (“*Qualifizierungsbausteine*”) that can be acquired in the context of the measures to better prepare for vocational training. About 50 additional “qualification elements” should be designed.

- The placement activities will be monitored at regional level (this corresponds to the trend for a stronger regionalisation of the Public Employment Service).

- The Federal State is enhancing its Funds directed towards the promotion of inter-company cooperations in the area of vocational training (*Ausbildungsverbände*) in the context of STARegio by 50%. The Chambers and industry associations will further develop these models.

- The Chambers agree to employ additionally 800 persons that are convincing companies to provide more training (*Ausbildungsplatzwerber*), in particular also by contacting companies run by migrants. Their aim is to

increase the number of training places in both companies that are already engaged in vocational training and in those companies which have not offered training places so far.

- A Public campaign will be run the Federal State
- The regional governments as well as the trade unions<sup>84</sup> are called for to support the Pact and to be actively involved.

In addition to the national Pact, initiatives are taken at regional level. Funds for the related Programmes are coming from the Ministry of Labour and the Ministry for Education and Research of as well as from the ESF.

### **Preparatory measures for vocational training – new approaches**

#### *The background - Overview over preparatory measures (Berufsvorbereitende Maßnahmen)*

Early school leavers as well as school leavers with a low educational attainment encounter major difficulties to enter the training market.

A first step towards developing a policy for disadvantaged young people have been made in the 1970s by establishing a cooperation between schools and vocational training. The first Programme for a better vocational integration of disadvantaged young people was launched in 1980 and has become today a strand of mainstream youth policies. Since then a great number of different instruments as well as of different Programmes at national, regional and local levels have been implemented which target disadvantaged young people (as a single instruments or as parts of wider measures).<sup>85</sup>

Preparatory measures for vocational training are aimed at providing the young people with basic skills to be sufficiently prepared to find a vocational training place. They consist mainly in different elements including: vocational guidance and orientation, providing basic skills and

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<sup>84</sup> Remuneration within the dual training system is generally fixed through collective bargaining.

<sup>85</sup> In their study on cooperation within the policies directed towards disadvantaged young people published in 2005, Pätzold and Wingels have listed about roughly 100 different sub-measures and Programmes which were running since the mid 1990s at all levels aiming at easing the transition between school and vocational of training which either explicitly targeting disadvantaged young people or which are designed to target also disadvantaged young people.

key competencies, providing workplace related experience, providing some basic vocational skills. The measures are financed by the Public Employment Service and implemented by independent organisations.

It needs to be added that also the vocational oriented schools play a role in guiding young people into pre-training measures. Thus, in some cases the young people participated first in a school-based measure to be better prepared for vocational training (*schulisches Berufsvorbereitungsjahr*) and then participate in the preparatory measures of the Public Employment Service (Lex et al., 2006). Other young people choose to make a series of different internships before getting a vocational training place. In order to increase the transparency about the different opportunities more cooperation between the institutions at local levels is called for. As we will see later, new approaches are now tested to improve cooperation.

The preparatory measures are in principle targeted at all young people having not accomplished vocational training and being below 25 years of age. Disadvantaged young people are in general young people that have little chances to get a training place nor a job after having left school. They tried unsuccessfully to get training or a job. Most of them can be regarded as immature for getting vocational training (Bundesinstitut für berufliche Bildung 2006). The main causes for being disadvantaged lie in the family context and social environment, the ethnicity and cultural origins, socio-economic context.

#### *Recent reforms (neues Fachkonzept and Qualifizierungsbausteine)*

The concept for the preparatory measure has been reformed in 2006 (*Neues Fachkonzept der Bundesagentur für Arbeit*). The new concept for the preparatory measures departs from the principle that the support needs to be based on the competencies of the individual young people. Preparatory measures are therefore based on competencies modules (*Qualifizierungsbausteine*) which are derived from the curricula of dual training and adjusted to the abilities of the target groups. Individual counselling is a principle of preparatory measures and a qualification plan is then dressed up with the “*Bildungsbegleiter*”(an accompanying expert in VET). This plan then needs to be approved by all involved parties. Note that the young participant is guided continuously by one and the same person (*Bildungsbegleiter*) who is also providing social-pedagogical guidance.

In addition to the general measures there is the possibility to participate in a specific measure in order to obtain the basic school certificate (after 9 years of regular schooling).

The new concept for preparatory measures stresses the necessity that the institution implementing the measure cooperates closely with companies, the Chambers as well as with vocational schools. The implementing institution has for example the task to ensure that vocational school adopt their courses as much as possible to the specific needs of the target group. Furthermore, networking with all involved institutions, including at regional and local levels the welfare agencies, guidance services, work-oriented social work is necessary

*The BQF – Programme for disadvantaged young people of the Ministry for Education and Research*

In between 2001 and 2006 a large Programme for promoting skills development of disadvantaged young people (BQF – “Kompetenz fördern – Berufliche Qualifizierung für Zielgruppen mit besonderem Förderungsbedarf”) was implemented. This Programme contained about 107 sub-programmes and pilot projects and research projects. They were aimed at improving the institutional structure, at improving the services directed towards the young people as well as to identify new training opportunities for the target group, developing preventive activities as well as improving vocational training activities for young migrants (or children of migrants). The general objective was to modernise and to improve policies towards disadvantaged young people and to develop more coherent approaches.

This Programme was financed by ESF and the Federal Ministry for Education and Research. The Federal Ministry for Education and Training is continuing some of the approaches within its policy “*Ausbildungsoffensive*”, where it is tried to implement a more coherent approach, based on past experiences. About five sub-programmes are currently implemented. Parts of the projects are linked to further develop the “preparatory measures for vocational training” and in particular the further development of competencies modules which are a key element of the preparatory measures. A good practice databank has been set up at the Federal Institute for vocational training in this respect. Note, however, that the BQF Programme were also tackling other transitional problems and was also involved in developing better preventive measures. A special focus of the Programme was set on young persons with a migration background (see Measures for specific subgroups – young people with a migration background).

## **Easing the transition between schooling and training: The entrance qualification Programme**

### *Background*

The entrance qualification Programme is linking a flexible contract form (internship) to a preparatory phase with the aim to engage in training. For this reason we could say that the intention of the measure goes in the direction of the spirit of “flexicurity”, linking flexible contracts to learning security.

### *Scope and features of the measure*

The measure “Special Programme for providing entrance qualification” (*Sonderprogramm des Bundes zur Einstiegsqualifizierung Jugendlicher – EQJ – Programm*) has been decided in the context of the National Pact for Training.

The main aim is to prepare all young people for vocational training. Furthermore, it is the objective of this measure to raise the awareness and acceptance of certifying some skills step by step (*zertifizierte Teilqualifikationen*). The supply of internships within the crafts sector with qualification elements (*Qualifizierungsbausteine*) is a clear objective.

The contracts for obtaining „entrance qualifications“ are specific internships (“*Praktika*”) within companies for a duration between 6 and 12 months. After the end of the period the company may establish a certificate about the acquired skills. On this basis the corresponding Chamber can certify the acquired skills. This certificate should facilitate the young person the transition towards a vocational training and can lead to shortening of the vocational training period by 6 months.

Thus the Programme is aimed at enhancing the supply of “pre-training” places or at a first step towards vocational training and is embedded in the current reforms of the vocational training system towards developing a system also based on certification and modularisation of vocational training.

A further (indirect) objective of the scheme is to enhance the preparedness of companies to provide vocational training (by reducing the risks taken by companies). The companies have to pay for the costs evolving for the company in order to provide some skills to the young people. The Federal government is paying to the participants a small pay of 192 EURO and pays social security contribution (102 EURO per participant).

A close cooperation between the Chambers and the Public Employment Services is necessary in order to provide to match the information on companies offering such internship places as well as in order to select suited applicants among the young people.

### **Measures for specific subgroups – Young people with a migration background**

#### *Background*

The participation in vocational training of young migrants is far below the corresponding rates of Germans and the gap has widened. Furthermore, linked to their on average lower educational attainment, the range of chosen professions is much more limited. The problem of low participation in vocational training is particularly pronounced for young women with a migration background. Further, young people with a migration background have more often no educational attainment at all (VET Report - Berufsbildungsbericht 2006, S. 3).

#### *The measure Kausa. Short overview*

This measure is about awareness raising and filling-in the information gap among companies owned and led by foreigners, in order to motivate them to offer training places within the dual vocational training system. An information campaign and the creation of local and regional networks for informing the companies have been set-up. The targeted companies are in general SMEs. The direct target group of the measure are companies owned by foreigners and the indirect target groups are young people with a migration background. These companies are typically active in the area of catering, trade, the food and drink sector, construction, tourism and person oriented services and some types of crafts (Bericht der Beauftragten der Bundesregierung für Ausländerfragen 2002; Süßmuth-Kommission 2002: 226).

On average only 12.5% of these companies offer vocational training places as compared to 19% of companies owned and led by Germans. Among the reasons for the lower participation in the offer of training places the following can be named: insufficient information about the dual system, the lacking skills of the company-owner to provide training, the size of the company (many very small companies), the economic position of the company and legal requirements (Cf. Sener Sargut 2000). The cultural background may play a role as well.

The objective of this network for awareness raising and information campaign is to enhance the number of training places in companies which are owned and led by foreigners. The final objective is to raise the number of training places in general and in particular there is the assumption that these companies can offer training places for young persons with a migration background. Furthermore, young persons with a migration background show in general more interest to be trained within the dual system as compared to the vocational schooling system. The alternative pathway to employment would be to get no vocational training at all which puts the young people under a long-term at the labour market. The coordinating organisation KAUSA has been established in 1999 was led between 2002 and 2005 by the Federal organisation of the Chambers of Industry and Trade (DIHK) and is since then under the responsibility of the Federal Ministry for Education and Research in the framework of the Jobstarter programme (designed at the integration of young people into the vocational training and the labour market). The costs amounted to 1.75 million Euro over the last six years (BMBF, Berufsbildungsbericht 2006, VET Report). According to KAUSA (based on an internal survey), up to 2005, about 5,700 new training places could be installed through the created networks and as a result of the information campaign since the beginning of the project (amounting to roughly 300 Euro per newly created training place). The objective is to create another 10,000 vocational training places between 2005 and 2010.

**Networks for vocational training of young migrants (*Berufliche Qualifizierungsnetzwerke (BQN) für Migrantinnen und Migranten* )**

*The scope and objectives of the measure*

The objective of the Programme was to increase the sensitivity of all relevant key actors (at the schools, in the area vocational orientation, but also at company level, as well as trainers) for the specific situation of young persons with a migration background with regard to their social and cultural background, so that the actors can developed tailored approaches and methods for increasing the participation of those young people in education and training.

At regional and local levels 10 networks were created (*Berufliche QualifizierungsNetzwerke BQN*). These networks were aimed at:

- Promoting the access of young persons with a migration background
- Raising awareness about the need for vocational training for young persons with a migration background

- Improving the cooperation of the relevant actors at local level. Key actors are the municipalities, the local Public Employment Services as well the Chambers. Also social partners and organisations of the ethnic minorities, as well as schools, training institutions and regional research centres were involved.

### **Measures for specific subgroups: Vocational orientation for girls and young women**

#### *Background*

Although girls have a better access to education and overall higher educational attainments than boys, the range of selected professions is much smaller. The quality of the jobs women have is overall poorer than that of men.

#### *Scope and objective of single measures*

Since 2000, so-called “girls’ days” are implemented. At one specific day every year, vocational orientation at schools for girls are organised. Companies, Public bodies, universities and research centres are informing the pupils on different professions in the area of crafts, technical vocations, information technologies and natural sciences. The objective is to inform about the attractiveness of more technical also for young women. [www.girls-day.de](http://www.girls-day.de)

### **Active labour market policies: wage cost subsidies**

#### *Background*

The Public Employment Services have a number of measures at their disposal in order to activate young people: training measures (see above), employment supporting and employment creating measures.

In 2004, about 500,000 young people were registered as unemployed at the Public Employment Service. Beginning 2007, the number rose to 700,000 after the labour market reforms concerning the combining of unemployment benefits and social assistance have been implemented (thus, the additional 200,000 young people were former social assistance receivers). Due to this reform, more young disadvantaged people can be reached out with labour market policy measures. Regarding young unemployed, half of them are early school leavers (Antoni et al., IAB Kurzbericht 2/2007). Note that the share of unemployed with a low educational attainment is varying during the business cycle (as mainly the volume of young people having accomplished vocational training or

educations varies). In 2004, there were 514,000 participants in active labour market measures.

#### *Previous Programmes*

In 1999, in order to combat youth unemployment, the Federal Government launched the Programme JUMP. From 1999 to 2001 about 176.032 young people participated in the different measures. Most of these included a wide range of training and training supportive measures as well as wage costs subsidies, employment creation and measures that are complementary to employment (*beschäftigungsbegleitende Hilfen*). In contrast to mainstream policies, also young people having not contributed so far to the unemployment insurance system could be beneficiaries. An analysis of the participant structure showed that in particular long-term unemployed young people participated in the measures of the Programme.

Evaluation studies showed that only a fifth of participants got a job after the end of the measures and after 6 months only a fourth was in employment (see for more details: IAB-Werkstattbericht Nr. 3/2001; S. 7). A third of participants were unemployed directly after having the participation in the measure. The Programme was regarded as being little innovative.

#### **Wage cost subsidies and employment creation schemes: the “1-Euro-Jobs”**

##### *Background*

The concept of the so-called “measures for creating job opportunities” (“Arbeitsbeschaffungsmaßnahmen” /ABM) consists in allocating important wage-subsidies for a limited period of time for additional work places which are “of public interest”. Thus, there is a wage subsidy and an employment creation element. The effectiveness of this measure has been questioned as the displacement effects are likely to be important and as there is the danger of stigmatisation among some groups of participants. Overall the integration rates into the regular labour market were disappointing (Hujer, R.; Thomson, R. 2006 and Calinedo, M.; Hujer, R.; Thomson, S. 2004): Nevertheless, these measures are regarded as important for the social integration.

The recent labour market reforms have not abolished the ABM but have introduced two additional measures, the so-called new job opportunities “*Arbeitsgelegenheiten*” (AGH). As a consequence the number of persons in

the traditional ABM measures has declined dramatically (about 200,000 in 2000 to 48,000 in 2005).

Two types of “new job opportunities” (AGH) can be distinguished: One of them is the *Arbeitsgelegenheiten in der Mehraufwandsvariante*: in this case a wage cost subsidy is paid for additionally created jobs with a social or ecological utility. They are legally not referring to an employment contract. The measure is designed for unemployment benefit II receivers. In addition to unemployment benefit II, the participants in this employment measure are paid 1 to 2 Euros per worked hour (therefore, the measure is called “1-Euro-job”). In general, the measure lasts for 6 months. In 2005, about 200,000 persons participated in “1-Euro-job measures”. Among the measures of the “second labour market”, they have become the most important in terms of volume.

Young people in Western Germany are overrepresented among the participants of the traditional “Arbeitsbeschaffungsmaßnahmen” as well as among the 1-Euro-job-scheme participants (cf. Bernhard, S.; Hohmeyer, K., Jozviak, E2006).

Already between 2000 and 2004, and thus before the labour market reform and the introduction of the so-called “1-Euro-Jobs” the number of young people participating in measures of the “second labour market” increased dramatically: from 29% to 45% in Western Germany and from 1% to 12% in Eastern Germany. In 2005, in Western Germany nearly half of the participants in the traditional ABM-measures were below 25 years of age and they represented a fourth of the “1-Euro-job” schemes participants.

## *Case Study Italy*

### **Young people in Italy**

Though youth participation rates in Italy are generally low (32.5 % against an EU-15 average of 47.8 % in 2005), the transition from school to the labour market is difficult. The ratio of unemployed youth to adults is 3.88 for the 25-64 cohort and 4.66 for 35-49 year olds. In other words, over 420 thousand out of 2000 thousand 15-24 year-old active individuals are looking for a job. Moreover, a large number of youngsters - about 470 thousand - are not engaged in any working or educational activity, presumably because they have been discouraged or because they do not meet the strict ILO definition of unemployed persons.

The Italian labour market is also characterized by a wide gender gap for young people: the 15-24 female employment rate is ten points lower than the male one (20.1 % vs. 30.6 %) whereas the unemployment rate amounts to 25.3 % for the former and 19.1 % for the latter. However, when the ratio of unemployed youth to adults is taken into consideration, young males are more penalised than women with respect to older workers: the ratio of unemployed youth to adults amounts to 4.41 and 3.41 respectively. In addition, the young female activity rate is far lower than the male one (26.9 % vs. 37.8 %). This depends on three main factors:

- women tend to prolong their education more than men
- the discouragement effect is stronger among women because of higher unemployment rates<sup>86</sup>
- the work-life balance during the early stages of household formation may lead women to postpone their entry into the labour market.<sup>87</sup>

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<sup>86</sup> The discouragement effect may influence women to stay in education more than actual preference, thus making it difficult to disentangle the discouragement effect from human capital investment in explaining low activity rates.

<sup>87</sup> In Italy the age at marriage is rising and fertility rates are declining.

Table 10 - Participation, employment and unemployment in Italy, 2006

		Male			Female			Total		
		Activit y rate	Empl. rate	Unem p. Rate	Activit y rate	Emp l. rate	Unem pl. rate	Activity rate	Empl. rate	Unem pl. rate
(1)	15-19	15.0	10.7	28.6	8.4	4.9	41.1	11.8	7.9	32.9
(2)	20-24	59.0	49.1	16.9	43.9	34.0	22.5	51.6	41.7	19.2
(3)	25-29	82.1	74.0	9.8	64.7	55.7	14.0	73.5	65.0	11.6
(4)	15-24	37.8	30.6	19.1	26.9	20.1	25.3	32.5	25.5	21.6
(5)	15-29	54.7	47.1	13.8	41.5	33.9	18.5	48.2	40.6	15.8
(6)	15-64	74.6	70.5	5.5	50.8	46.3	8.8	62.7	58.4	6.9
(7)	25-64	81.6	78.1	4.3	55.1	51.0	7.4	68.3	64.5	5.6
(8)	35-49	94.4	91.3	3.3	65.7	61.4	6.5	80.1	76.3	4.6
(4)/ Rat (7)		0.46	0.39	4.41	0.49	0.39	3.41	0.48	0.40	3.88
ios (4)/ (8)		0.40	0.34	5.77	0.41	0.33	3.86	0.41	0.33	4.66

Source: ISFOL processing of Italian Labour Force Survey, 2006

Besides a difficult transition into the labour market, in the early stages of their working life youngsters suffer from severe job (and income) instability. Overall, flexibility has many positive aspects from a social and individual perspective - job mobility enhances general and specific human capital and raises the probability of better job matches. However, two main factors hamper the development of a "secure" work career for young Italian workers. Firstly, in recent years job instability has gradually extended to the 25-34 year-old workers, thus fostering segmentation in the labour market; secondly the Italian social system lacks proper unemployment benefits to support youngsters in the transition from one job to another.

When analysing figures it emerges that, albeit dependent work is by far the main source of employment for youngsters, quasi-subordinate workers (economically dependent workers), one of the most unstable job positions

in the Italian labour market, represent 4.3% of the total 15-24 year old workforce, against an average of 2.2%. Quasi-subordinate contracts are also widespread among young adults, with 4.4% among 25-29 year old workers and 2.8% among 30-34 year old workers.

*Table 11* - Employment according to professional status

	Employee	Quasi-subordinate	Self-employed
15-19	88.6	3.3	8.1
20-24	84.9	4.5	10.6
15-24	85.5	4.3	10.2
25-29	79.1	4.4	16.4
15-29	81.6	4.4	14.0
30-34	75.7	2.8	21.5
35-39	73.7	1.7	24.6
40-44	73.6	1.3	25.1
45-49	74.3	1.0	24.6
50-54	75.2	0.8	24.0
55-59	67.5	1.5	31.0
60-64	48.3	3.5	48.1
25-64	73.7	2.0	24.3
Total	73.6	2.2	24.3

Source: ISFOL processing of Italian Labour Force Survey, 2006

When looking separately at men and women, it can be seen that the latter have a higher incidence of atypical contracts. Quasi-subordinate contracts amount to 6.0% among 15-24 year-old female workers and remains high (4.2%) for 30-34 year-olds. Against this, the percentage of quasi-subordinate contracts is relatively limited among young males (2.8%), rising for 25-29 year-old workers (3.6%) and sharply declining for older male workers.

Table 3 - Employment according to professional status and sex

	Male			Female		
	Employee subordinate	Quasi-subordinate	Self-employed	Employee subordinate	Quasi-subordinate	Self-employed
15-19	89.2	2.2	8.6	87.2	5.7	7.1
20-24	85.1	2.9	11.9	84.6	6.8	8.6
15-24	85.8	2.8	11.4	84.9	6.6	8.5
25-29	76.5	3.6	19.9	82.7	5.6	11.8
15-29	80.3	3.3	16.5	83.5	6.0	10.6
30-34	72.5	1.9	25.7	80.3	4.2	15.5
35-39	69.6	1.1	29.3	79.8	2.6	17.6
40-44	70.1	0.7	29.2	78.8	2.2	19.1
45-49	70.2	0.5	29.3	80.7	1.8	17.5
50-54	71.3	0.5	28.2	81.4	1.3	17.3
55-59	62.1	1.2	36.6	76.5	2.0	21.5
60-64	45.7	3.1	51.2	55.3	4.8	39.9
25-64	69.8	1.3	28.9	79.7	2.9	17.4
Total	69.7	1.5	28.8	79.5	3.1	17.3

Source: ISFOL processing of Italian Labour Force Survey, 2006

A common indicator for detecting labour-market flexibility is the incidence of temporary workers among employees. Although different employment protection legislation hinders international comparisons, a within-country analysis can help to shed light on segmentation and on the risk of job insecurity for a particular population subgroup.

In Italy, the proportion of temporary workers among employees amounts to 13.1% (11.2% for men and 15.8% for women). When the analysis is restricted to youngsters, this figure dramatically increases, reaching 38.4% for 15-24 year-old males and 44.9% for 15-24 year-old females. The temporary workers' percentage remains high for 25-34 year-old workers and especially for women.

Table 4 - Temporary workers as percentage of total employees according to sex, 2006

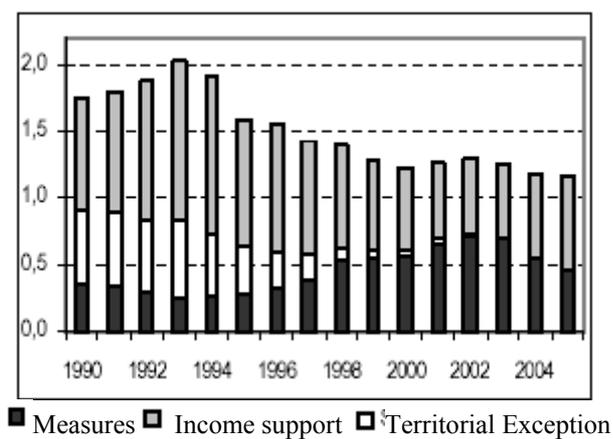
	Male	Female	Total
15-19	48.5	52.9	49.8
20-24	36.2	43.8	39.3
15-24	38.4	44.9	40.9
25-29	17.9	25.9	21.4
15-29	26.7	32.9	29.3
30-34	10.5	16.6	13.2
35-39	8.4	13.5	10.6
40-44	7.1	12.8	9.6
45-49	5.8	9.6	7.4
50-54	4.9	7.6	6.0
55-59	6.0	6.2	6.1
60-64	8.7	5.4	7.7
25-64	8.7	13.6	10.8
Total	11.2	15.8	13.1

Source: ISFOL processing of Italian Labour Force Survey, 2006

#### Labour market policies context

Since 2004, the composition of LMP expenses has altered in favour of passive labour market policies (57% of total expenses, see Figure 5): this is due to the reduction of job incentive expenses and the growth of income support.

Figure 5 - Labour market policies (expenses)



*Source:* Ministry of Labour and Social Security, Monitoring Report on Labour Market Policies and Occupational Policies, June 2007

Since 2001, the beneficiaries of active labour market policies (following LMP methodology definition) have diminished and the beneficiaries of passive labour market policies increased (see Table ).

*Table 5 - ALMP beneficiaries, 2001-05, annual average stock*

**Tav. 11. Beneficiari di politiche del lavoro – anni 2001-2005 – stock medio annuo\***

	2000	2001	2002	2003	2004	2005
Contratti a causa mista	799.327	747.290	719.528	688.260	684.237	600.481
Incentivi per l'assunzione a tempo indeterminato	551.941	714.793	935.467	797.426	579.462	458.060
Incentivi per l'assunzione a tempo determinato	47.332	50.016	48.167	54.514	72.760	98.690
Esperienze di lavoro senza contratto	21.185	11.832	7.368	1.785	3.676	1.105
Incentivi alla stabilizzazione dei posti di lavoro	97.849	107.683	111.333	110.729	112.388	116.950
Incentivi per la conservazione dei posti di lavoro	312.139	264.154	22.677	6.546	4.003	1.542
Integrazione dei disabili	13.609	12.670	14.394	16.483	19.067	21.385
Creazione diretta di posti di lavoro	132.893	98.406	72.710	58.461	50.856	43.466
Incentivi all'autoimpiego	13.953	17.127	16.826	30.350	21.360	15.502
<b>Totale misure (esclusa formazione)</b>	<b>1.990.228</b>	<b>2.023.971</b>	<b>1.948.470</b>	<b>1.764.553</b>	<b>1.547.809</b>	<b>1.357.181</b>
Sostegno del reddito dei disoccupati	497.934	522.703	550.560	603.425	627.088	692.079
Prepensionamento	165.281	148.395	129.780	100.945	111.978	95.475
<b>Totale supporto</b>	<b>663.215</b>	<b>671.098</b>	<b>680.340</b>	<b>704.370</b>	<b>739.066</b>	<b>787.554</b>

\* lo stock medio è calcolato, per i beneficiari di integrazione salariale in base alle ore autorizzate, per i beneficiari di altri sussidi, in base alle giornate effettivamente indennizzate. Nel caso degli incentivi all'autoimpiego, per i quali il beneficio si concretizza nella erogazione di somme una tantum, si considerano i soggetti agevolati.

Fonte: elaborazioni Ministero del lavoro e Politiche Sociali (Segretariato Generale – Coordinamento Attività Statistiche) su dati INPS.

This dramatic reduction of ALMP resources, mostly involving employment incentives, has been more significant for the Mezzogiorno regions where inactivity and unemployment rates are higher.

There are no figures on beneficiaries by age groups, but it can be assumed that young people are the main victims of the reduction in incentives, especially for their first access to the labour market.

### **Labour market reform (Law 30 of 2003)**

A major reform of the Italian labour market was incorporated in Legislative Decree 276 of 2003 (proxy law 30 of 2003). The reform affects two important areas, providing

- a new “labour market organisation” and
- a new set of employment contracts.

The reform was implemented by the Ministry of Labour, regions and social partners, so its timing and performance have probably been influenced by this complex institutional organization. In particular, the two areas mentioned above were entrusted to local authorities and to collective bargaining respectively.

#### Labour market organisation

The following has been established in the first area:

- a unique licensing system for all kinds of private employment agencies (PREAs)
- a new set of financial and juridical requirements for PREAs
- a group of new public and private labour market actors
- a regional procedure for quality certification of employment services supplied outside Job Centres (*accreditamento*).

As a consequence of the reform, a national electronic register for Job Agencies, JA (*Agenzie per il Lavoro*) was set up in July 2004. The JA must apply to the supervisory authority, the Ministry of Labour, for authorization to operate, only granted if the applicant meets certain criteria. If the JA also intends to provide services (except temporary agency work (TAW) and staff leasing, see paragraph 1.3.2) within a given region, the local authorities have the option of issuing an authorisation for business operation. The most important innovation here is the elimination of the obligation of “exclusive corporate purpose”. This means that these agencies, and Temporary Work Agencies (TWAs) in particular, are now multitasking, and can supply a vast range of services (i.e. career guidance, vocational training, staff leasing, outplacement, etc.).

There are two further innovations on the regulatory framework of TAW which extend the use of this employment relation. When first set up in 1997, TAW was admitted only on a fixed-term basis and, *de facto*, in the circumstances indicated by national collective agreements. With the reform, the supply of temporary labour is now also admissible on an open-term basis. Enterprises can take out an open-term contract with a TWA in specific circumstances. Fixed-term contracts are now always permitted to meet technical, production-related, organizational and replacement needs, and therefore for needs related to the company’s normal production cycle.

The national collective agreement now only states the proportion of temporary workers that may be utilized.

This regulatory model follows the similar one adopted for the revision of fixed-term contracts in 2001 (Legislative Decree No. 368/2001, transposition of Council Directives 70/99/EU).

As said before, another aim of the reform was the “legalization” of actors, most of whom already played a role in the labour market. Universities, municipalities, schools, chambers of commerce, trade unions, employer associations and employment consultants (through a foundation promoted by their national union) may now act as intermediaries between labour demand and supply.

ISFOL data (see Di Domenico, Marocco 2007) reveal that the universities rapidly took advantage of the new legal framework and started to organize themselves to provide employment services to their students (see Table ). In 2006, 55 universities (out of the 77 answering ISFOL’s questionnaire) declared they were making use of the new provisions.

*Table 6 CVs, vacancies and placements, first quarter 2006*

Description	Total	Public universities	Private universities
CVs collected	20,603	17,701	2,902
Students placed through internships	13,921	10,275	3,646
Vacancies collected	5,078	2,558	2,520
Students employed	1,021	221	800

*Source:* ISFOL Surveys on Universities, 2006

Finally, the reform introduces a regional procedure for certifying private and public bodies providing employment services, such as career guidance, monitoring, vocational qualifications, etc. The *ratio legis* is to provide a system of accreditation if the public authority wants to place employment services on the market. The regions therefore have the task of listing external public and private bodies recognised as qualified to operate hand in hand with the public system.

#### Employment contracts

A second aspect of the reform focuses on the definition of new types of employment contract and the amendment of existing ones. As already said, ample room is left for collective bargaining to define the conditions of, and possible restrictions on, the new types of employment contract.

The main innovations are:

a) The new apprenticeship contracts (*Contratto di apprendistato*)

In apprenticeship contracts the employee receives training at the employer's expense in addition to remuneration.

The reform provides for three types of apprenticeship contract:

- educational training apprenticeships, providing training and access to the labour market for school leavers
- vocational training apprenticeships, combining on-the-job training with a technical or vocational qualification
- higher-level apprenticeships, with advanced technical training leading to a high-school diploma or university-level qualification.

Educational training apprenticeships are designed mainly for 15-18 year olds, whereas vocational training apprenticeships and higher-level apprenticeships are for 18-29 year olds, or for 17 year olds with a vocational qualification. Apprenticeship contracts can be taken out in any sector, but the number of apprentices may not exceed the number of qualified staff in a given firm<sup>88</sup>.

The first type of apprenticeship can last for up to three years, depending on the qualification to be obtained, whereas the second one can last from two to six years, depending on the collective bargaining provisions, but this type of contract can be used to provide further training at the end of an educational training apprenticeship; finally the duration of higher-level apprenticeships is established at regional level, in agreement with the social partners and the educational bodies involved.

Apprenticeship contracts must be issued in writing, specifying the work to be performed, the training schedule and the qualification to be awarded. Remuneration cannot be based on piecework, and the pay cannot be more than two levels below the level specified in the company-level collective agreement for workers with the same employment grade. During the apprenticeship the employer cannot terminate the contract except for just reason or cause, but has the right to discontinue the employment relationship when the contract runs out.

b) Access-to-work contracts (*Contratto di inserimento*)

This contract is designed to enable certain categories to enter or return to the labour market by means of an individual plan for acquiring the skills required for a particular working environment.

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<sup>88</sup> Small firms without qualified staff (or with fewer than three) may hire up to three apprentices.

The following categories are eligible for these contracts:

- 18-29 year olds
- long-term unemployed 29-32 year olds
- workers over the age of 50 who are no longer in employment
- workers who wish to return after a break of two years or more
- women of any age resident in areas where the employment rate for women is more than 20% less than for men (or the unemployment rate is 10% higher)
- individuals with a recognised physical or mental disability

The following employers may make use of access-to-work contracts:

- public bodies, enterprises and consortia
- groups of enterprises
- professional, socio-cultural and sports associations
- foundations
- public or private research bodies
- sectoral organisations and associations.

There is no upper limit on the percentage of workers hired on these contracts, except for the limits laid down in national, sectoral or company level collective bargaining. An employer may only hire new workers on these contracts if at least 60% of the employees hired in this way whose contracts have run out in the previous 18 months are still employed by the company.

With regard to the field of application, access-to-work contracts may be issued in all sectors, except for public administration. Access-to-work contracts can be issued for a period of nine to 18 months (or up to 36 months in the case of workers with a physical or mental disability). At the end of the contract, it is not permitted to continue with another contract of the same kind with the same employer. Any extensions must be within the limits laid down by law (18 or 36 months).

The contract must be in writing, specifying the training to be provided. As apprenticeship contracts, remuneration may not be more than two levels below the level specified in the national collective agreement for workers with the same employment grade. These contracts entail benefits in the form of tax and contribution relief for the employer.

c) Project work contracts (*Contratto di lavoro a progetto*)

These are quasi-subordinate employment contracts relating to one or more specific projects or project phases, managed autonomously by the worker with reference to the end result, regardless of the time required for completion.

The project work contract must be in writing and provide an indication of the duration of the project or project phase, a description of the project or phase to be implemented, the amount of remuneration or the criteria by which it is to be determined, payment dates, any provisions relating to expenses, methods for coordination between the project worker and the client firm, and any health and safety protection measures additional to those already adopted in the workplace.

The remuneration must be comparable to similar work on a freelance basis in the place where the work is carried out. The law provides a first level of protection for these contracts comparable with subordinate employment for sickness, injury and maternity. In the case of sickness or injury, the employment relationship is suspended but not extended. In the event of an interruption more than one sixth of the duration of the contract (if specified), or more than 30 days, the client firm has the right to terminate the contract, whereas in the case of maternity, the contract is interrupted and automatically extended for 180 days. In addition, the project worker has the right to work for other client firms (unless expressly forbidden in the individual contract), and may claim patent rights for any inventions arising from the work performed.

d) Job on-call (*Contratto di lavoro a chiamata*)

When recruited on the basis of this contract, the worker can be hired by the employer for a pre-established period of time. The employer may make use of the worker only for a limited number of days in this period, depending on production peaks and organizational needs, and must notify the worker that his or her services are needed at least one working day in advance.

This contract may take two different forms: with or without a stand-by allowance, depending on whether the worker agrees to be bound to accept the offer of work. These contracts may be also issued to unemployed workers up to the age of 25. Companies that have not carried out a health and safety assessment are not permitted to issue contracts of this kind, nor is public administration. Employers are not permitted to issue these kind of contracts to replace workers who are on strike and they may not be used in companies that have made workers redundant in the past six months, unless provided otherwise by collective bargaining.

Rates of pay are the same as those for comparable workers on standard contracts. When the worker agrees to be bound to accept an offer to work, a monthly stand-by allowance is made, possibly divided by an hourly rate laid down by ministerial decree. An unjustified refusal to respond to an offer of work may result in termination of the contract, the repayment of

the stand-by allowance, and payment of damages as laid down in the collective agreement or, lacking this, in the employment contract.

e) Temporary agency work (TAW) (*Somministrazione di lavoro*)

This type of work enables a company to utilise the services of workers who are employed by temporary work agency (TWAs).

This arrangement is based on two types of contract:

- a contract for the supply of labour between the TWA and the company, which is a commercial contract, and
- a subordinate employment contract, between the TWA and the worker.

Each of these contracts may be fixed-term or open-ended.

Open-ended commercial contracts may be issued for:

- information technology consultancy services
- cleaning and caretaking services
- transport and haulage
- the management of libraries, parks, museums, archives and warehouses
- interim management services, certification, resource planning, organizational development and change, human resources management, staff recruitment and selection
- marketing, market research, commercial operations
- call-centre operations
- certain tasks in the building industry
- other functions as laid down in collective agreements concluded by the most representative employers' associations and trade unions.

Fixed-term commercial contracts may be issued for technical, production, organizational and labour replacement needs, even in relation to the ordinary activity of the user company.

The contract between the user company and the employment agency is required to be in writing and contain certain specific indications. There are no specific requirements for the form of contract between the worker and the employment agency. However, if agreed on a fixed-term basis, the employment agency can extend the contract for a longer period, with the consent of the worker and in writing, as provided in the collective agreement applied by the agency. In open-ended employment contracts, the employment agency is obliged to pay the worker an indemnity as per the collective agreement, but which cannot be less than €350 per month pursuant to a decree of the Minister of Labour and Social Security.

Employment agency workers have the right to equal treatment with comparable workers in the user company, provided their duties are the

same. The user company is jointly liable with the employment agency to pay the worker the agreed remuneration and contributions.

f) Traineeships (*Tirocini*)

Finally, Legislative Decree 276 of 2003 provides a new type of traineeship for school-leavers and undergraduates during summer holidays. The Italian Constitutional Court (judgement 50 of 2005) has declared this provision unconstitutional and the regions thus have exclusive competence on this subject.

The provisions of Ministry of Labour Decree 142 of 1998 are still applicable.

The law provides two different modules:

- on-the-job training activities, promoted by training institutions for organising alternating training programmes (all educational levels, including university)
- on-the-job counselling activities, promoted by agencies and relevant institutions to help apprentices learn more about workplace problems and thus make more informed choices

The regulation also stipulates the maximum length of training periods:

- not more than four months for students enrolled in post-compulsory schools
- not more than 12 months for university students and those involved in higher vocational training courses.

**Learning strategies**

Following recent changes of the 2003 reform, young people aged 16 at the end of the first cycle can choose the old system of upper secondary education or the experimental VET system. In brief, the second cycle consists of:

- Upper secondary schools (*Licei*) with different sections: classical, scientific, language, arts
- Teacher training high schools (*Liceo delle scienze della formazione*)
- Schools of applied arts (*Istituti d'arte*)
- Technical institutes (*Istituti tecnici*)
- Vocational schools (*Istituti professionali*)

High-school education lasts for five years, at the end of which an upper-secondary school diploma is awarded which gives access to university; schools of applied arts and vocational schools are attended for three years plus two optional years. At the end of the three-year pathway, students

obtain a master of arts licence (*licenza di maestro d'arte*) in the first case and a vocational qualification certificate in the second. The certificate allows access to the fourth year of the IVET system; at the end of this students obtain a nationally recognised vocational qualification diploma useful for entering the labour market. A further year of training prepares students for the state exam and awards an upper secondary school diploma.

Lower secondary school, of a three-year duration, has only one education pathway common to all students aged between 11 and 14. The curriculum mainly includes general subjects and has no work-based training. This is because Italian law forbids under 15 year-olds from holding jobs. Students learn a second European language and study ICT.

Admission is free and is subject to the attainment of a primary-school certificate. Legally recognised private lower-secondary schools are entitled to state subsidies and generally require parents to pay tuition fees. Schools were granted organizational and teaching autonomy with Legislative Decree 112/98, meaning that lessons can be spread over a period of 5 or 6 days per week, usually in the morning. It is also possible to change both the duration of individual lessons and the weekly timetable depending on local needs and teaching and educational programmes. On parental request, disabled children are entitled to a support teacher.

At the end of the three-year cycle, students are required to take a state examination to obtain a lower secondary school-leaving certificate (*Certificato di Licenza Media*) and continue their studies by enrolling in upper secondary education. At this level the school system reform bill (Law 53/03) makes important changes. The state examination for obtaining the lower secondary school-leaving certificate is being replaced by a "new" examination closing the first educational cycle (comprising pre-primary, primary and lower-secondary school). At the end of the first cycle, students aged 14 (13.5) years enter upper secondary education and can choose either the school system (upper-secondary) or the VET system.

From the 2006/2007 school year on, schools or group of schools have to start testing the high-school system, consisting of two two-year periods plus a fifth year. There are eight different types of high schools - artistic, classical, economic, linguistic, musical, scientific, technological and humanities. At the end of the stream students have to pass a state exam to obtain an upper-secondary school diploma necessary for access to university, advanced artistic, musical and dance training and higher technical education and training (*Istruzione e formazione tecnica superiore (IFTS)*). The fifth year of high-school gives access to IFTS training.

IVET, for which regional authorities are responsible, can be carried out in vocational schools (*Istituti professionali*) and consists of:

- four-year pathways leading to a vocational qualification diploma, recognised at national and European level, useful for entering the labour market or continuing higher technical education and training (IFTS). Students attending a supplementary year and passing the state exam to obtain the high-school diploma can access the university system. This kind of pathway is provided by vocational schools.

- Triennial pathways – provided by vocational centres - leading to a vocational qualification certificate (*certificato di qualifica professionale*) recognised Europe-wide. The qualification can be used to access the labour market or to enter the fourth year of the IVET system.

Students choosing vocational training schools will be able to complete their entire training path between 15 and 18 years by alternating school and work periods. This kind of training can be taken either in high schools or in VET and provides young people with basic skills and competences useful in the labour market. The path is designed, implemented and evaluated by the school or training organisation and is based on agreements signed with companies, chambers of commerce or public and private institutions. There is a module-based organisation of activities, allowing for switching between theoretical and technical-practical training, and a tutorial system in which two training tutors, one inside the school and one outside, work in tandem.

The duration of on-the-job training can vary - in relation to the educational level, the work activity and the territory involved - from a minimum of 1 month to a maximum of 12 months. This limit may be extended to 24 months for disabled people. Students can undertake practical work either in Italy or abroad, recognised with a specific skills certificate awarded by the school or training organisation. The activities undertaken during the school/work alternance can count as training credit and, where duly certified by the promoters, may be added to the curriculum of the student to help match labour supply and demand.

Vocational education and training at post-secondary (non-tertiary) level

At the end of their upper-secondary education, young people (18 years) can decide to continue their education in VET. At this level there are two VET pathways :

- The regional, level II VET courses ,
- The higher technical education and training (IFTS) pathways

The regional level II VET courses, with a duration of 600 hours, offer a regional qualification. They are managed by regional authorities and

provide specialised training with a high theoretical, technical, technological and managerial content, also through practical exercises and on-the-job training periods. Post-secondary training can be accessed by those with an upper secondary school-leaving certificate or an upper secondary-education level; it is generally attended by the unemployed who want to attain a certificate or a vocational qualification immediately valid in the labour market.

The higher technical education and training (IFTS) pathway produces senior technicians. The labour world demands highly skilled professional profiles and this path gives young people a high educational standard and in-depth technical and vocational training. There is strong interaction among the various institutional actors involved at both a system-governance and operational level. The pathways are designed and managed by a consortium of at least four actors, i.e. school, VET organisation, university and company.

IFTS pathways are open to those possessing an upper secondary school-leaving certificate or who can access the fifth IVET year or who, failing this, possess certifiable skills acquired during previous education, training and work pathways following the completion of compulsory-education. This also includes the qualification obtained for fulfilling the compulsory-training requirement. The duration is a minimum of 1,200 hours and a maximum of 2,400. Curriculum, with minimum standards set at a national level, aim both to strengthen general knowledge and basic skills and to provide students with in-depth transversal and technical-vocational skills (as specified under EU Level 4). The on-the-job training activity amounts to 30% of the overall hours. Each training experience is certified in credits useful for further education/training or work pathways nationwide.

At the end of the IFTS pathway, students who successfully pass all the exams obtain a final certificate of higher technical specialisation recognised at national level and issued by the regional authorities. If only a part of the pathway is completed, students are provided with an intermediate statement (*Dichiarazione Intermedia*) defining the skills acquired for the purpose of training-credit recognition by further education, training and work pathways.

#### Vocational education and training at tertiary level

Tertiary education is provided by various public and private institutions in the university and non-university sector. The university sector consists of universities (state or private recognised by the state), state polytechnics (*Politecnici Statali*), higher education schools (*Scuole Superiori*) and other private, state-recognised institutions.

The university system provides:

- A degree course (*Corso di Laurea*) of a three-year duration. To attend a degree course students are required to provide a five-year upper-secondary school leaving certificate (*Diploma di Scuola Superiore*) or an equivalent certificate obtained abroad.
- A specialist degree course (*Corso di Laurea Specialistica*) of a two-year duration. This is a post-graduate course that provides students with specialised knowledge and skills for specific professions requiring a higher qualification level.

Vocational education and training at tertiary level is carried out in public and private university institutions which organise 'Level I and II' master courses, both lasting one year. For access to 'Level I' master courses, it is necessary to hold a degree certificate (three-year course), while access to 'Level II' master courses requires a specialist degree certificate (two years, following the three-year degree course). In both cases there is an admission interview.

The non-university sector consists of state institutions or private foundations specialised in specific fields such as arts, design, dance, drama, and restoration. They can provide either first level programmes (for students with school-leaving qualification and after a competitive entrance exam), or advanced and specialisation courses and masters. The length of courses varies according to the level and type of certification awarded (specialisation diplomas or statement of advanced specialised education and training).

*Continuing vocational education and training for adults*

"Continuing Education" or "Lifelong Learning or Training" cover a complex set of educational solutions and learning forms ranging from initial to adult training, both vocational and addressed to workers.

Focusing on adults, there are two main types of activities:

- Continuing education and training addressed to all citizens; the former implies the acquisition of basic and general skills whereas the latter refers to pre-vocational skills showing a stronger link to the labour world
- "Continuing training" activities, involving both vocational retraining and updating of workers.

In Italy, lifelong-learning strategies tend to have an overarching impact on the reform of the education and training systems from a legislative, organizational and operational point of view. Lifelong learning in Italy is thus "disseminated" through education, training and work, meaning that institutional responsibility in the programming, management and evaluation of these activities is highly specialised. Wide-ranging reform processes have recently changed the reference context of lifelong learning with

regards to education, training and work.

In the 1990s, a new definition of "continuing vocational training" started to gain ground in Italy, covering all training activities for learning pathways focused on knowledge and skills following (and differing from) initial training. Thus continuing training is distinguished first and foremost by being different from initial training, and secondly, by being addressed to adults already part of the workforce and - mainly but not only - to employed workers.

This concept was strengthened around the mid-1990s by two elements that changed the policy framework: Law 236/93, defining a national-level legislative pathway supporting continuing training and the launch of the European Social Fund 'Objective 4'. In particular, Labour Ministry provisions implementing Law 236 consider continuing-training activities as "any action addressed to employed or jobless adults in which workers may engage on the basis of their free choice. The activities include those provided by companies with a view to the re- or upskilling of the workforce in response to technological innovation".

Law 236 enabled resources to be allocated for thousands of in-company training actions organised by companies, trainers' training and system actions. In addition, testing began on sectoral and local in-company training plans, promoted by the social partners to comply with Article 17 of Law 196/97, and the first testing of training based on individual demand. Article 17 of Law 196/97 states that one or more private funds should be set up, managed by the social partners, for corporate and local training plans agreed upon with workers' and employers' representatives. At the same time, the ESF 'Objective' 4 for 1994-99 made it possible to finance not only training activities addressed to workers but also actions for providing the system with a support infrastructure.

With the September 1996 Labour Pact (*Patto per il Lavoro*) and December 1998 Social Pact for Development and Employment (*Patto Sociale per lo Sviluppo e l'Occupazione*) the government and social partners stressed the key role of lifelong learning. The changes underway in the competitive sector and labour market, involving mobility and new capabilities, require workers to be ready and able to learn different skills. The Pact for Italy (*Patto per l'Italia*) signed in July 2002 follows up this approach by raising youth and adult education and training levels. This agreement reforms the educational system and streamlines co-ordination between public and private resources responsible for lifelong learning, as a result of negotiations between the Ministry of Labour, Ministry of Education, regional and provincial authorities and social partners.

The reform of Title V of the Constitution (Constitutional Law No.

3/2001) transfers competence for vocational education (state vocational-education schools) to the regional authorities as well as the functions previously attributed to the Ministry of Education in the adult education sector. Lifelong learning is currently handled by all administrative levels (central, regional, provincial and municipal authorities). Provincial authorities are responsible for the local programming of school education, whereas municipal authorities have jurisdiction in adult education, integrated educational and vocational guidance measures and in promoting vertical and horizontal coherence and continuity between the various types and levels of schools.

Remarkable new legislation was introduced in the 2000-2003 period with the aim of creating an integrated and coherent policy system for continuing training, also taking into account the strategic aims of the Lisbon process with regard to lifelong learning and the EES.

Also important is the new instrument for financing continuing training, the "Sectoral Funds" (*Fondi Paritetici Inteprofessionali per la Formazione Continua - FPI*) set up in 2000 and managed by the social partners. This means that the social partners, besides their usual tasks of negotiating and programming training activities, are also responsible for significant resources.

Since every year around 100,000 young people between 14 to 17 years of age drop out of education and training pathways (ISFOL, 2006), the vocational and educational system should become more inclusive, particularly for the disadvantaged young.

## *Case Study UK*

This annex summarises the main policy strands in the UK, with particular reference to youth-orientated policies.

### **Learning and Skills**

Improving the skills of the UK workforce, in particular amongst young workers, can be said to be the primary policy of the UK Government in the labour market.<sup>89</sup> A low level of skills is blamed for unemployment amongst young people (Wadsworth, 2006, claims that 40% of less skilled younger workers aged 18-24 were not in employment or education in the UK in 2006), the UK's labour productivity gap with regard to other countries such as the US, France and Germany, and various skills shortages in the UK.

#### *Policies Directed Towards those in Learning*

Firstly, the low skills base can be tackled by improving school outcomes in terms of skills and qualifications acquired, so that young people do not enter the labour market with limited skills.

The basic skills of literacy and numeracy have received increased attention following the relatively low position of the UK in international surveys such as the International Adult Literacy Survey. A National Literacy and Numeracy Strategy has been developed, which has seen the introduction of daily Literacy Hours and Numeracy Hours in primary schools, providing a systematic approach to the teaching of these skills. This policy was evaluated at the pilot stage by Machin and McNally (2004), who found a larger increase in attainment in Reading and English for pupils in National Literacy Project (NLP) schools compared to pupils not exposed to the literacy hour between 1996 and 1998. This effect also persisted to age 16, with performance in public examinations in English being higher for children affected by the NLP introduction.

Another key policy from 1999-2006 was Excellence in Cities (EiC), which aimed to alleviate poor levels of achievement in inner-city schools. The policy involved a number of strands, such as the provision of mentors to help students to understand and overcome learning and behavioural problems, learning support units to provide short-term additional teaching

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<sup>89</sup> See DfES (2007): [www.dfes.gov.uk/research/data/uploadfiles/RW91.pdf](http://www.dfes.gov.uk/research/data/uploadfiles/RW91.pdf)

for those pupils with learning difficulties, and a Gifted and Talented programme to help those from poorer inner-city areas with a high level of ability to recognise their skills and fulfil their potential. Using a difference-in-difference approach, comparing EiC schools to non-EiC schools, Machin *et al.* (2004) found a small positive impact of the programme on pupil attainment by age 14, and a stronger effect on reducing absences.

Beyond the age of 14, the UK is improving the vocational options of young people. Traditionally in the UK, the academic route has been the strongest route, with young people following a fixed path through GCSEs (public examinations at the end of lower secondary schooling), A levels (public examinations at the end of upper secondary schooling) and tertiary education. In the past there have been only limited options for vocational learning and training within the formal education sector, and what did exist was very much seen as a second-choice route for academic failures. However, vocational possibilities within formal education are now being expanded, as it has been shown that such forms of learning can re-engage those who have become disengaged from formal education<sup>90</sup>. For example, Young Apprenticeships have been introduced for 14-16 year olds, which involve two days per week of vocational learning in school or a workplace, as well as 50 days' work experience.

As mentioned in the National Case Study Report (under paragraph "*Flexicurity and labour market policies*"), new diplomas are to be introduced in the UK in 2008 to record achievements amongst 14-19 year olds. These will be initially introduced in a limited set of vocational areas (ICT, engineering, health and social care, and creative/media), with a steady increase in the range on offer up to 2015. The diplomas will be available at Level 2, normally expected to be completed by age 16, and at Level 3, normally expected to be completed by age 18, though a feature of the system will be flexibility in these achievement times, allowing students to go at their own pace. Other anticipated benefits of the new diplomas include:

- Increasing the range of options open to 14 year olds to include vocational subjects, to reduce disengagement.
- Students must obtain Maths and English GCSEs to obtain a Level 2 diploma, therefore including general skills and increasing their value.
- Employers to have an input in the vocational and technical skills to be included in each area, again increasing the value of the diplomas to them.

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<sup>90</sup> See McCrone and Morris (2004).

- The diplomas will provide a single standard, readily understood by all.
- They allow academic and vocational qualifications to be measured on the same scale and remove the distinction between them, with individuals simply reporting that they have achieved Level 2, for example, regardless of whether this was via the academic or the vocational route.
- A Level 3 diploma will be accepted as a university-qualifying qualification, thus providing possible progression to students.

It has also been acknowledged that, for some young people, the decision not to participate in post-compulsory education beyond the age of 16 is a financial one. The *Education Maintenance Allowance* has therefore been introduced, which pays young people from a less well-off background up to £30 per week between the ages of 16 and 18 inclusive if they remain in full-time education, as described in more detail above. Finally, rather than incentivize participation up to the age of 18, it has been proposed to raise the legal education participation age to 18 by 2015.

#### *Policies Directed at Those Who Have Left Formal Education*

Clearly, waiting for new-entrants from education to change the skills base of the labour force would take a long time, and the low skills of existing workers cannot be ignored. Apprenticeships continue to be promoted as an alternative to formal education for young people beyond the age of 16 to learn general and occupation specific skills through the system. Apprenticeships were described in detail above. For individuals whose school-leaving qualifications are insufficient for direct entry to an apprenticeship, the *Entry to Employment* scheme has been established, which aims to develop skills in a flexible manner according to the needs of the learner, to a level sufficient for entry to an apprenticeship, if desired.

Various schemes have also been introduced to help individuals who are already in permanent employment. The *Investors in People* programme helps employers to signal their commitment to training, receiving assistance in assessing the learning needs within their organisation and how to meet them. This should in turn lead to greater provision of training opportunities for employees.

*Learning Through Work* allows workers to obtain skills at a higher level, via a university-level course, without taking time off work. Individuals can work towards an undergraduate or postgraduate qualification, or simply take particular modules that interest them. Tutors help to draw up a study

schedule, and to make sure that what is learnt is relevant to individuals' jobs. Workers can also get credit for projects undertaken as part of their job. In addition, if employers get more involved, they can use the scheme to set up a programme that meets their specific needs.

Other programmes are focussed on employers and how the training they offer can be improved. *Train to Gain*, for example, offers businesses:

- free and impartial advice on their training needs
- help in finding the right training - at a time and place which suits them and their employees
- in some cases, help sourcing funding
- help review progress in developing the skills of their workforce.

Finally, there is the training support to those individuals who have left formal education but want to return to learning in a college-based setting, rather than in-work training. Basic skills learning is provided for any person over the age of 16 who has not attained English or Maths qualifications at GCSE level (Level 2), through the *Skills for Life* programme. *Skills for Life* guarantees all adults who want to improve their literacy and numeracy skills an entitlement to free training in a format that reflects their individual needs and which is available when and where they need it (full-time, part-time, self-study online etc). Newly developed screening and assessment procedures have been designed to identify those with basic skills problems who can then be encouraged into a learning programme, focussing in particular on the target groups of unemployed jobseekers, workers in low-skill jobs, and certain groups such as ex-offenders. Agencies such as benefit agencies, health services, prison and probation services, as well as employers of low-skilled workers, are charged with making such identifications.

To encourage young people without qualifications at Level 3 or above back into learning, free places on courses leading to Level 3 qualifications are offered to those aged up to 25. In addition, an *Adult Learning Grant* of £30 per week is available to individuals studying at least 12 hours per week for their first Level 2 or Level 3 qualification and who earn less than around £20,000 per year.

There are also the various active labour market policies, whose primary aim is to get people back into work, but which can also include a learning component.

### **Active Labour Market Policies**

The New Deal for Young People was discussed in detail above,

describing how young people are placed on the Gateway after 6 months out of work, where their personal advisor will work with them to identify why they are not finding work, and what options they have. There are other New Deals for other groups of unemployed individuals, with various degrees of compulsion and length of time spent unemployed before they start, for example for those aged 25-50, those aged over 50, lone parents and disabled individuals. These various New Deals remain the cornerstone of active labour market policies in the UK.

More work is still needed on the New Deals, however. There is a suspicion that young people who enter employment through the New Deal may be going into low-skill, low-paying jobs that are frequently unstable and lead at some point simply back to unemployment.<sup>91</sup> The hope is therefore to modify the New Deal approach to improve the quality and sustainability of jobs into which young people move. The aim therefore should be not simply to place them into *any* job, but into a job that is going to last and sustain the individual. This means that the New Deal needs to be more flexible and more responsive to individual needs. This implies a greater role for the personal advisors in deciding appropriate actions. Ultimately, individuals are only going to access well-paid, sustainable jobs if they have suitable skills. The education and training option in the New Deal therefore needs to be more effective, while the work experience and subsidised work options need to be in jobs offering real opportunities for training, rather than short-term fixes to the unemployment problem.

The other main active labour market policy used in the UK is *Pathways to Work* targeted at people who are out of work due to health or disability problems, and described above. *Pathways to Work* provides help to overcome or cope with health problems and to find work for such individuals, as well as an incentive to do so, with a return-to-work credit increasing wages for those accepting lower paid work.

Other active labour market policies are concerned with providing individuals with an experience of work. *Work Trial* allows employers to post vacancies in a job centre that can be taken on a two-week trial basis, during which the individuals concerned continue to receive their unemployment benefits. *Work Trial* therefore creates a risk-free environment whereby individuals continue receiving benefits and so have nothing to lose, whilst getting the opportunity to impress an employer sufficiently to receive a job offer, whilst the employer gets the chance to examine an individual in a work setting, knowing that if it turns out not to be a good match they will not face dismissal costs. A similar scheme is

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<sup>91</sup> See, for example, Worth (2005).

*Employment on Trial.* In this case, an individual is not on trial, but if they do not like the job, they can resign within 13 weeks of starting and be allowed to return to benefits, whereas normally a worker who resigns cannot apply for unemployment benefits. The idea of *Employment on Trial* is therefore that individuals will be more willing to try jobs, knowing they are not putting their benefits at risk if they realise the job is not for them.

### **Social Security Systems**

The underlying philosophy of the social security system in the UK is increasingly rights and responsibilities; whilst individuals have a right to state protection if they are out of work, they also have a responsibility to return to work wherever possible. The receipt of benefits has therefore gradually become more difficult over time, and passive receipt of benefits by people capable of employment is no longer possible. To continue receiving the standard unemployment benefit, *Jobseeker's Allowance*, individuals have to prove they are looking for work. If the job search has continued for 6 months for 18-24 year olds, or 18 months for 25-49 year olds, then such individuals have to sign up for the appropriate New Deal to continue receiving their benefits. Receipt of benefits in other areas is also being tightened, for example new recipients of Incapacity Benefit having to undertake a 'Work Focussed Interview', whilst proposals of mandatory frequent health checks of Incapacity Benefit recipients and a reduction in the maximum age of a child up to which individuals are entitled to receive lone parent benefits, will further reduce access to benefits.

On the other hand increasing attempts are being made to make work pay through the provision of in-work benefits. This is primarily through the current two tax credits: Working Tax Credit and Child Tax Credit. To receive the former, individuals must be aged 25 or over and in paid work for at least 30 hours per week (or a parent aged at least 16 and working for at least 16 hours per week) and with a household income below £58,000 per year. Child Tax Credit is additionally paid if individuals are responsible for the care of at least one child. It is estimated that 9 out of 10 families with children are entitled to some level of Child Tax Credit.

In summary, by international standards the UK remains a flexible and low-regulated labour market. However it is recognised that action is needed in certain areas to help some individuals find jobs, with particular attention on young people out of work. Of the possible forms of help, learning, education and training receive by far the most attention. Various schemes have been proposed or enacted for improving the skills with which young

people leave formal education, and for improving the skills of those who have left education with only a low level of qualifications (both those still looking for a job and those who have found a low-skill job), either through college-based education, work-based training, or work experience. Thus, a lack of appropriate skills is seen as the main obstacle to moving into work, with many of the remaining policies simply being concerned with ensuring young people have the help and support needed to obtain work, or the incentive to do so.

**ANNEX - SCHEDULE B**

### Selection of nr 6 measures adopted in CZECH REPUBLIC

List of selected measures that can be important for the employment and for “good working and living conditions of the young people at national or local (but remarkable) level”.

<i>Nr of the measure</i>	<i>Name of the measure (with the English translation)</i>	<i>Main Goals</i>	<i>Beneficiaries</i>	<i>Institution/organization involved</i>
1	Jobs for social purposes ( <i>Společensky účelná pracovní místa</i> )	Employment of unemployed, obtaining practical work experience	Unemployed	Labour offices, Employers
2	Tightening conditions for collection of unemployment benefits by school leavers ( <i>Zpřísnění podmínek pro pobírání dávek v nezaměstnanosti pro absolventy škol</i> )	Doing away with abuse of unemployment benefits, Reducing unemployment among school leavers, Reducing education drop-out rates	Graduates	Labour offices

<i>Nr of the measure</i>	<i>Name of the measure (with the English translation)</i>	<i>Main Goals</i>	<i>Beneficiaries</i>	<i>Institution/organization involved</i>
3	Curricular reform ( <i>Kurikulární reforma</i> )	Shift from memorising facts to developing key competencies	Students of schools at upper secondary level	Ministry of Education, Youth and Sports, Research Institute of Pedagogy (VUP), National Institute of Technical and Vocational Education (NUOV), Schools
4	Programme to acquire work experience and a job – objective for the young ( <i>Program získání praxe a práce – cíl pro mladé</i> )	Support for young unemployed people to acquire working habits, experience and skills	Registered long-term unemployed individuals up to 25	Labour office Training provider Employers
5	Guidance related to the choice of an occupation at labour offices ( <i>Poradenství pro volbu povolání</i> )	Assistance for young people in deciding on further studies and in entering employment	Pupils and Students	Ministry of Labour and Social Affairs - network of Labour Offices
6	Individual action plans ( <i>Individuální akční plány</i> )	Individual approach to young unemployed aiming to improve their chance to get a job	Unemployed up to 25 (or 30 in case of higher education graduates)	Ministry of Labour and Social Affairs - network of Labour Offices

**A. General information about the measure**

<p><b>Name of Measure nr 1:</b></p> <p>Jobs for social purposes (JSP)</p> <p><i>Společensky účelná pracovní místa</i></p>
<p><b>1. Main policy<sup>92</sup>:</b></p> <p>The measure is part of state active employment policy, which is fostered by the law on employment. Since 2004 a new law has been in place. The most important changes concerning “jobs for social purposes” (JSP) are as follows:</p> <ul style="list-style-type: none"> <li>▪ A flat contribution for the creation of JSP was replaced by support that is differentiated depending on the rate of unemployment in various districts; the purpose is to ensure that creation of these jobs is concentrated in districts most stricken with unemployment.</li> <li>▪ JSP have been expanded to include jobs designated for the unemployed to whom labour offices must pay increased attention (i.e. young people up to 25 and higher education graduates within 2 years of graduation up to 30 years of age).</li> <li>▪ A separate instrument designed to facilitate acquisition of work experience by school leavers and acquisition of qualifications on the part of juveniles (the “work experience” measure) was cancelled. The use of the instrument in general continues, conclusion of agreements with employers is governed by uniform regulations regardless of the person who takes up the job.</li> <li>▪ The definition of a graduate has been made more specific – secondary school leavers now fall in the group of young people up to 25, and the definition of higher education graduates is limited by age. The earlier definition did not operate with an age limit and concerned secondary school leavers and higher education graduates before entering their first job.</li> </ul> <p><b>Policies involved</b></p> <p>The measure is linked, above all, to social policy. The beneficiaries are expected to enhance their competitiveness in the labour market. Consequently, they will not be dependent on social benefits and will not require further support from public resources in relation to life on the margins of society. If job creation in the business sector is supported, it also implies promotion of enterprises and, as a result, economic growth.</p>

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<sup>92</sup> What is interesting here are previous measures, as long as there are evaluation results so that lessons can be learnt from experience.

## **2. Beneficiaries:**

The measure is designed for all job seekers who cannot get a job in any other way. When brokering jobs, labour offices are obliged by law to pay increased attention to a specific group of people that also includes young people up to 25 and higher education graduates within 2 years of graduation up to 30 years of age (“young people”).

The measure is applied nationwide. The extent to which it is used depends on

- Activity of district labour offices
- Activity of employers based in individual districts
- Amount of resources allocated from the state budget.

The level of support is set to stimulate activity in districts with average and above-average rates of unemployment (see Section 8 “Cost analysis”).

## **3. Abstract**

### **3.1.**

#### **Definition:**

JSP is a job which the employer, based on an agreement with a labour office, (a) creates or (b) designates for job seekers for whom work cannot be found in any other way. These particular unemployed people receive increased attention from labour offices in the job brokering process. JSP can also be work which the job seeker sets up, again based on an agreement with a labour office, as self-employment. The labour office can provide a contribution for a JSP. There is no general entitlement to such a contribution.

### **3.2.**

#### **Goals:**

The goals differ depending on beneficiaries. For young people who have not completed secondary education the goal is, above all, to acquire at least partial skills. Secondary school leavers and higher education graduates should, above all, get work experience and be able to apply theoretical knowledge in practice. Women after maternity leave must update and expand their knowledge and skills. The goals are always to secure a permanent or longer-term employment for job seekers for whom it is not possible to find a job in another way, and to increase their competitiveness in the labour market.

### **3.3. Contents:**

Support differs depending on JSP type (created vs. designated vs. self-employment) and depending on the rate of unemployment in the district. It is set

in relation to the average wage in the CR. The contribution is provided on the basis of an application by (a) an employer who wants to create or designate a job, (b) a job seeker who wants start up self-employment. JSP can be created in both the public and private sector. A labour office evaluates the application in terms of suitability of the job for a particular job seeker, provision of professional guidance, etc. People who have not completed secondary education are only placed in a JSP after other instruments have been applied – particularly guidance, motivation courses, training courses, etc.

#### **3.4. Conditions of success:**

General conditions (influencing the willingness of employers and job seekers to use this instrument):

- sufficient number of staff with relevant qualifications at labour offices to search for employers who could create/designate JSP
- the level of financial contributions must be stimulating enough for enterprises
- suitability of created/designated jobs in relation to the age and education of job seekers and demand in the regional labour market
- the level of wages offered should be higher than the level of unemployment benefits – the difference should have stimulating effects.

Specific conditions (influencing achievement of the goal):

- the participant is mentored by an experienced employee who is able and willing to pass on his/her experience and influence the participant in terms of identification with the given occupation
- the activity and willingness of the participant to perform well the work tasks.

#### **4. Expected specific effects and outcomes<sup>93</sup>:**

It is expected that beneficiaries acquire, above all, work experience (see also Section 3.2 “Abstract/Goals”). Being part of a team should also help them gain or boost self-confidence and reduce the risk of losing the habit of adhering to a regular time schedule, necessary in employment. There is also a reduced risk of asocial behaviour associated with life on the margins and of loss of motivation to work. Establishment of new contacts at work could have a positive influence in terms of seeking a new job. Colleagues can recommend a suitable employer.

From 2004, young people are the target of a specific measure involving work

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<sup>93</sup> If available, also ex-ante evaluations could be included.

experience (see Section 1 “Main policy”). The number of school leavers and juveniles in work placements ranges from 11,316 in 2000 to 7,170 in 2004. After 1.10.2004, when the new laws on employment entered into force, no new contracts were concluded. As a result, only 207 school leavers and juveniles had work placements as at 31.12.2005. Since 2004, young unemployed people have been able to acquire work experience through JSP. In 2005, a total of 10,490 young people up to 25 were placed in these jobs, and in 2006, 9,897 people. These are minimum figures, as regional targeted programmes also foster acquisition of work experience during which young people get a more comprehensive support via several active employment policy instruments, and by programmes co-financed by the European Social Fund.

**5. Institutional levels involved and respective functions (national, regional, local):**

The general conditions governing JSP are laid down in the law on employment. The instrument is used by district labour offices (77 in total). Labour offices co-operate with enterprises and institutions located in their administrative area. This co-operation is voluntary, but formalised. Applications for a contribution filed by prospective employers are processed and presented on the relevant forms. The number of jobs created/designated and the number of job seekers placed in them depend on the activity of all three parties involved – i.e. prospective employers, labour office staff and job seekers.

**6. Access (description of the procedure):**

Labour offices offer employment opportunities depending on available job vacancies and the capacities of individual job seekers. The employer admits the job seeker into employment. Individuals applying for a contribution to start-up a business must first undergo a retraining course on self-employment. If the job seeker was self-employed before, the area of enterprise must be different.

Work placements were, and JSP are, popular and successful instruments. One particular weakness is the lack of interest on the part of employers in creating jobs for unskilled people, where the amount contributed constitutes a very feeble incentive as it is considered too low.

The measure is being criticised as involving too much dead weight – i.e. in many cases jobs would be created even without support. However, if the labour office actively stimulates employers to create JSP, it is unlikely they would have been created without such support. This is particularly true of employers where these jobs could not be created for economic reasons (charities, organisations dealing with community work, etc.). (*Sirovátka, p.40*).

It should also be pointed out these jobs are being filled with people with higher levels of educational attainment.

**7. Suppliers:**

- District labour offices are administrative bodies that implement state employment policy in line with the law on employment. There are 77 district labour offices in the CR.
- Employer – this may be an individual or a legal entity. The legal entity may be both private and public.
- Recruitment Agency – a legal entity or an individual authorised by the Ministry of Labour and Social Affairs to broker jobs either for a payment or free.

A labour office concludes an agreement with an employer on allocation of support, and the employer concludes a contract with a job seeker. In some cases, labour offices co-operate with a private recruitment agency which has a permit to broker jobs. This agency concludes an employment contract with the job seeker, for example for one year. The agency may employ the job seeker itself, or transfer him/her to another employer based on a written agreement.

**8. Cost analysis:**

- The level of the contribution provided by labour offices for JSP is set by law as a maximum multiple of the average wage. The multiple depends on the rate of unemployment and the number of jobs created. In districts where, in the previous year, the rate of unemployment was lower than the average rate, the grant for one job created can be up to 4 times the level of the average wage. When more than 10 jobs are created, the level may be 6 times higher. In districts with average or higher unemployment, the grant can amount to 6 and 8 times the average wage respectively.
- The contribution provided by labour offices for designated JSP can amount to the level of labour costs per employee (wages paid + social and health contributions) for a maximum of 6 months.

The costs incurred by the employer are higher than the contribution. However, it may be assumed that no enterprise is willing to use this instrument if the benefits do not outweigh the costs in either the short or long term. To reduce the initial costs related to introductory training of the new employee (who receives increased attention from the labour office), the labour office can provide a contribution for introductory training (see Section 11 “Complementary measures”).

**B. Instruments**

**9. Instruments of the measure:**

**C)Information about the context of the measure**

**10. Costs of the measure:**

The level of the contribution is set by law, the overall amount of resources set aside for this measure per year depends on the overall finance earmarked for active employment policy measures, which labour offices get from the stage budget. The way the money is distributed for individual measures is up to labour offices and their policies. In 2005, JSP consumed 37.4% of the total budget for active employment policy, in 2006 it was 28%.

*Total number of beneficiaries (all age groups) per year*

2005

job seekers placed in JSP – 23,005 individuals

self-employed – 2,124 individuals

2006

job seekers placed in JSP – 22,992 individuals

self-employed – 2,425 individuals

The proportion of job seekers up to 25 placed in JSP is some 40%, the proportion of self-employment is approx. 4%.

**11. Complementary measures (when required):**

- **The contribution for introductory training** is designed for employers to stimulate their interest in employing people with low skills. The maximum period during which the contribution is paid is 3 months and the contribution can amount up to 50% of the minimum wage per month.

**D)Information about the evaluation of the measure**

**12. Results and effects of evaluation:**

The measure is generally evaluated in the following way:

- it is the most sought-after measure on the part of employers,
- it is the most effective measure in terms of direct placing of job seekers in

the labour market,

- it is focused more on (a) women, (b) the unemployed aged 25-44, (c) the unemployed with secondary education, (d) the short-term unemployed (around 6 months),
- there may be tendency to use JSP for job seekers who require the least attention and who would find a job after some time even without this measure,
- job seekers with the poorest prospects spend more time in JSP, grants are provided for a longer period; on the other hand, as regards school leavers, grants tend to be provided for a longer period for job seekers with better qualifications,
- gross effects of the measure (reduced registration at labour offices) are comparable for all groups of job seekers,
- net effects of the measure (reduced registration at labour offices of job seekers involved in the measure as compared to those not involved) are better in the disabled, the elderly and the long-term unemployed groups.

Laws/decrees fostering evaluation of AEP measures

- Law on employment obliges labour offices to “*process statistics, analyses and outlooks*”, not to analyse directly the effects of individual AEP measures.

Research concerned with evaluation of AEP measures

- MoLSA, in co-operation with the Research Institute for Labour and Social Affairs (RILSA), develops a system and methodology for regular evaluation of the effectiveness and efficiency of active employment policy measures. The methodology has not been finalised. It is expected to be used by all labour offices.

Reality

- MoLSA and labour offices develop annually an Analysis of the Development of Employment and Unemployment, where they provide an overview of financial resources allocated for this measure, the number of created/designated jobs, and the number of job seekers placed in these jobs. This is monitoring, not evaluation.
- RILSA has developed a study entitled “Evaluation of Efficiency of AEP Programmes in the CR” which was published in 2006. The conclusions concerning JSP are stated above.

### **13. Documentation** (concerning previous points):

#### *2. Online sources*

Ministry of Labour and Social Affairs, (2000, 2001, 2002, 2003, 2004, 2005, 2006), *Analýza vývoje zaměstnanosti a nezaměstnanosti* (Analysis of the Development of Employment and Unemployment), Prague

[http://portal.mpsv.cz/sz/politikazamest/trh\\_prace](http://portal.mpsv.cz/sz/politikazamest/trh_prace)

**14. Research (references):**

3. *Printed material*

Sirovatka, T. et al., (2006), Praha, *Hodnocení efektivity programů aktivní politiky zaměstnanosti v ČR* (Evaluation of Efficiency of Active Employment Policy Measures in the CR) VUPSV, p. 257

**E)Information about the timeframe of the measure**

**15. Situating the measure in the timeframe:**

Training to labour market transition.

**A.General information about the measure**

**Name of Measure nr 2:**

Tightening conditions for collection of unemployment benefits by school leavers

*Zpřísnění podmínek pro pobírání dávek v nezaměstnanosti pro absolventy škol*

**1. Main policy<sup>94</sup>:**

This measure is part of employment policy – i.e. its passive component focused on maintaining job seekers' level of income.

Before 2004 recent school leavers, if they did not get a job and registered at a labour office, were entitled to unemployment benefits. The period of studies was considered to be equal to years at work and entitled them to unemployment benefit. As with other job seekers, recent graduates could collect benefits for 6 months (the first three months 50% and another three months 40% of the so-called assessment base). In the case of unemployed school leavers, the assessment base for calculation of the relevant benefit was the subsistence level for an adult over 26 years of age.

Registration at a labour office and collection of benefits were often abused by graduates with the aim of delaying entry into employment. Experts from labour offices pointed out that, in some cases, juveniles from socially disadvantaged backgrounds left school before completion with the intention of collecting benefits.

<sup>94</sup> What is interesting here are previous measures, as long as there are evaluation results so that lessons can be learnt from experiences..

**Policies involved**

- Active employment policy – exclusion from passive employment policy measures (i.e. barring access to unemployment benefits) must be offset by enlarged access to active employment policy measures;
- Social policy;
- Tax policy – favourable taxation of low wages stimulates taking up employment even if the initial pay is low.

**2. Beneficiaries:**

The measure relates to school leavers who do not meet the requirement of at least 6 months spent at work.

**3. Abstract****3.1.****Definition:**

The new law on employment of 2004 no longer views a period of studies as equal to a period at work for the purpose of establishing an entitlement to unemployment benefits. From this year, benefits could only be granted to those unemployed school leavers who met the same requirement as the other job seekers – i.e. 12 months at work in the course of the past three years. In 2006, this requirement was softened to 6 months. The work concerned must involve the obligation to pay pension insurance and a contribution for state employment policy.

**3.2. Goals:**

This measure has several objectives.

- The main objective is to eliminate abuse of unemployment benefits and to exert economic pressure on school leavers so that they search for a job immediately after completion of studies, or are more willing to take up a job or undergo retraining offered by a labour office.
- Another objective is to reduce the education dropout rate among young people from socially disadvantaged backgrounds.
- Besides this, the measure provides advantages for graduates who worked, at least part-time, during studies. This indirectly stimulates students to work to get practical experience and a better understanding of the labour market.

**3.3. Contents:**

The essence of this measure is a legal regulation, which strictly defines the conditions for collection of unemployment benefits. One precondition for application of legal requirements is assessment of entitlement by a labour office.

**3.4. Conditions of success:**

▪ **General conditions** (preconditions for the use of the measure)

For the financial pressure related to this measure to result in school leavers getting work more quickly, there must be, first of all, job vacancies generated by economic growth. Another condition is a functioning active employment policy providing young people with effective support – mainly measures concerning guidance, retraining, job brokering and creation of subsidised jobs (“jobs for social purposes”).

▪ **Specific conditions** (concerning efficiency and quality of results)

Appropriately staffed labour offices where the staff can assess the job seeker’s situation and, also, provide him/her with assistance in line with individual needs.

**4. Expected specific effects and outcomes<sup>95</sup>:**

- Reducing the rate of unemployment among school leavers
- Reducing drop-out rates among juveniles from socially disadvantaged backgrounds.

**5. Institutional levels involved and respective functions (national, regional, local):**

Labour offices at regional level where the unemployed graduates are registered.

**6. Access (description of the procedure):**

*Decisions on awarding unemployment benefits are up to labour offices. They also pay out social benefits if the unemployed school leaver is entitled to them. Labour offices also provide a wide range of AEP measures, such as job brokering, guidance, retraining and subsidised jobs. A school leaver who, after completion of studies, remains jobless is subject to comprehensive monitoring by the labour office, while his/her employment chances and social situation are assessed.*

**7. Suppliers:**

Not relevant

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<sup>95</sup> If available, also ex-ante evaluations could be included.

## 8. Cost analysis:

### For direct costs

The measure is not associated with any major direct costs covered from **public resources**. Recurring costs incurred by labour office staff that assesses entitlement to unemployment benefits can be viewed as negligible. There are savings in unpaid unemployment benefits. These resources can be estimated, on the basis of a hypothetical calculation (50% or 40% of the subsistence level) to amount to 4,689 CZK (175,00 EUR) per person in the first three months of unemployment, and 3,751 CZK (140,00 EUR) per person in the following three months.

If unemployment benefits from public resources are not granted it means that the direct costs of the graduate's unemployment are borne by his/her **family**.

For **non-direct** or opportunity costs

- Costs for public institutions – There may be an increase in the expenditure on state social support if the income of the household where the unemployed graduate lives fails to reach 2.2 times the subsistence level.

## B. Instruments

### 9. Instruments of the measure:

Non relevant

## C)Information about the context of the measure

### 10. Costs of the measure:

In 2006 (April), a total of 16, 655 unemployed recent school leavers were registered. In the event of 90% of them not fulfilling the conditions for collecting unemployment benefits, some 3.5 – 4 million EUR per year can be saved from public resources (depending on the length on unemployment).

### 11. Complementary measures (when required):

**Active employment policy measures** have a complementary effect:

- Retraining – participation in a training course where general as well as specific skills can be acquired to get a job. Signing in for retraining establishes an entitlement to support amounting to 14% of the average wage, which can be stimulating for graduates.

- Jobs for social purposes
- Guidance.

**D)Information about the evaluation of the measure**

**12. Results and effects evaluations:**

To what extent tighter conditions for collection of unemployment benefits affect the willingness of young people to take up employment or stay in education is difficult to evaluate. This is because the measure cannot be separated from other factors influencing the labour market. Most studies and experts at labour offices evaluate the impact as positive in terms of lowering the rate of unemployment among school leavers.

**The rate of unemployment among recent graduates by level and type of education.**

**13. Documentation** (concerning previous points):

**14. Research (references):**

4. *Printed material*

*Festova, Jeny; Vojtech, Jiri, (2006), Nezaměstnanost absolventů škol se středním a vyšším odborným vzděláním – 2006 (Unemployment of School Leavers with Secondary and Tertiary Professional Qualifications), Prague, NUOV, 58 pp*  
[www.nuov.cz/public/File/periodika\\_a\\_publicace/NZabspub06.pdf](http://www.nuov.cz/public/File/periodika_a_publicace/NZabspub06.pdf)

**E)Information about the timeframe of the measure**

**15. Situating the measure in the timeframe:**

Training to labour market transition.

**A.General information about the measure**

**Name of Measure nr 3:**

<p>Curricular Reform</p> <p><i>Kurikularni reforma</i></p>
<p><b>1. Main policy<sup>96</sup>:</b></p> <p>Educational policy esp. curricular policy</p> <p><b>Policies involved</b></p> <p>Labour policy</p>
<p><b>2. Beneficiaries:</b></p> <p><i>Students at schools at upper secondary level (15-19 years):</i> school educational programmes take into consideration both the actual capabilities of the students and their educational requirements and the actual conditions under which the education is provided.</p> <p>Curricular reform is applied nationwide.</p>
<p><b>3. Abstract</b></p> <p><b>3.1. Definition:</b></p> <p>Curricular reform is fundamentally changing curriculum at upper secondary level schooling, based on a shift from memorising facts to <b>developing key competencies</b>. This is reflected in two-levels of curriculum:</p> <ul style="list-style-type: none"> <li>- <b>Framework educational programmes</b> (FEPs) are the only document in which the state defines requirements for upper secondary education (FEPs approves Ministry of Education, Youth and Sport);</li> <li>- <b>School educational programmes</b> (SEPs) are developed by schools within the purview of the FEPs (the school head is fully responsible for the development of SEP and their introduction into teaching/learning processes).</li> </ul> <p>The fact that the responsibility for implementing SEPs lies with the school and individual teachers not only substantially <b>increases the autonomy</b> of each individual school in the pedagogical area, but also emphasizes the professional competence of teachers - the creators and implementers of the school educational programme.</p> <p><b>3.2.</b> <span style="float: right;"><b>Goals:</b></span></p>

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<sup>96</sup> What is interesting here: also previous measures as long as there exists evaluation results in order to learn from past experiences.

- 1) The students will not be required to have encyclopaedic knowledge, but rather **key competencies** covering communication and information skills, communication in foreign languages, teamwork, problem solving, entrepreneurship etc.
- 2) Great emphasis is placed not on the content of education, but rather on its **outcomes**.
- 3) Curricular development on the basis of cooperation among experts, teachers, employers and other partners, higher **autonomy of schools**
- 4) Curricular reform increases the **influence of employers** on the outcomes of vocational education not only at national level (FEPs), but also at regional level (SEPs).

### 3.3. Contents:

**Framework educational programmes** - before the end of 2006, over 60 FEPs had been developed and presented for public discussion and will be further modified on this basis. The development of FEPs is a demanding process involving several rounds of consultations with all stakeholders (teachers, school associations, social partners, professional associations, regional education authorities, etc.), until they are finally approved by the Ministry of Education.

**School educational programmes** - the development of SEPs in line with framework curriculum is being tested as part of the ESF project "Pilot S".

Curricular reform is related to the development of a National Qualification Framework (NQF)

### 3.4. Conditions of success:

*- General conditions*

Financial and policy support for curriculum designers and for schools

*- Specific conditions*

Methodological support to assist curriculum designers at schools

Continuing teacher training how to integrate key competencies into a curriculum.

### 4. Expected specific effects and outcomes<sup>97</sup>:

- Better level of **key competencies** of students and graduates (esp. use of information and communication technology; foreign languages; entrepreneur skills; learn to learn) which are conceived as transferable competencies which each individual needs in his/her personal as well as

<sup>97</sup> If available, also ex-ante evaluations could be included.

<p>working life;</p> <ul style="list-style-type: none"> <li>▪ New teaching strategy on how to integrate key competencies into a curriculum focused on <b>project teaching</b>;</li> <li>▪ Graduates obtain <b>qualification</b> according to requirements of employers.</li> </ul>
<p><b>5. Institutional Levels involved and respective functions (national, regional, local):</b></p> <ul style="list-style-type: none"> <li>▪ <b>National level:</b> defines state requirements on the education of students at upper secondary level. Social partners cooperate in formal structures.</li> <li>▪ <b>Regional level:</b> not involved</li> <li>▪ <b>Local level</b> – schools – decides on the specific form of education and thus reacts to requirements of the regional labour market and to specific student requirements. Social partners are involved informally.</li> </ul>
<p><b>6. Access (description of the procedure):</b></p> <p><b>Methodology of FEP development:</b>  The Research Institute of Pedagogy and National Institute of Technical and Vocational Education developed the initial version of FEPs. Each FEP undergoes an extensive commentary procedure, with participation by representatives of the relevant employers, schools and their associations, selected experts from universities and other prominent professionals. FEPs are further presented and discussed at various workshops and conferences.</p> <p><b>Methodology of SEP development:</b>  SEPs are being tested as part of the ESF project “Pilot S”(2005-08). The project involves 30 secondary technical schools (<i>střední odborné školy – SOŠ</i>) and secondary vocational schools (<i>střední odborná učiliště – SOU</i>) from all over the ČR.</p>
<p><b>7. Suppliers:</b></p> <ul style="list-style-type: none"> <li>▪ <i>Ministerstvo školství, mládeže a tělovýchovy (Ministry of Education, Youth and Sport)</i> – approves and publishes FEPs</li> <li>▪ <i>Výzkumný ústav pedagogický (Research Institute of Pedagogy)</i> – prepares FEP for general upper secondary schools</li> <li>▪ <i>Národní ústav odborného vzdělávání (National Institute of Technical and Vocational Education)</i> prepares FEP for technical and vocational upper secondary schools</li> <li>▪ <b>Schools</b> – responsible for the development of SEPs</li> <li>▪ <b>Social partners (employers)</b> – participation in the preparation of National Qualification Framework.</li> </ul>

#### **8. Cost analysis:**

Development of FEPs is the main part of the budget of the Research Institute of Pedagogy and National Institute of Technical and Vocational Education, financed by the state budget.

Development of SEPs is financed from the budget of each school and is supported by the financial resources of “Pilot S” project.

#### **B.Instruments**

#### **9. Instruments of the measure:**

- ***The training of teaching staff – preparation for the development and evaluation of school-based curriculum*** - The objective is to enhance professional competencies of teachers (didactic, general pedagogy, interpersonal, subject-related and project work) so they are able to respond to changes in education and to design, manage and streamline the educational process at their schools.
- ***Co-operation with social partners in the region*** – The objective is to establish a mechanism for co-operation between schools and social partners on preparation and development of pilot school-based curriculum, while taking account of regional labour market needs.
- ***Evaluation of the school’s work – getting ready for a planned change*** – The objective of this activity is to establish foundations for the development of school-based curriculum, to show what needs to be changed and why, to formulate the focus and priorities for the school’s further operations and for the curriculum. Another objective is to acquaint schools with some self-evaluation and school evaluation techniques. This is an important introductory stage of the project and of the actual development of the curriculum.
- ***Development of pilot school-based curriculum*** based on the requirements of framework curriculum, support for practical implementation and evaluation.

#### **C)Information about the context of the measure**

#### **10. Costs of the measure:**

*Typology of resources:*

- state budget
- school budgets (from the resources of regional budgets)
- ESF projects.

*Total number of beneficiaries per year:*

**Pilot project 2005-08 :** 16 general upper secondary schools;  
30 technical and vocational upper secondary schools.

**In the future:** all upper secondary schools, their students and teachers i.e. 1,696 schools; about 500 thousand students; about 40 thousand teachers.

#### **11. Complementary measures (when required):**

##### ***Outline of State IT Policy in Education (since 2000)***

The objective of the first stage of policy implementation (until 2005) was to provide schools with hardware and software and to provide teachers and students with ICT courses. The second stage establishes conditions facilitating an effective and efficient introduction of ICT in teaching at school and supports e-learning (schools are supported in producing e-learning materials and tools, in creating networks).

##### ***National outline of language teaching (2005-08)***

The aim of this development plan is to enhance quality of language teaching in schools. Consequently, the level of school graduates' language skills will increase. School leavers' skills will better comply with the requirements of employers. The programme is focused on language training of teachers, teaching methods and materials development, ICT integration into language teaching.

##### ***National Qualification Framework (since 2005)***

The aim of the NQF is to create a system environment that will support

- comparability of learning outcomes achieved by various forms of learning and education, enabling recognition of real knowledge and competences independently of how they are acquired; comparability of qualification levels in the CR and EU;
- transfer of world of work requirements into education and training;
- public awareness of all nationwide recognized qualifications.

#### **D) Information about the evaluation of the measure**

#### **12. Results and effects evaluations:**

Evaluation of the progress of curricular reform was carried out mainly by the

Czech School Inspectorate. In 2004/05 and 2005/6, CSI monitored the situation at 84 *gymnázia*, 108 secondary technical schools and 63 secondary vocational schools. A total of 6,500 inspections in classrooms were made. The inspectors found that most teachers had been acquainted with the reform policy, but it was only in sporadic cases that the training of teachers aimed to provide further detailed explanation. Teachers are still getting used to teamwork and co-operation with social partners in the development of school-based curriculum. There is a growing interest on the part of school administrative bodies and school councils to participate in the implementation of the new school policies. There are also positive changes in schools as regards the organisation and implementation of the educational process. In some schools it is possible to observe multiplying effects of extensive support for curricular reform, and teachers are beginning to apply the new knowledge for acquiring key competencies in other educational activities.

(*Výroční zpráva o stavu a rozvoji vzdělávací soustavy 2005* (Annual Report on Education System Development in 2005) - [www.msmt.cz/dokumenty/vyrocnizpravy](http://www.msmt.cz/dokumenty/vyrocnizpravy))

**13. Documentation** (concerning previous points):

▪ *Printed material*

(2007) Curriculum reform and the development of educational programmes in secondary vocational education. Praha, NUOV, 44p.

(2006) Manuál pro tvorbu ŠVP na gymnáziích, Praha, VUP.

(2006) Metodika tvorby školních vzdělávacích programů SOŠ a SOU. Praha NUOV.

▪ *Online sources*

[www.vuppraha.cz](http://www.vuppraha.cz)

[www.nuov.cz](http://www.nuov.cz)

[www.pilots.nuov.cz](http://www.pilots.nuov.cz)

[www.rvp.cz](http://www.rvp.cz)

[www.nsk.nuov.cz](http://www.nsk.nuov.cz)

[www.e-gram.cz](http://www.e-gram.cz)

**14. Research (references):**

**E)Information about the timeframe of the measure**

**15. Situating the measure in the timeframe:**

Initial education

**A. General information about the measure**

**Name of Measure nr 4:**

Programme to acquire work experience and a job – Objective for the young

*Program získání praxe a práce – cíl pro mladé*

**1. Main policy<sup>98</sup>:**

The measure is part of active employment policy. More specifically, it is part of targeted programmes to address employment issues. These programmes are prepared by labour offices and approved by the Ministry of Labour and Social Affairs. Their objective is to help individuals or groups of individuals increase their employability.

The programmes support acquisition of working habits, practical experience and working skills.

**Policies involved**

- Education policy – continuing education; organisation of appropriate retraining courses focused on the existing needs of the labour market
- Passive employment policy – if the participants get a job, the demand for unemployment benefits will be reduced;

(Note: unemployed school leavers are not entitled to unemployment benefits unless they spent 6 months in employment over the last 3 years).

**2. Beneficiaries:**

The programme is designed for job seekers up to 25 who are registered at the Jeseník district labour office, particularly for the long-term unemployed. The target groups are divided by level of education and length of unemployment.

**3. Abstract**

**3.1. Definition:**

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<sup>98</sup> What is interesting here are previous measures as long as there are evaluation results so that lessons can be learnt from experiences.

The programme is focused on the acquisition of working habits, work experience and working skills by job seekers up to 25 who have a permanent residence in the Jeseník district. It can also be implemented in other districts in the Czech Republic. The programme was approved by MoLSA in April 2006 and its implementation period runs from 1.7.2006 until 30.6.2008.

Programme resources may be spent on:

- individual guidance, motivation courses, identification of personal and work-related qualities (“balance and work diagnostics”)
- retraining-education in accredited courses
- contribution to employers:
  - o during theoretical and practical training
  - o for introductory on-the-job training of programme participants
  - o creating a job for a programme participant
  - o for the wages of new recruits – programme participants
  - o for transport of programme participants to the relevant location

### **3.2.**

### **Goals:**

The objective of the programme is to increase the employability of the participants by means of motivation, correct “diagnostics”, retraining, and assistance in acquiring necessary theoretical and practical skills and working habits, and in seeking employment and getting used to the work process. Moreover, the aim is to support and monitor the participants throughout the programme – i.e. during introductory training on the job and during the period necessary for stabilisation of the employment.

### **3.3. Contents:**

The programme builds a communication bridge between employers and re/training centres so as to ensure that the retraining offered to programme participants meets the actual demand for skills and occupations on the part of employers. Furthermore, it involves comprehensive guidance services based on an individual approach to each job seeker in the target group. The programme also seeks to motivate employers and support creation and retaining of jobs whereby work experience and working habits and skills may be acquired.

### **3.4. Conditions of success:**

**General conditions** (preconditions for the use of the measure)

- financial resources for active employment policy
- qualified labour office staff able to do “diagnostics” and select participants, motivate them and provide necessary guidance services, identify suitable employers and win them for co-operation, conclude the relevant agreements with them and with other parties involved, organise retraining for the participants

(including selection of the provider), monitor and support the participants throughout the programme, and to supervise and evaluate implementation of the tasks by the parties involved.

**Specific conditions** (concerning efficiency and quality of results)

- proper setting of motivation instruments
- active approach on the part of labour office staff.

**4. Expected specific effects and outcomes<sup>99</sup>:**

Decrease in the number of registered job seekers up to 25 in the district, acquisition of work experience and new skills, filling job vacancies in selected occupations that are in short supply.

**5. Institutional Levels involved and respective functions (national, regional, local):**

Cooperation at regional level between a labour office, employers and training providers.

At national level – cooperation between a labour office and the MoLSA.

**6. Access (description of the procedure):**

*A labour office designates participants and informs them at a consultative meeting about the programme and the requirements for participation, or signs them in for a week-long motivation course. Participation is voluntary, but binding. An agreement is concluded with the participant. Based on individual guidance a plan for each participant is developed.*

**7. Suppliers:**

The labour office has initiated a regional programme that is subject to approval by the Ministry of Labour and Social Affairs. Employers file an application to enter the programme. The labour office organises group consultative meetings which prospective participants are invited to attend. Moreover, it organises motivation courses and selects programme participants. The labour office also selects retraining providers for programme participants.

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<sup>99</sup> If available, also ex-ante evaluations could be included.

## **8. Cost analysis:**

For direct costs

Cost per participant: max. 160,000 CZK for all costs including retraining

The overall contribution for retraining per participant: max. 20,000 CZK

Cost for employers:

- contribution to employers for programme participant's wages is provided up to the level of the wages actually paid including social and health insurance;
- contribution for the creation of a job may be provided to cover the actual costs associated with the particular job;
- contribution for introductory on-the-job training is provided for a maximum period of 6 months and it amounts to half the minimum wage per employee assigned the task of providing the introductory training;
- other costs associated with the theoretical and practical training at the workplace (e.g. material losses) are covered at the level agreed by a Board for Implementation of Active Employment Policy Instruments operating as part of a labour office;
- contribution for the transport of programme participants to the workplace and back is provided up to the level of the costs actually incurred.

A contribution for the transport of participants to a place of training and other programme activities is provided up to the level of the costs actually incurred.

## **B. Instruments**

### **9. Instruments of the measure:**

- Individual guidance, motivation courses, "balance and work diagnostics"
- Retraining – in accredited courses
- Creation of a new job with an employer and provision of:
  - o Theoretical and practical training
  - o Introductory on-the-job training.

## **C)Information about the context of the measure**

### **10. Costs of the measure:**

- costs of the programme are covered from public resources earmarked for active employment policy; the rules for their use are stipulated in the law on employment (435/2004) and follow-up decrees (no. 518/2004 – implementation decree to law on employment, decree no. 519/2004 on

retraining)

The total costs and average annual costs are not available, neither is the number of participants per year. Partial information – see Section 12 “Results and effects evaluations”.

**11. Complementary measures** (when required):

**D)Information about the evaluation of the measure**

**12. Results and effects evaluations:**

As at 31.12.2006, employers filed 40 applications for a contribution, and 21 agreements on the creation of 24 jobs were concluded. These new jobs in services (chambermaid, waitress, sales assistant, cook...) and in production (baker, fitter, metalworker...) were filled by 25 job seekers (including turnover) – 9 women and 16 men up to 25 years of age, predominantly with low qualifications – basic education, a vocational certificate.

In 2007, an additional 3 job seekers were placed in existing jobs.

**13. Documentation** (concerning previous points):

Programme to acquire work experience and a job – objective for the young  
[http://portal.mpsv.cz/sz/politikazamest/programy\\_zamest/regionalni/2006regionalni/26\\_ziskani](http://portal.mpsv.cz/sz/politikazamest/programy_zamest/regionalni/2006regionalni/26_ziskani)

**14. Research (references):**

**E)Information about the timeframe of the measure**

**15. Situating the measure in the timeframe**

Training to labour market transition  
Unemployment after having worked.

<b><u>A. General information about the measure</u></b>
<p><b>Name of Measure nr 5:</b></p> <p>Guidance related to the choice of an occupation</p> <p><i>Poradenství pro volbu povolání</i></p>
<p><b>1. Main policy<sup>100</sup>:</b></p> <p><b><i>National employment policy - National Lisbon programme 2005 – 2008</i></b></p> <p>Guidance services in the Czech Republic labour sector have a relatively short history as the system was only set up in 1990. The services are well distributed geographically and receive central support from Employment Services Administration at the Ministry of Labour and Social Affairs. The law on employment stipulates that labour offices are obliged to provide assistance and support as regards the relationship between an individual and the labour market, and to pursue prevention of unemployment in their regions. A labour office “drafts employment development outlines, brokers jobs for job seekers and provides guidance, information and other services related to employment” and career choice.</p> <p><b>Policies involved</b></p> <p><b><i>Education policy</i></b></p> <p>Recently, the schools sector has become more involved in the support for the career choice process. Newly introduced subject matter related to these issues (career choice education at basic schools and an introduction to the world of labour at secondary schools) provides the relevant support as part of the educational process. These are not new subjects – this subject matter is incorporated into the social sciences syllabus with a view to developing key competencies necessary for self-understanding, work with information about occupations, search for such information, its classification and evaluation and, particularly, the preparation of pupils and students to plan the career choice process. In the new system of national (framework) and school curriculum the subject matter comes under the heading of “People and the Labour World”.</p>
<p><b>2. Beneficiaries:</b></p> <ul style="list-style-type: none"> <li>▪ Pupils (ISCED 2) : 14/15- year olds in the last years of their compulsory</li> </ul>

<sup>100</sup> What is interesting here are previous measures as long as there are evaluation results so that lessons can be learnt from experience.

education

- Students (ISCED 3): 18/19- year olds before completing their upper secondary education
- Others.

### **3. Abstract**

#### **3.1.**

#### **Definition:**

Guidance related to the choice of an occupation/Career Guidance (*Poradenství pro volbu povolání a zaměstnání*) is concerned with the provision of specialist information and guidance services related to study and professional orientation in relation to a suitable employment while taking account of the existing situation in the labour market and the expected changes.

#### **3.2. Goals:**

The main objective of career guidance at labour offices is to assist young people in deciding on further studies and in entering employment. For this purpose, data is collected centrally about the provision of educational institutions and the labour market, about professions, employers and other services the labour market offers. Career guidance plays an important role in prevention of unemployment, social exclusion and reducing dropout rates.

#### **3.3. Contents:**

Career guidance is provided both for individuals and for groups and focuses primarily on basic school pupils, secondary school students and other specific client groups, regardless of whether they are registered job seekers. The activities also cover the following related areas:

- The development of the clients' individual potential, their employment prospects, and fostering a match between their personality and the requirements of the relevant profession
- Vocational training and retraining
- The shaping, efficiency and optimisation of the client's professional focus
- Search for suitable job opportunities for the client
- Adaptation to social and working circumstances.

#### **3.4. Conditions of success:**

- Sufficient awareness of pupils and students about guidance services related to the choice of an occupation at labour offices
- Interest of pupils and students in using such services

<ul style="list-style-type: none"> <li>– Involvement of an educational/school counsellor in collaboration with a labour office</li> <li>– Availability of the service and its sufficient capacity.</li> </ul>
<p><b>4. Expected specific effects and outcomes<sup>101</sup>:</b></p> <p>The expected effect of career guidance is the choice of an educational path in line with the capacities, skills and interests of the individual concerned and that will ensure employability in the labour market.</p>
<p><b>5. Institutional Levels involved and respective functions (national, regional, local):</b></p> <p>Law on employment 435/2004 fosters the provision of guidance services in the employment sector. At regional level, guidance services are provided by labour offices that are also responsible for their implementation. In career guidance, labour offices co-operate with schools (educational guidance specialists). This co-operation takes place mainly on a voluntary basis.</p>
<p><b>6. Access (description of the procedure):</b></p> <p>Career guidance at labour offices is provided by Information and Guidance Centres (IPS). There is one centre set up in each labour office in the Czech Republic. The distribution of these services is therefore well balanced. Career guidance is provided free to all types of client. Pupils/students can visit an IPS either as a group or on their own, based on an agreement made in advance. Many instruments used by IPSs are also available online (educational opportunities, tests, the “guide to the world of labour”, etc.).</p>
<p><b>7. Suppliers:</b></p> <p><i>Ministerstvo práce a sociálních věcí - Správa služeb zaměstnanosti - Odbor poradenství a zprostředkování</i> (Ministry of Labour and Social Affairs - Employment Services Administration - Department for Guidance and Job Placement): Co-ordination and methodological support for labour offices in the field of guidance services</p> <p><i>Úřad práce - Informační a poradenské středisko</i> (IPS) (Labour Office - Information and Career Guidance Centre (IPS)):</p> <p>There is a <i>Informační a poradenské středisko</i> (Information and Career Guidance Centre – IPS)<sup>102</sup> at each labour office. Its objective is to assist clients, originally mainly pupils of basic and secondary schools, in making use of the maximum</p>

<sup>101</sup> If available, also ex-ante evaluations could be included.

amount of information for their decisions related to education and occupation.

In IPS the client is offered printed materials, computer programmes and video-clips about various occupations (for details see 5.2.1). Some information (e.g. about educational programmes) may be found on notice boards at various places in the labour office.

Most of the IPS information sources are self-service. The client may also ask the counsellor for further information and seek advice as to a further step, such as the use of computers or audio-visual media. The counsellor may guide the client through the process of obtaining information. If the situation requires it, the client may be offered a test of personality or interests in order to identify his/her study and vocational orientation.

#### **8. Cost analysis:**

##### *For direct costs*

- *Cost per participant*
  - Not available
- *Cost per learning or working hour*
  - Not available
- *Cost per day*
  - Not available

##### *For non direct or opportunity costs*

###### *cost for participants*

- *costs for households in which participants are still living*
  - Not relevant
- *cost for employers*
  - Not relevant
- *costs for public institutions (specify)*
  - Not available

### **B.Instruments**

#### **9. Instruments of the measure:**

Guidance for choosing an occupation through a personal contact between the counsellor and the client:

- Collective form: normally one-off events for a large number of clients – e.g. contact or informative sessions, meetings, discussion clubs and lectures.
- Group form: for a smaller group of clients, this makes use of group dynamics – i.e. psychological strengths and processes within a group that affect the behaviour of its members, e.g. Job Clubs.
- Individual form: between the counsellor and the client.

Guidance related to the choice of an occupation through information sources and other media

- Printed media (Education atlas; Characteristics of occupation; Occupation leaflets; Bulletins concerning labour market situation; Client type sheets to facilitate work with information)
- Electronic media (databases of schools and educational programmes at international, national and regional levels; databases of further vocational education; Integrated System of Standard Working Positions; Guide to the World of Occupations)
- Video-clips about occupations; instructional short movies about job interviews, labour offices and employers.

### **C)Information about the context of the measure**

#### **10. Costs of the measure:**

*Typology of resources* (i.e. in the official document regulating the measure)

*Total amount per year*

Career guidance is provided by labour offices which are funded from the state budget via the Ministry of Labour and Social Affairs. The level of financial resources differs among labour offices, therefore it is not possible to give an exact figure on expenditure on career guidance.

*Total number of beneficiaries per year*

Statistics as to the number of clients who have used career guidance services are

not officially available.

**11. Complementary measures** (when required):

**D)Information about the evaluation of the measure**

**12. Results and effects evaluations:**

Career guidance services are not officially evaluated at national level. Some labour offices maintain their internal statistics and carry out evaluations, but these are not available.

**13. Documentation** (concerning previous points):

▪ *Printed materials:*

*Career Guidance at Labour Offices in the Czech Republic*, Praha, 2004, National Training Fund, Ministry of labour and Social Affairs, 66 p.

▪ *Online sources*

[www.nvf.cz/publikace/pdf\\_publikace/euroguidance/eng/guidance\\_labour\\_offices.pdf](http://www.nvf.cz/publikace/pdf_publikace/euroguidance/eng/guidance_labour_offices.pdf)

**14. Research (references):**

▪ *Printed materials:*

National Institute for Technical and Vocational Education, *Výzkum služeb kariérového poradenství a potřeb jeho klientů na základních a středních školách v ČR – Zpráva* (Research into Career Guidance Services and the Needs of the Clients at Basic and Secondary Schools in the CR), 2003.

**E)Information about the timeframe of the measure**

**15. Situating the measure in the timeframe:**

The measure is situated in:

- Transition from school to school
- Transition from school to the labour market.



<b><u>A. General information about the measure</u></b>
<p><b>Name of Measure nr 6:</b></p> <p>Individual action plans</p> <p><i>Individuální Akční Plány</i></p>
<p><b>1. Main policy<sup>103</sup>:</b></p> <p>The measure is part of employment policy. More specifically, it is part of policy concerned with increased care of groups at risk in the labour market. This policy has been in place since the 1990s. Since 2002 there have been the following developments:</p> <ul style="list-style-type: none"> <li>▪ In 2002 – 2004 testing took place at selected labour offices of pilot individual action plans (IAP) developed for individuals up to 25 and over 50</li> <li>▪ In 2004 a new law on employment entered into force which: <ul style="list-style-type: none"> <li>- introduced, on a nationwide basis, the possibility of developing IAPs for all groups at risk</li> <li>- stipulated <i>the obligation</i> of labour offices to offer IAPs to young people</li> <li>- expanded the group of young people to include, in addition to school leavers, all young people up to 25 (the previous definition only included juveniles after completion of compulsory schooling and school leavers within two years of completion of studies).</li> </ul> </li> </ul> <p><b>Policies involved</b></p> <p>The use of the measure is also supported as part of the policy for integration of asylum seekers within the broader social inclusion policy.</p>
<p><b>2. Beneficiaries:</b></p> <p>IAPs are generally designed for all groups of job seekers who are defined by the law on employment as being at risk. In the case of young people up to 25 and school leavers within two years of completion of studies (up to 30), a labour office is obliged to offer the development of an IAP. It is up to the job seeker to decide whether to take up the offer or not.</p>

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<sup>103</sup> What is interesting here are previous measures as long as there are evaluation results so that lessons can be learnt from experiences.

The measure has nationwide applicability. The extent to which it is used depends on the willingness of job seekers to pursue the IAP path.

### **3. Abstract**

#### **3.1.**

#### **Definition:**

IAP is a plan developed by a labour office based on an individual situation of the job seeker, and it aims to enhance his/her employability. It takes the form of a written agreement between the labour office and the job seeker.

#### **3.2.**

#### **Goals:**

The objective of IAP is to increase job seekers' chances of finding a suitable job by means of an individual approach by a labour office. It should mobilise the job seeker, increase his/her motivation and, last but not least, increase his/her actual employability.

#### **3.3. Contents:**

IAP contains, above all, procedures and a time schedule for implementation of various steps leading to enhanced employability. It sets out the rights and obligations of job seekers and the labour office in relation to entering employment (e.g. forms of training, introductory training, skills enhancement, courses).

The job seeker's qualification is considered and so are his/her capacities. These are identified during an initial interview with a guidance practitioner. A job seeker who is interested in having an IAP is obliged to co-operate in its development and to adhere to its terms. If these terms are not observed, the job seeker is signed off the register of job seekers (i.e. loses entitlement to unemployment benefits).

The actual IAP is divided into three stages. The stages are limited in terms of time as agreed by the job seeker and the labour office. The schedule can be adjusted in line with the job seeker's needs. The first stage consists of an interview with a guidance practitioner, and identification of the job seeker's needs and profile. The job seeker is also informed about his/her rights and obligations, legal requirements, and services offered by the labour office (retraining, self-employment, possibilities within individual action plan, etc.). The objective of the second stage is to implement the goals agreed. It involves job brokering, analysis of information obtained, consideration of the job seeker's realistic chances, and, possibly, personal development courses, psychological guidance and the use of other AEP instruments. At the third stage, specific activities and possible solutions are assessed, job brokering continues, various subjective and objective factors identified by labour office specialists are evaluated, etc.

### 3.4. Conditions of success:

*General conditions* (influencing willingness to use this instrument):

- Labour office and client should be sufficiently motivated to develop an IAP
- Sufficient amount of financial resources for AEP
- Sufficient human and wage resources at labour offices.

*Specific conditions* (influencing implementation of the objective):

- IAPs should be developed in line with the real needs and capacities of the job seeker
- IAPs should include measures that will effectively increase the job seeker's employability
- Job seekers active and willing to carry out the tasks agreed
- A maximum level of synergy between all labour office departments
- Organisation of group guidance during work with the client
- Appropriate expertise of guidance practitioners that is constantly being enhanced.

### 4. Expected specific effects and outcomes<sup>104</sup>:

The measure is expected to strengthen the individual approach on the part of labour offices, particularly to young people. Job seekers pursuing the plan are expected to increase their competitiveness in the labour market by means of other AEP measures, chosen on the basis of a systematic and individual identification of the client's situation. By co-operating in the development of their IAP, job seekers will become more active, responsible and purposeful in their pursuit of employment.

### 5. Institutional Levels involved and respective functions (national, regional, local):

- **National level:** General conditions for IAP development are stipulated by law with a nationwide applicability.
- **Regional level:** not involved
- **Local level:** The instrument is used by district labour offices (77 in total). Labour offices co-operate in the development of IAPs with registered job seekers.

### 6. Access (description of the procedure):

An IAP must be offered to each job seeker under 25 or to each higher education

<sup>104</sup> If available, also ex-ante evaluations could be included.

graduate within two years of graduation (up to the age of 30). If the job seeker agrees, an IAP is developed in co-operation with him/her.

**7. Suppliers:**

The IAP is developed by a labour office. Suppliers of specific measures implemented as part of IAP (e.g. training) differ according to individual needs of the job seeker (labour office, training and guidance providers, employers).

**8. Cost analysis:**

Costs of IAP development: The measure is part of the regular guidance and job brokering activities of labour offices. The costs consist of wages and running costs of labour offices. Specific separate calculations of the costs of offering and developing IAPs are not available.

The costs of implementation of the measure depend on the type and form of the measure chosen. The rules for the funding of individual measures are part of the relevant laws.

**B. Instruments**

**9. Instruments of the measure:**

**C)Information about the context of the measure**

**10. Costs of the measure:**

Not available (see Section 8 “Cost analysis”)

**11. Complementary measures (when required):**

Not applicable

**D)Information about the evaluation of the measure**

**12. Results and effects evaluations:**

The pilot phase ended in 2004 and it is only since then that the measure has been

applicable nationwide, so there is no comprehensive evaluation of its use and success.

In 2005, a total of 14,900 people under 25 registered and then arranged for an IAP (see Table 17). Within 6 months 7,600 thousand of them had signed off and 5,600 found a job, that is 37.2% (45,800 people did not conclude an IAP, of which 47.1% found a job within 6 months of registration, and a total of 28,900 people signed off within 6 months of registration – i.e. 63%).

The proportion of people who conclude an IAP out of the total of newly registered young people under 25 is gradually decreasing. The likely reason is that the situation in the labour market is improving, which increases the chances of finding a job, and young people rely more on themselves rather than on assistance from a labour office.

The following qualitative evaluation was based on information collected during the pilot stage:

If IAPs are used:

- the programme raises awareness on the part of participating clients
- there is an enhanced individual approach to clients
- guidance components are incorporated to a greater extent into the work with clients
- the targeted use of AEP programmes is in line with the individual characteristics of the job seeker
- a generally insufficient supply of job vacancies can mean that IAP capacity is not fully exploited.

The reasons why labour offices are not sufficiently motivated to use the instrument:

- The measure increases administrative and organisational burdens, not appropriately compensated by financial and human resources

The reasons why clients of labour offices are not sufficiently motivated to use the instrument:

- If they conclude an IAP and do not abide by the terms, they run the risk of being removed from the register (they could also be asked to cover the costs of the measures in which they failed – e.g. retraining).

### **13. Documentation** (concerning previous points):

- *Printed material*

Ministry of Labour and Social Affairs, (2005), *Národní akční plán zaměstnanosti 2004 – 2006, aktualizace [National Action Plan for Employment for the period 2004-2006]*, Prague.

Ministry of Labour and Social Affairs, (2006), *Zpráva o plnění harmonogramu*

*institucionálního, věcného a časového zabezpečení realizace opatření Národního akčního plánu zaměstnanosti na léta 2005-2006, za období I.pololetí 2005 a jeho upřesnění na 2. pololetí 2005* (Report on Respecting the Schedule for Ensuring Institutional, Material and Temporal Resources to Implement Measures of the National Employment Action Plan for 2005-2006 – for the first half of 2005, and for its specification for the second half of 2005), Prague.

5. *Online sources*

Ministry of Labour and Social Affairs, (2000, 2001, 2002, 2003, 2004, 2005, 2006), *Analýza vývoje zaměstnanosti a nezaměstnanosti* (Analysis of the Development of Employment and Unemployment), Prague.  
[http://portal.mpsv.cz/sz/politikazamest/trh\\_prace](http://portal.mpsv.cz/sz/politikazamest/trh_prace)

**14. Research (references):**

▪ *Printed material*

Sirovatka, T. et al., (2006), Praha, *Hodnocení efektivity programů aktivní politiky zaměstnanosti v ČR*, VUPSV

▪ *Online sources*

Research Institute for Labour and Social Affairs: [www.vupsv.cz](http://www.vupsv.cz)  
Analysis of a pilot phase of IAP implementation – presentation of Vyškov labour office:  
[http://portal.mpsv.cz/sz/local/vy\\_info/publikovane\\_clanky/prezentace/prezentace\\_bno\\_2004.pdf](http://portal.mpsv.cz/sz/local/vy_info/publikovane_clanky/prezentace/prezentace_bno_2004.pdf)

**E)Information about the timeframe of the measure**

**15. Situating the measure in the timeframe:**

Measure targets:

1. unemployed school leavers  
(transition from school to labour market)

2. unemployed young people under 25  
(unemployment after having worked)

## Selection of nr 7 measures adopted in Denmark

**List of selected measures that can be important for the employment and for “good working and living conditions of the young people at national or local (but remarkable) level”**

Number of the measure	Name of the measure (with the English translation)	Main Goals	Beneficiaries	Institution/organization involved
1	Mentorships ( <i>mentorordning</i> )	<p><i>Professional mentor</i> To find a job or education for mentees and to ensure that they stay and complete their time in the company or school.</p> <p><i>Personal mentor</i> To help mentees overcome their personal problems</p>	All young unemployed	<p>National level: organizations (Kommunernes Landsforening).</p> <p>Local level: Municipalities</p>
2	Job-training ( <i>Jobtræning</i> )	<p>To (re-) integrate unemployed into the workforce and, more generally, into society.</p> <p>Furthermore it provides the job trainee with routine and experience which will be valuable in the future</p>	Recipients of unemployment benefits or cash benefits who do not have work-experience or who have inadequate professional, linguistic or social skills for establishing and/or developing an intern's competences	Municipalities and local job centres, which are able to locate suitable local companies for the trainees. Local companies, having heard about the Job-training programmes, can contact the job centres themselves.
3	Company internships ( <i>virksomhedspraktik</i> )	<p>Interns acquiring a regular job.</p> <p>Interns further developing their social and professional skills.</p> <p>Leading to a Job-training programme or similar</p>	Recipients of unemployment or cash benefits who do not have work-experience or who have inadequate professional, linguistic or social competences,	Jobcentres, which are able to locate suitable local companies for trainees. Local companies, having heard about the Job-training programmes, can contact the job centres themselves.

		<p>measures within the company chosen for the internship.</p> <p>Support for interns to find out if they are interested in continued work within the internship field</p>	<p>making it impossible for them to work under normal conditions in the labour market</p>	
4	<p>Reduced cash payments for young people (<i>Reduceret kontanthjælp for unge</i>)</p>	<p>To encourage those recipients capable of holding down a regular job to actively seek such a job and consequently a higher income</p>	<p>Unemployed who are not capable of providing for themselves because of extraordinary circumstances. For young people, this group may include youngsters with illnesses or limited social skills</p>	<p>Rules on the level of cash payments apply nationally in accordance with Danish law, but the actual issuing of cash payments is done locally by municipalities</p>
5	<p>Immediate activation (<i>Straksaktivering</i>)</p>	<p>To facilitate continuous contact with the labour market for the unemployed.</p> <p>To prevent the unemployed from becoming incapable of holding down a regular job by ensuring that they maintain a reasonable daily schedule and do not engage in less productive activities. To discourage people from relying on welfare transfers, so that only those truly in need will contact the job centres.</p>	<p>Ideally, every unemployed person receiving unemployment or cash benefits will eventually be activated. Young unemployed people has been a particular focus group.</p>	<p>Municipalities and local jobcentres. Local companies, having heard about the measures, contact the jobcentres themselves in order to strike a deal ensuring the company a steady influx of employees.</p>
6	<p>Basic Professional Education (<i>Erhvervsgrunduddannelsen - EGU</i>)</p>	<p>To provide education beyond lower secondary school for young people who have difficulties in completing standard</p>	<p>Young people under 30 who cannot complete standard educational</p>	<p>National laws regulate basic vocational education. Municipalities run these programmes and their specific contents.</p>

		educational pathways	pathways	
7	Job fairs ( <i>Jobmesser</i> )	To promote contacts between employers and the unemployed. To facilitate a better knowledge of companies, SMEs included, and working sectors for young people.	Young people who have difficulties in getting a regular job through existing channels – who might have difficulties in describing themselves in writing or handling a regular job interview.	Run on a local level, in close cooperation with local companies and job centres

#### **A. General information about the measure**

Measure 1: Mentorships

Name: Mentorships (“*mentorordning*”)

##### **1. Main policy**

Mentorship programmes are used in a variety of contexts and on different levels. For instance, mentorships are also used in private companies when new employees are hired. In connection with unemployment measures, mentorships have also been used for some years in Denmark, but it was not until 2003 that mentorship was introduced in the Danish legal framework. Mentorships are both mentioned in the law on active employment effort ((LAB) § 78-81 and § 101) and in the integration law ((INL) § 23d) (Skov Nørregård, 2007: 11). Hence, the mentorship programmes are used not only in connection with youth unemployment, but have also been successfully used in dealing with general unemployment and unemployment among immigrants.

As of now, no thorough overall evaluation has been made of the mentorship programmes as such (Skov Nørregård, 2007: 11). Evaluations from the municipalities that implement the mentorship programmes locally are, on the other hand, available.

The municipality of Vejle ([www.vejle.dk/](http://www.vejle.dk/)) is one of these municipalities and has successfully completed mentorship programmes specifically directed at young people. The following information concerning the mentorship programme is therefore mainly based on experiences in the municipality of Vejle. One study concentrates on employment of young people (Leth-Nissen, 2005: 27), while the other focuses on their education (Jensen and Brixen, 2007).

This examination of the mentor measure treats the so-called professional and personal mentors as a single measure. These two could be seen as different measures, but as they share most characteristic, they are described as one measure here.

Mentorships are covered by both active labour-market policies and the high-competence dimension in the Danish flexicurity model.

## 2. Beneficiaries

In principle, all young unemployed can be assigned to a mentor. Compared to other EU countries, unemployment levels among young people are quite low in Denmark (M. Andersen and others, 2005: 151-152). This means that – while mentorship programmes in principle are open to everyone – the young beneficiaries of the mentorship programmes tend to have other problems. Statistics from one mentorship programme conducted in the municipality of Vejle involving 115 young people between 16 and 23 show that 80% of the participants came from families fighting with abuse and/or mental problems and 60% had a criminal record. Furthermore, 20% had another ethnic background than Danish (Leth-Nissen, 2005: 27).

Another project involving 74 mentees – of whom 67% were less than 18 years old and 36% had another ethnic background than Danish – explicitly concludes that the mentorships were targeted at personal rather than professional problems (Jensen and Brixen, 2007: 20-21).

As mentioned above, the mentorship programme is mainly described through experiences from the municipality of Vejle. The mentorship measure, however, is by no means restricted to this municipality and the Danish government is to make mentorship a compulsory part of vocational education in 2008 (Jensen and Brixen, 2007: 20).

## 3. Abstract

### 3.1. Definition

Mentorships have a long history, originating from Mentor, the character in Homer's *Odyssey* who was the advisor of Odysseus' son Telemachus. It can therefore be difficult to define the concept precisely. In a contemporary context, however, mentors can be **defined as experienced people who take a sincere interest in the mentees development and guides them, answering their questions and helping them to develop their own ideas**. Mentors have different backgrounds, the most important criteria being that the mentor has empathy and specific competences relevant for the mentee assigned to him or her (Jensen and Brixen, 2007: 12-14).

### 3.2. Goals

It is useful to distinguish between two different goals, connected to the two different mentor types.

Firstly, there is the *professional mentor*. Professional mentors are needed when the goal is to find a job or education for mentees and ensure that they stay and complete their time in the company or school. An example could be a young man who dreams about being a mechanic and is therefore assigned to a mentor in a workshop (Leth-Nissen, 2005: 27). Another example is a 21-year-old who has attempted to become an electrician three times, but each time has dropped out because he lacked motivation. Then his vocational school assigned him a mentor who encouraged him to complete the school and helped him find an apprenticeship (Online source: Undervisningsministeriet).

Secondly, there is the *personal mentor*. Here mentees' problems are much more severe and the goal is rather to help them overcome their personal problems. An extreme example is, "the Satanist girl who inflicts injuries upon herself" (Leth-Nissen, 2005: 27). Other examples include a mentee who cut himself while at work, while the police apprehended another during work (Leth-Nissen, 2005: 79). To achieve the goal of helping mentees with their personal problems, a social worker or a teacher may therefore be better suited than a fellow employee.

Using the correct mentor type can therefore have a tremendous impact when implementing the mentor measure. Of course, the ideal is a mentor who combines professional and personal aspects, but it should always be seen which type is more relevant to the specific mentee.

### **3.3. Contents**

It can be difficult to specify the exact contents of a mentorship programme, since the programme is very flexible and is often adjusted to the needs of the specific mentee (Jensen and Brixen, 2007: 22)

The keyword of the mentorship programme can be said to be "obligations". Mentors emphasize the obligations of the mentees and helps them to meet their obligations. This can be done in various ways. Examples include sending the mentee a SMS, making sure that the mentee is present when work starts. Another example is the student's counsellor who takes action when the mentee considers dropping out of his apprenticeship (Online Source: Kommunernes Landsforening).

Often a written contract is signed between the mentor and the mentee, and the mentor participates in introduction courses to better fulfil the mentor role (Leth-Nissen, 2005: 79). The parties concerned have been responsible for formulating the contents of these contracts, which has produced quite different versions (Jensen, and Brixen, 2007: 51). There is usually no specific number of meetings between a mentor and mentee, but another study found that from the summer of 2005 to January 2007, mentor and mentee meet 5,88 times on average, while keeping contact in other ways (including via SMS) 8.5 times (Online Sources: Kommunernes Landsforening, 2007b). If the mentor is a fellow employee, interaction naturally takes place on a more frequent and less formal scale.

### **3.4. Conditions of success**

As the evaluation shows (see point 12.), the main reason for dissatisfied mentors are mentees who are not disciplined enough. The success of a mentorship is therefore very dependent on finding the correct mentor for the specific mentee (and vice versa, of course). One study therefore warns against re-using a mentor without making sure that the mentor suits the exact needs of the mentee (Leth-Nissen, 2005: 148). If the mentor is a fellow employee, it goes without saying that the mentor is to receive maximum support from the social workers involved.

Another pitfall is the degeneration of the mentorship into a tutorship. While a tutorship is a horizontal relationship, mentorship denotes a vertical relationship and, at least initially, it is important that the mentor is in charge (Leth-Nissen, 2005: 141).

## **4. Expected specific effects and outcomes**

<p>The mentorship programmes serve several purposes, and the most important outcomes are:</p> <ul style="list-style-type: none"> <li>• Improvement of mentees' general behaviour</li> <li>• Teaching mentees responsibility (for instance, to be present when work or school starts)</li> <li>• Support of mentees, ensuring they complete their education and/or apprenticeships</li> <li>• Increased self-confidence and self-respect among mentees (Jensen and Brixen, 2007: 22)</li> <li>• Generally lower unemployment rates among young people.</li> </ul>
<p><b>5. Institutional Levels involved and respective functions (national, regional, local)</b></p> <ul style="list-style-type: none"> <li>• National level: The legislation concerning mentorship programmes has been passed on a national level by Parliament. National organizations are also involved in supporting and promoting mentorship programmes (Kommunernes Landsforening).</li> <li>• Local level: mentorship programmes are actually run on a local level by municipalities, as a measure in their policies against unemployment.</li> </ul>
<p><b>6. Access (description of the procedure)</b></p> <p>In principle, mentorship programmes are open to everyone. Compared to the demand, however, the number of mentors is the limiting factor and so the social service departments ultimately have to decide who is eligible for these programmes.</p>
<p><b>7. Suppliers</b></p> <p>Mentorships require the active involvement of different social partners:</p> <ul style="list-style-type: none"> <li>• <b>The department of social services in the municipalities:</b> often, the mentorship programmes are set up and run by the municipality in close cooperation with:</li> <li>• <b>The local study guidance offices and educational institutions</b> when the mentorship programmes aim at educating the mentee, or:</li> <li>• <b>Local companies</b>, when the mentorship programmes are intended to ensure the immediate integration of the mentee into the workforce.</li> </ul>
<p><b>8. Cost analysis</b></p> <p>In Vejle, a mentor was paid 800 DKR (110 Euros) per week during the first four weeks of the mentorship period, which usually lasts six months (Leth-Nissen, 2005: 77).</p> <p>On a national level, programmes exist that enable companies to have one employee mentor another employee by subsidizing the mentor employee's salary (Online source: Ny i Danmark, 2007).</p>

**B. Instruments**

**9. Instruments of the measure**

Mentorship programmes work through the following measures:

- Consultations between mentees and social workers
- Meetings and day-to-day interaction between mentor and mentees
- The written contract between mentor and mentees
- Introduction courses for mentors
- Awareness campaigns to get more mentors and mentees involved.

**C) Information about the context of the Measure**

**10. Costs of the measure**

The mentorship programmes involve expenditures in terms of (symbolic) mentor salaries, introduction courses, awareness campaigns, and administrative costs, but the success of the mentorship programmes is to a large extent due to the voluntary work of the mentors.

While no exact information on the overall costs exists, it is therefore beyond doubt that mentorship programmes can be a relatively cheap measure to combat youth unemployment.

**11. Complementary measures**

Mentorship programmes can be combined with:

- Job-training (including subvention of the mentee's salary)
- Company internships
- Educational guidance and plans

**D) Information about the evaluation of the measure**

**12. Results and effects evaluations**

Statistics from Copenhagen show that 65-75% of mentees were still in their positions after six months, while the number of drop-outs from a vocational school had been halved since the introduction of mentorships. Mentorships can therefore be described as, "a little effort with a big effect" (Jensen and

Brixen, 2007: 13-14).

Another study concludes that, although there is no in-depth research on the mentorship programmes “those who are specialists in the field know that many municipalities using mentorship programmes are reporting very positive results” (Skov Nørregård, 2007: 11). For instance, the educational mentorship study from Vejle found that 22 out of 24 mentees were satisfied with the programme, feeling that their expectations have been met. Among the mentors, 26 out of 30 evaluated the programmes positively. The negative remarks on behalf of the mentors mainly stemmed from the mentors feeling that the mentee was not cooperative or disciplined enough (Jensen and Brixen, 2007: 23-24).

### **13. Documentation (concerning previous points)**

#### **- Printed material**

M. Andersen, Torben; Linderøth, Hans; Smith, Valdemar; and Niels Westergård-Nielsen (2005): *Beskrivende dansk økonomi [Descriptive Danish Economics]*, Aarhus, HandelsVidenskab Bogforlaget, 488 pages.

Jensen, Johanne and Brixen, Ulla (2007): ”Mentorprojektet i Vejle: et samarbejdsprojekt mellem ungdomsuddannelserne og Ungdommens Uddannelsesvejledning 2005-07” [The mentorship project in Vejle: A cooperation project between youth education and The Youth Educational Guidance Centre], Vejle, Videnscenter for Integration [Resource Centre for Integration], 55 pages

Kommunernes Landsforening [Association of Municipalities] (2005): “Sæt unge uden uddannelse i centrum” [Focus on young people with no education], KL-Huset, 35 pages.

Leth-Nissen, Lone (2005): *Virkeligheden Virker – fra udsat til værdsat: En tredelt praksisbeskrivelse af arbejdet med udsatte unge* [Reality works – From marginalized to appreciated: A practical description of the work with marginalized young people], Vejle, Vejle Kommune [Municipality of Vejle], 252 pages.

Skov Nørregård, Susie (2007): *Mentorordningen i beskæftigelsesindsatsen [The mentorship programme in the employment effort]*, Mentorkompagniet [The Mentor Company], 47 pages.

#### **- On line sources**

##### **Kommuners Landsforening [Association of Municipalities] 2007a**

[www.kl.dk/ncms.aspx?id=47993632-0244-4c79-acf3-36b4d7486986&ax=center:df5e4539-1d33-4a38-903e-be7d80025002,0](http://www.kl.dk/ncms.aspx?id=47993632-0244-4c79-acf3-36b4d7486986&ax=center:df5e4539-1d33-4a38-903e-be7d80025002,0)

##### **Kommuners Landsforening [Association of Municipalities] 2007b**

[www.cabiweb.dk/graphics/CABI/mentor/Artikel\\_%20Vejlederen\\_KL.pdf](http://www.cabiweb.dk/graphics/CABI/mentor/Artikel_%20Vejlederen_KL.pdf)

**Ny i Danmark [New in Denmark], 2007**

[www.nyidanmark.dk/resources.ashx/Resources/Publikationer/Pjece/2006/Faa\\_tilskud\\_til\\_en\\_mentor.pdf](http://www.nyidanmark.dk/resources.ashx/Resources/Publikationer/Pjece/2006/Faa_tilskud_til_en_mentor.pdf)

**Undervisningsministeriet [Ministry of Education], 2007**

[www.uvm.dk/07/mirel.htm?menuid=6410](http://www.uvm.dk/07/mirel.htm?menuid=6410)

#### **14. Research (references)**

- Printed material
- Online sources

#### **E) Information about the timeframe of the measure**

##### **15. Situating the measure in the timeframe**

Mentorship programmes can be used at any given point in the timeframe.

<u><b>A. General information about the measure</b></u>
<p>Measure 2: Job-training</p> <p>Name: Job-training (<i>Jobtræning</i>)</p>
<p><b>6. Main policy</b></p> <p>Job-training programmes can be seen in the context of the so-called “inclusive labour market” (<i>det rummelige arbejdsmarked</i>), which means that measures are taken to find job positions for people with disabilities or other problems that prevent them from having a full-time job. Job-training therefore is connected to the active labour market dimension in the Danish flexicurity model. Job-training is thus not only for young people, but it can be an effective measure in combating youth unemployment.</p>
<p><b>7. Beneficiaries</b></p> <p>Job-training is intended for recipients of unemployment benefits or cash benefits who suffer from inadequate professional, linguistic, or social competences (Online sources: Fleksjob).</p>
<p><b>8. Abstract</b></p> <p><b>3.1. Definition</b></p> <p>Job-training denotes a programme whereby the job trainee is given the chance to work in a company for a limited period of time, during which the municipality pays a share of the job trainee’s wages. Job-training can take place both in public and private enterprises.</p> <p><b>3.2. Goals</b></p> <p>The goal of the Job-training programmes is that the person in Job-training will be capable of having a full-time position within the company towards the end of the person’s Job-training period.</p> <p>Job-training, hence, serves the purpose of (re-) integrating an unemployed into the workforce and, more generally, into society.</p>

At the very least, Job-training provides the job trainee with routine and experience which will be valuable in the future.

### **3.3. Contents**

Job-training can be initiated either by the unemployed or the company. Either way, the seeking party contacts the local municipality.

The municipality pays a certain share of the wages of the person in Job-training, but in total the payment should meet the standard payment in the profession if the person is privately employed. If the Job-training takes place in the public realm, the payment corresponds to the amount of money the job trainee would otherwise have received from his or her unemployment benefit (Online Source: Vejle Kommune).

To avoid affecting competition on the market, there are rules regulating the number of people in Job-training per company. If the company has less than 50 employees, it can have a person in Job-training for every five regular employees, and larger enterprises can have one person in Job-training for every 10 regular employees (Online Source: Social Engagement).

Before hiring a person in a job-training programme, the employer is also required by law to notify the regular employees of this decision (Online Source: Unge i jobtr ning)

The job-training programme, furthermore, requires that the job trainee is not temporarily employed. Privately employed job trainees can have the subsidised payment for a maximum of six months, while publicly employed Job-training programmes can last for four years (Online Source: Vejle Kommune).

It is important to emphasize that, even though the period of subsidized payment is limited, the employment is indefinite. The parties must sign a formal contract, and if the employer wishes to fire the job trainee the process will follow normal proceedings. If there is a reasonable reason for firing the job trainee this must be done with a minimum of two weeks' notice (Guide til l ntilskudsordninger).

Whether publicly or privately employed, the authorities follow young job trainees, which creates a safety net for companies (Ung i jobtr ning).

### **3.4. Conditions of success**

A basic condition for success is that the job-training programme has a simple format which does not scare away private companies potentially interested in hiring a job trainee. A slogan from the campaign for promoting Job-training among young people is "It has to be easy and manageable" (Online Source: Unge i

arbejde)

Another condition of success is that the regular employed are adequately informed about the job trainee's arrival, which is why the regulations include provisions that regular employees be informed prior to the hiring of a job trainee.

The job trainee should also be properly screened before and during the job-training period, ensuring that it is realistically possible for him or her to meet the demands asked.

Statistics show that the level of employment after the activation programmes are higher when Job-training has been conducted in companies with more than 50 employees and when Job-training has been combined with the relevant courses (PLS Rambøll, 2003: 3 and 26).

#### **9. Expected specific effects and outcomes**

Ideally, the outcome of Job-training programmes is that the job trainee continues as a regular worker in the company to which he or she has been assigned.

#### **10. Institutional Levels involved and respective functions (national, regional, local)**

National campaigns promoting job-training programmes are carried out by government agencies, but the day-to-day work with Job-training takes place locally. The parties concerned are the municipalities and the local job centres, which are more able to locate suitable local companies for the job trainees. It may also be that local companies, having heard about the Job-training programmes, contact the job centres themselves.

#### **11. Access (description of the procedure)**

Job-training programmes are open to all unemployed people. Either the unemployed or the company wanting a job trainee contacts the local municipality and/or job centre, which facilitates a meeting with the opposite party and helps to formulate an appropriate contract.

#### **12. Suppliers**

Private companies play a large role in Job-training programmes, but as said earlier Job-training can also take place in a public institution or enterprise. Local municipalities and job centres are instrumental in facilitating contact between the parties involved.

### 13. Cost analysis

Privately employed job trainees receive a subsidy of a maximum of 57 DKK (some 8 Euros) per hour, depending on the worker's skills and capacities (Guide til løntilskud). As mentioned above, job trainees in the public realm receive the amount they would otherwise receive in unemployment benefit, the maximum of which is 623 DKK (some 85 Euros) a day (Online source: Vejle Kommune).

## B. Instruments

### 14. Instruments of the measure

Job-training programmes primarily function via the subsidy given to the employer. Initially this means that the job trainees get a chance to work, which they might not have had if applying for a job in the normal way.

## C) Information about the context of the Measure

### 15. Costs of the measure

The cost per unit of the measure can be said to be the subsidy given to the job trainee.

The number of young people employed with subsidized wage in the autumn of 2006 is shown:

	Recipients of unemployment benefits	Recipients of cash
benefits		
16-24 years	309	348
25-29 years	1.148	359

**Source:** Source: Danmarks statistik [Statistics Denmark]

### 16. Complementary measures (when required)

Job-training programmes can be constructively combined with mentorships.

**D) Information about the evaluation of the measure**

**17. Results and effects evaluations**

A study conducted by the labour market directorate (Arbejdsmarkedsstyrelsen) shows an employment effect of 65% from the Job-training programme, measured six months after the end of the Job-training programmes (Arbejdsmarkedsstyrelsen).

**18. Documentation** (concerning previous points)

**- Printed material**

PLS Rambøll (2003). Effekten af indsatsen over for dagpenge- og kontanthjælpsmodtagere [The effect of the work with recipients of unemployment and cash benefits]

Guide til løntilskudsordninger (2004), Dansk Handel & Service

**- Online sources**

**Fleksjob [Flex Job]**

[www.fleksjob2.dk/Lovgivning/AktivBeskaeftIndsats/Virksomhedspraktik/Virksomhedspraktik.htm](http://www.fleksjob2.dk/Lovgivning/AktivBeskaeftIndsats/Virksomhedspraktik/Virksomhedspraktik.htm)

**Danmarks statistik [Statistics Denmark]**

[www.statistikbanken.dk/](http://www.statistikbanken.dk/)

**19. Research (references)**

- Printed material

- Online sources

**D) Information about the timeframe of the measure**

**20. Situating the measure in the timeframe**

The measure is primarily used to introduce people to the labour market.

<u><b>A. General information about the measure</b></u>
<p>Measure 3: Company internships</p> <p>Name: Company internships (<i>virksomhedspraktik</i>)</p>
<p><b>1. Main policy</b></p> <p>As with Job-training, company internships can be seen in the context of the so-called “inclusive labour market” (<i>det rummelige arbejdsmarked</i>), which means that measures are taken to find job positions for people with disabilities or other problems that prevent them from having a full-time job are. Consequently, company internships are also connected to the active labour market policy flexicurity dimension. Company internships are thus not only for young people, but they can be an effective measure in combating youth unemployment.</p>
<p><b>2. Beneficiaries</b></p> <p>Company internships are intended for recipients of unemployment or cash benefits who have inadequate professional, linguistic or social skills, making it impossible for them to work under normal conditions on the labour market (Fleksjob).</p>
<p><b>3. Abstract</b></p> <p><b>3.1. Definition</b></p> <p>Company internships can be described as classic internship work experience whereby the intern gets a feeling of the atmosphere and work routines in the company he or she is assigned to.</p> <p style="text-align: center;"><b>Goals</b></p> <p>The major goals of company internships are:</p> <ul style="list-style-type: none"> <li>• That the internship will eventually result in the intern acquiring a regular job.</li> <li>• That the internship is a part of a process which will help the intern develop his or her social and professional skills further.</li> <li>• That the internship will lead to a Job-training programme or similar measures within the company chosen for the internship.</li> <li>• That the intern will find out if he or she is interested in continuing within the field of internship.</li> </ul>

### **3.3. Contents**

Any given company must be accepted by the municipality and/or job centre before company internships can take place.

The internships usually last four weeks, but under special circumstances they can be prolonged to 13 weeks (Fleksjob and Jobnet, 2007a).

The internship is usually full-time and it must be four consecutive weeks (Jobnet, 2007b). The company will pay neither salary nor insurance and the intern is not covered by the usual rules applying on the labour market. Exceptions to this are the health and safety at work act and the provisions against discrimination (Jobnet 2007a). There are therefore no direct costs for the companies and any damages caused by the intern during the internship is to be covered by the municipality (Guide til løntilskud).

There has to be a reasonable relationship between the number of regular workers and company interns. If the company has less than 50 employees, it can have an intern for every five regular employees, while larger enterprises can have an intern for every 10 regular employees (Fleksjob).

Interns cannot be hired merely to meet short-term demand for labour in the company (Jobnet, 2007b). The employment of interns must not infringe on competition on the market, but it is unavoidable that the interns will perform functions that would otherwise be performed by paid labour.

Prior to the admittance of an intern to the company, the employer must inform the regular workers to ensure their support for the project.

### **3.4. Conditions of success**

The internships depend upon the interns actually being able to meet the obligations expected of them. Fellow workers' acceptance and support must also be actively encouraged and promoted.

Statistics show that the level of employment after activation programmes are higher when the company internship has been conducted in companies over 50 employees and when the company internship has been combined with courses connected with Job-training (PLS Rambøll, 2003: 3 and 28).

## **4. Expected specific effects and outcomes**

While company internship may not lead to immediate regular employment, it is expected that the internship will improve the intern's working skills and internship

can also lead to other measures such as the Job-training measure.

**5. Institutional Levels involved and respective functions (national, regional, local)**

The day-to-day work with company internships takes place locally. The parties concerned are the municipalities and local job centres which locate suitable local companies for the interns. It may also be that local companies, having heard about the measures, contact the job centres themselves.

**6. Access (description of the procedure)**

Job-training programmes are open to all unemployed people. Either the unemployed or the company wanting a job trainee contacts the local municipality and/or job centre, which arranges a meeting with the opposite party and helps in setting up an appropriate internship.

**7. Suppliers**

Private companies play a large role in company internships, but as mentioned above the internship might also take place in a public institution or enterprise. The local municipalities and job centres are instrumental in facilitating contact between the parties involved.

**8. Cost analysis**

The interns receive the amount of money that they would otherwise receive in unemployment or cash benefits. Apart from extra administrative cost and publicity expenditures, further costs need not be involved.

**B. Instruments**

**9. Instruments of the measure**

The company internships work mainly through the guidance of job centres and municipalities, which facilitate the internships for increasing the intern's employability.

**C) Information about the context of the Measure**

**10. Costs of the measure**

As mentioned above, the costs of company internships are comparatively low, since the interns are paid what they are already receiving in unemployment and cash benefits.

The number of young people doing company internships in the autumn of 2006:

	Recipients of unemployment benefits	Recipients of cash benefits
16-24 years	22	890
25-29 years	78	679

**Source:** Source: Danmarks statistik [Statistics Denmark]

**11. Complementary measures (when required)**

Company internship programmes can be constructively combined with mentorships.

**D) Information about the evaluation of the measure**

**12. Results and effects evaluations**

Statistics indicate that the company internship measure is the most effective form of activation. Population figures show that 55% of activated people got in touch with a future employer through a company internship (Arbejdsmarkedsstyrelsen, 2004: 2).

13. **Documentation** (concerning previous points)

- **Printed material**

Arbejdsmarkedsstyrelsen (2004). Notat: Orientering om effektundersøgelsen 2002/2003

PLS Rambøll (2003). Effekten af indsatsen over for dagpenge- og kontanthjælpsmodtagere [The effect of the work with recipients of unemployment and cash benefits]

Guide til løntilskudsordninger (2004), Dansk Handel & Service

Svar på § 20-spørgsmål nr. S 6834 af 1. september 2006 fra finansministeriet til Jørgen Arbo-Bæhr]  
[Answer to §20 question number S. 6834 September 1, 2006 from the Minister of Finance to Jørgen Arbo-Bæhr]

- **Online sources**

**Fleksjob [Flex Job]**

[www.fleksjob2.dk/Lovgivning/AktivBeskaeftIndsats/Virksomhedspraktik/Virksomhedspraktik.htm](http://www.fleksjob2.dk/Lovgivning/AktivBeskaeftIndsats/Virksomhedspraktik/Virksomhedspraktik.htm)

**Jobnet [Job Net], 2007a**

[www.jobnet.dk/Arbejdsgiver/Fakta+om+jobcentrenes+tilbud/Virksomhedspraktik](http://www.jobnet.dk/Arbejdsgiver/Fakta+om+jobcentrenes+tilbud/Virksomhedspraktik)

**Jobnet [Job Net], 2007b**

[www.jobnet.dk/Jobs%c3%b8ger/Info+for+jobs%c3%b8gere/Hvis+du+er+ledig/Virksomhedspraktik](http://www.jobnet.dk/Jobs%c3%b8ger/Info+for+jobs%c3%b8gere/Hvis+du+er+ledig/Virksomhedspraktik)

**Danmarks statistik [Statistics Denmark]**

[www.statistikbanken.dk/](http://www.statistikbanken.dk/)

14. **Research (references)**

- Printed material

- Online sources

**D )Information about the timeframe of the measure**

**15. Situating the measure in the timeframe**

The measure is primarily used to introduce people to the labour market.



<u><b>A. General information about the measure</b></u>
<p>Measure 4: Reduced cash payments for young people</p> <p>Name: Reduced cash payments for young people (<i>Reduceret kontanthjælp for unge</i>)</p>
<p><b>1. Main policy</b></p> <p>Cash benefits are welfare transfers, which are given to people incapable of providing for themselves or their families. Cash benefits are paid in extraordinary circumstances, for instance long term illness, pregnancy, or deaths in the family.</p> <p>The transfer is paid monthly and it is taxable. The payment is meant to cover living expenses, other fixed costs, clothing, food etc. The amount paid depends on age and whether the recipient is a breadwinner or not (Online source: Borger).</p> <p>The reduced cash benefits would appear to be connected to the security dimension of the Danish flexicurity model, since even the reduced amount of money guarantees a certain amount of welfare.</p>
<p><b>2. Beneficiaries</b></p> <p>As mentioned above, the cash benefits are intended for unemployed who are not capable of providing for themselves due to extraordinary circumstances. For young people, this group may include sick youngster or those with limited social skills.</p>
<p><b>3. Abstract</b></p> <p><b>3.1. Definition</b></p> <p>The cash payment is a monthly transfer payment meant to cover the recipient's basic needs.</p> <p>In 1996, the Danish government introduced the so-called "Youth Effort" which was to lead to reduced benefits for all young people under 25 years of age.</p> <p><b>3.2. Goals</b></p> <p>The aim of reducing cash payments for young people is to encourage those capable of having a regular job to actively seek such a job and consequently a higher income.</p>

### **3.3. Contents**

Reduced cash benefits work by using the stick rather than the carrot: the unemployed are discouraged to come off welfare transfers rather than encouraged to have a job (as most of the other measures described).

### **3.4. Conditions of success**

Reducing the cash payments crucially depends on the recipient actually being able to hold down a regular job. If not, the recipient will perpetually have to manage with relatively little money.

### **4. Expected specific effects and outcomes**

Reducing cash payments for young people aims at:

- Making recipients of cash benefits find alternative income sources
- Discouraging people from ending up on this welfare transfer in the first place

### **5. Institutional Levels involved and respective functions (national, regional, local)**

The rules regulating the level of cash payments apply nationally in accordance with Danish law, but the cash payments are actually made locally in the municipalities.

### **6. Access (description of the procedure)**

To receive cash payments, the following criteria must be met:

- The recipient must be registered as seeking employment at the local job centre
- The recipient must make the best use of his or her chances to work
- The recipient cannot have other sources of income or capital (Online source: Borger).

### **7. Suppliers**

While the rules regulating cash benefits apply nationally, the local municipality pays for the cash benefits.

## **8. Cost analysis**

The young unemployed living with their parents receive 2,786 DKR per month (375 Euros). If the recipients live outside the parental home the amount is 5,773 DKR (775 Euros).

If the recipient fails to comply with the provisions for absenteeism from activation or similar misconduct, the amount can be lowered to a minimum of 2,412 DKR. (324 Euros) for recipients living with their family.

On the contrary, special rules apply if the young persons has children or any special needs, making 11,904 DKR (1600 Euros) the maximum amount attainable for under 25-year-olds.

The amounts attainable for under 25-year-olds are 11,904 DKR (1600 Euros) and 8.959 DKR (1200 Euros), the standard amount for people over 25 years, with and without children respectively (Online source: Dansk Arbejdsmarked).

## **B. Instruments**

### **9. Instruments of the measure**

Reduced cash benefits work through financial discouragement mainly.

## **C) Information about the context of the measure**

### **10. Costs of the measure**

Some administrative expenditure is probably connected with administering two different sets of benefits, but these would appear to be low compared to the transfer money saved and that generated by potentially increased employment.

### **11. Complementary measures (when required)**

Reduced cash benefits for youngsters are integrated with other measures such as activation in its different forms.

## **D) Information about the evaluation of the measure**

### **12. Result and effect evaluations**

Among the receivers of cash benefits, young people under 25 years have the shortest period of unemployment. Statistics show that, on average, young cash benefit receivers are unemployed for approximately 21 weeks, while people from 35-44 are averagely unemployed for nearly 35 weeks (Dansk Arbejdsgiverforening, 2005:143)

Statistics also show that the percentage of young people between 18 and 24 years receiving cash benefits for the minimum six months has fallen from 5.5 percent in 1993 to less than 1 percent in 2000 (Center for Ungdomsforskning). While the reduced levels of cash benefits may account for some of this decline, this measure is probably not the sole explanatory variable behind the decline.

### 13. **Documentation** (concerning previous points)

#### - **Printed material**

Dansk Arbejdsgiverforening [Association of Danish Employers], Arbejdsmarkedsrapport 2005, kapitel 5: Kontanthjælp: [Labour Market Report 2005, chapter 5: Cash benefits], pages 127-166.

#### - **Online sources**

##### **Borger [Citizen]**

[www.borger.dk/forside/penge-skat-og-pension/kontanthjaelp#Generelt](http://www.borger.dk/forside/penge-skat-og-pension/kontanthjaelp#Generelt)

##### **Center for Ungdomsforskning [Centre for Youth Reseach]**

[www.cefu.dk/videnom/statistik/doc008/doc/](http://www.cefu.dk/videnom/statistik/doc008/doc/)

##### **Dansk Arbejdsmarked [Danish Labour Market]**

[www.dk-arbejdsmarked.dk/arbejdsmarkedsleksikon/term.html?id=87](http://www.dk-arbejdsmarked.dk/arbejdsmarkedsleksikon/term.html?id=87)

### 14. **Research (references)**

#### - Printed material

#### - Online sources

**D) Information about the timeframe of the measure**

**15. Situating the measure in the timeframe**

The measure applies at any given time of youth unemployment.

<u><b>A. General information about the measure</b></u>
<p>Measure 5: Immediate activation</p> <p>Name: Immediate activation (“<i>Straksaktivering</i>”)</p>
<p style="text-align: center;"><b>1. Main policy</b></p> <p>The concept of activation as such is mainly tied to the reforms of the Danish labour market, which were initiated in the 1990s (Økonomiministeriet, 64). These reforms were aimed at transforming labour market policies from a passive approach to a more active approach, which is the very essence of the activation measure.</p> <p>Activation is the essence of the active labour-market policy dimension in the Danish flexicurity model.</p>
<p style="text-align: center;"><b>2. Beneficiaries</b></p> <p>Ideally, every unemployed person will eventually be activated. Young unemployed people have been a particular focus group in connection with immediate activation and so young unemployed people would appear to be the main beneficiaries of the immediate activation measure.</p> <p>The introduction of the immediate activation measure and the specific rules regulating its application are for the municipalities to decide upon locally.</p>
<p style="text-align: center;"><b>3. Abstract</b></p> <p><b>3.1. Definition</b></p> <p>Activation denotes the measure whereby the unemployed, rather than being a passive recipient of welfare transfers, are activated in a job-like position. The specific form of activation varies and can include measures like job-training and company internships.</p> <p>Immediate activation refers to the fact that the unemployed are directed to activation within a very short timeframe after registering at the local job centre.</p> <p>By law, the municipalities have the option of activating young people below 25 immediately and they are obliged to activate them after three months (Online source: Dansk Arbejdsgiverforening).</p> <p><b>3.2. Goals</b></p>

Goals of the immediate activation measure include:

- Facilitating the unemployed's continuous contact to the labour market
- Preventing that the unemployed become incapable of managing a regular job by ensuring that they maintain a reasonable daily schedule and do not engage in less productive activities.
- Discouraging people from relying on welfare transfers, so that only those truly in need will contact the job centres.

### **3.3. Contents**

By law, recipients of cash benefits have the right and the duty to engage in activation (Online source: Gladaxe Kommune).

Immediate activation takes place whenever a person applies for cash benefits from the municipality. If the municipality deems the applicant fit for work, the applicant is assigned to work within a short timeframe (usually between two or three days).

Some municipalities have successfully distinguished between unemployed below and above 25 years, conducting immediate activation particularly for the younger unemployed.

In some municipalities there are agreements with several small enterprises while others work in close cooperation with a big company.

From the beginning, the activated person is integrated as a regular new employee.

The timeframe of the activation projects depends on the specific form of the activation. The activation can take place in private companies or in public projects and the activation can, for instance, be conducted as company internships or job-training. In that case, the general rules of these measures apply (see the mentioned measures for more information).

### **3.4. Conditions of success**

The success of immediate activation depends upon a proper screening before sending the recipient of cash benefits into activation. It is for the municipalities to ensure that those activated are capable of handling a job-like position.

## **4. Expected specific effects and outcomes**

Immediate activation can be expected to minimize the number of people who become incapable of handling a regular job, thereby preventing the level of

<p>structural employment from rising in times of recession.</p> <p>Immediate activation also keeps the number of applicants for cash benefits low, since people not wanting to work are discouraged from applying.</p>
<p style="text-align: center;"><b>5. Institutional Levels involved and respective functions (national, regional, local)</b></p> <p>The involved parties are the municipalities and the local job centres, which locate suitable local companies for the activated persons. Local companies, having heard about the measures, might also contact the job centres themselves, perhaps to strike a deal to ensure a steady influx of employees.</p>
<p style="text-align: center;"><b>6. Access (description of the procedure)</b></p> <p>As described above, by law it is not only the right but also the duty of unemployed recipients of cash benefits to seek activation. Immediate activation, on the other hand, does not take place in all municipalities and so the timeframe can be several weeks.</p>
<p style="text-align: center;"><b>7. Suppliers</b></p> <p>The local municipalities and job centres are instrumental in administering immediate activation, but this naturally depends on the existence of local companies being willing and capable of accepting an adequate number of activated persons. In some municipalities there are special “activation centres” which provide activities with special programmes, such as a cookery courses or a creative workshop (Online source: Midtsjællands Aktiveringscenter).</p>
<p style="text-align: center;"><b>8. Cost analysis</b></p> <p>If immediate activation takes the form of regular employment, the person activated receives regular payment. If the activation is conducted as a company internship or job-training (see measures cited for more information) the rules are those which apply to these measures (Online source: Gladaxe Kommune).</p>

<b><u>B. Instruments</u></b>
<p style="text-align: center;"><b>9. Instruments of the measure</b></p> <p>The primary instruments of the immediate activation measure are guidance and administrative tool. To ensure a meaningful activation programme, instruments</p>

such as courses and transport of the activated person to the workplace can sometimes be used.

**C) Information about the context of the measure**

**10. Costs of the measure**

The municipality covers the extra expenditures of the company or companies involved. These include payment of the project leader, office facilities, transport of the activated, work uniforms etc. In one project, involving approximately 100 activated, these costs amounted to 500,000 DKR (some 67,000 Euros) (Online Source: ISS)

**11. Complementary measures (when required)**

As mentioned above, immediate activation is often connected to job-training or company internships, but the activated could also be assigned to a mentor, either in the company or at the job centre.

**D) Information about the evaluation of the measure**

**12. Results and effects evaluations**

The success rates of immediate activation tend to be quite high. In one project, two thirds of the activated ended up in regular employment (Online source: ISS).

Another evaluation shows that out of 421 people in immediate activation, 90 went on directly to a regular job while 173 continued in various educational activities (Evaluering af straksbeskæftigelsestilbud, Roskilde).

**13. Documentation (concerning previous points)**

**- Printed material**

Pico Geerdsen, Peter og Pico Geerdsen, Lars (2006): Fra aktivering til beskæftigelse [From Activation to Employment], Copenhagen, Socialforskningsinstituttet [Institute of Social Research], 76 pages.

Evaluering af straksbeskæftigelsestilbud. Perioden 2003 –2005, Roskilde Kommune, Socialforvaltningen og Arbejdsmarkedsafdelingen

Økonomiministeriet • Økonomisk Tema • Familier og indkomster, juni 2001, kapitel 4: ”Unge indsatsen”, pages 61 to 85.

**- Online sources**

**Gladaxe Kommune [Municipality of Gladaxe]**  
[www.gladsaxe.dk/Default.aspx?ID=9224](http://www.gladsaxe.dk/Default.aspx?ID=9224)

**ISS**  
[www.iss.dk/view.asp?ID=661&mID=700](http://www.iss.dk/view.asp?ID=661&mID=700)

**Dansk Arbejdsgiverforening [Association of Danish Employers]**  
<http://arkivwww.da.dk/nyhed/agenda/agendapdf/2000/agenda10.pdf>

**Midtsjællands Aktiveringscenter**  
[www.midtsjaellandsaktiveringscenter.dk/](http://www.midtsjaellandsaktiveringscenter.dk/)

**14. Research (references)**

- Printed material

- Online sources

**D) Information about the timeframe of the measure**

**15. Placing the measure in the timeframe**

In the timeframe, immediate activation can be said to work as training for transition to the labour market.

<u><b>A. General information about the measure</b></u>
<p>Measure 6: Basic Vocational Education</p> <p>Name: Basic Vocational Education (“<i>Erhvervsgrunduddannelsen</i>” -EGU)</p>
<p><b>1. Main policy</b></p> <p>Basic vocational education co-exists with general educational policies in Denmark. The aim is to provide as large a share as possible of each birth cohort with education beyond lower secondary school. In connection with the Danish government’s ambition to supply 95 percent of each youth cohort with such education, a great deal of attention is paid to individual educational plans and basic vocational education is a good example of this customised approach. Basic vocational education should be understood in terms of the high skills dimension of the Danish flexicurity model.</p>
<p><b>2. Beneficiaries</b></p> <p>The beneficiaries of basic vocational education are under 30 years of age. Otherwise there are no specific requirements for people applying for the programme and it is intended for those youngsters who cannot complete standard education (Online Source: Uddannelsesguiden).</p> <p>Basic vocational education is theoretically open to all municipalities. Nevertheless, a few municipalities have been leading actors in using the measure and so six municipalities accounted for 40 percent of all basic vocational education contracts in 2004 (Statistik for erhvervsgrunduddannelsen, 7).</p> <p>Statistics show that 65 percent of basic vocational education students are males. 52 percent were under 18 years when they embarked on this education and 25.9 percent came directly into the programme from lower secondary school (Statistik for erhvervsgrunduddannelsen, 6-7).</p>
<p><b>3. Abstract</b></p> <p><b>3.1. Definition</b></p> <p>Basic vocational education is a two-year programme consisting of work</p>

experience(s) and classroom teaching designed around the needs of the individual student.

The work experience takes place in private companies or in vocational schools and the classroom teaching consists of classes from other standard education.

### **3.2. Goals**

The goal of basic vocational education is to provide education beyond lower secondary school for those young people who have difficulties in completing standard educational institutions.

This ensures that:

- It is easier for the young person to find a job
- The young person is encouraged to seek further education
- The young person obtains more self-confidence
- Basic professional education provides young people with knowledge about certain occupational sectors, for instance agriculture

(Online source: Erhvervsgrunduddannelsen i hovedstadsregionen).

### **3.3. Contents**

The student receives guidance from the local education guidance office throughout the programme. The first part of the programme is an introduction course or a short-term work experience, after which the student and the counsellor decides upon the exact contents of the basic vocational education (Online source: Erhvervsgrunduddannelsen i hovedstadsregionen).

Basic vocational education combines practical work experience with classroom teaching. Before starting, the student makes an individual educational plan with his or her counsellor. The plan states where the programme will take place and which classes will be included. This plan is tantamount to a contract between the student and the local municipality.

The duration of basic vocational education is usually two years, but under special circumstances this period can be extended to three years. If the student is 19 years old and has had six months of regular employment prior to the programme, the duration can be reduced to one and a half year.

Classroom teaching includes classes from other educational sectors, such as agricultural or vocational schools. The educational part of basic vocational education lasts from 20 to 40 weeks and ideally the classes should end with exams. If students wish to apply for another education in the future, they can have the

relevant classes taken in connection with the basic vocational education transferred.

The exact content of work experience is described in an agreement which is signed by the student and the company (online source: Uddannelsesguiden).

### **3.4. Conditions of success**

An important condition of success is the possibility of finding enough companies willing to have students do their work experiences on their premises. Among the municipalities not offering basic vocational education, nearly 10 percent state there is a lack of suitable work experience places (Statistik for erhvervsgrunduddannelsen, 11).

While the most frequent reason for leaving basic vocational education is being admitted to other standard education (29.7 percent) or regular employment (19.4 percent), high levels of absenteeism and lack of qualifications are the most frequent reason for terminating the programme prematurely (Statistik for erhvervsgrunduddannelsen, 10).

Hence, the success of basic vocational education also depends on realistic demands being asked of the student and on the student being adequately encouraged throughout the programme.

### **4. Expected specific effects and outcomes**

It is to be expected that basic vocational training will provide the student with incentives and the qualifications to either pursue further education or to find regular employment. The fact that the student experiences success by completing the programme can have positive personal effects in terms of increased self-confidence and self-esteem.

### **5. Institutional Levels involved and respective functions (national, regional, local)**

While the laws regulating basic vocational education are national, it is the municipalities themselves that decide upon conducting such programmes and their specific contents.

### **6. Access (description of the procedure)**

In principle, basic vocational education is open to all young people after a consultation with a counsellor who deems them incapable of completing a standard education.

### **7. Suppliers**

The municipalities and job centres supply basic vocational education in close cooperation with local companies where the work experience part of the programme will take place.

### **8. Cost analysis**

The student receives a so-called "school payment" during classroom teaching periods. For students under 18 years, this payment is 555 DKR (75 Euros) per week, while students over 18 years receive 1329 DKR (180 Euros) per week. The authorities fund this "school payment".

During work experience periods, students are paid according to the agreements covering the sectors in which they are working (online source: uddannelsesguiden).

## **B. Instruments**

### **9. Instruments of the measure**

Basic vocational education is implemented through individual educational plans, meetings between the student and the counsellor, classroom teaching, and work experience periods.

## **C) Information about the context of the measure**

### **10. Costs of the measure**

As of 2004, 650 basic vocational education contracts were signed between local municipalities and students. This is a great deal less than in 1996, when 1054 contracts were signed, probably reflecting generally lower youth employment (Statistik for erhvervsgrunduddannelsen, 5).

No information on the overall costs of the measure could be found, but given the administrative costs connected to providing individual guidance and setting up individual programmes, basic vocational education is not expected to be cheap.

### **11. Complementary measures (when required)**

Mentorships could be a potentially useful complementary measure to help ensure low levels of absenteeism (see point 3.4) .

**D) Information about the evaluation of the measure**

**12. Results and effects evaluations**

Statistics show that 193 basic vocational education pathways were successfully completed in 2004, while 323 ended ahead of time. Among the completed programmes, male participants accounted for 54.4 percent, whereas they accounted for 62.2 percent of the programmes that ended prematurely.

It is important to note, however, that the high number of terminated programmes need not necessarily be a sign of failure, for as mentioned above (point 3.4) nearly 50 percent of those who end the programme early do so because they have found regular employment or education.

Furthermore, statistics show that 24.9 of graduates from basic vocational training have continued in other forms of education, while 39.4 percent are in regular employment and only 8.7 are unemployed. 27 percent did not denote their present occupation, however, so unemployment rates could be higher (Statistik for erhvervsgrunduddannelsen, 9-10)..

Still, basic vocational education would appear to have been quite successful in supplying young people initially unfit for standard jobs or schooling with employment or education.

**13. Documentation** (concerning previous points)

**- Printed material**

Jensen, Johanne and Brixen, Ulla (2007): "Mentorprojektet i Vejle: et samarbejdsprojekt mellem ungdomsuddannelserne og Ungdommens Uddannelsesvejledning 2005-07" [The mentorship project in Vejle: A cooperation project between the youth educations and The Youth Educational Guidance Center], Vejle, Videnscenter for Integration [Resource Centre for Integration], 55 pages

Statistik for erhvervsgrunduddannelsen (EGU) 2004 [Statisics for basic vocational education 2004], 2006, UNI•C Statistik & Analyse

**- Online sources**

**Erhvervsgrunduddannelsen i hovedstadsregionen [Basic vocational education in the capital region]**

[www.egu.dk/frameindex.html](http://www.egu.dk/frameindex.html)

**Uddannelsesguiden [Educational Guide]**

[www.ug.dk/Uddannelse.aspx?article\\_id=udb-erhvervsgrundudd#q4](http://www.ug.dk/Uddannelse.aspx?article_id=udb-erhvervsgrundudd#q4)

**14. Research (references)**

- Printed material

- Online sources

**D)Information about the timeframe of the measure**

**15. Situating the measure in the timeframe**

Basic vocational education can take place at any point of time, given the student is under 30 years of age.

<u><b>A. General information about the measure</b></u>
<p>Measure 7: Job fairs</p> <p>Name: Job fairs (“<i>Jobmesser</i>”)</p>
<p><b>1. Main policy</b></p> <p>Job fairs constitute a comparatively new phenomenon in Denmark. Job fairs can be directed at all sorts of target groups, such as those specifically aimed at recent university graduates (online Source: Dansk Erhverv). The job fair measure, however, has particular advantages when it comes to increasing employment among more marginalized groups in society (online Source: CABI). Since job fairs often lead to either company internships or job-training, they can reasonably come under active labour market policies.</p>
<p><b>2. Beneficiaries</b></p> <p>In the context of youth unemployment, the beneficiaries tend to be those young people who have difficulties getting a regular job through the existing channels. They may be youngsters who have difficulties formulating themselves in writing or who are not able to handle a regular job interview.</p>
<p><b>3. Abstract</b></p> <p><b>3.1. Definition</b></p> <p>Job fairs consist of a number of companies presenting themselves in an informal way. Each company has a small stand at the job fair, which the unemployed can visit and have a chat about the company and the work there. The company usually brings with it flyers with additional information but is also willing to supply application forms on the spot (online Source: CABI).</p> <p><b>3.2. Goals</b></p> <p>Several goals of the job fairs can be identified:</p> <ul style="list-style-type: none"> <li>• Since there is no need to write a formal application or conduct job interviews, employers get in touch with unemployed people whom they might otherwise never have talked to. This personal encounter can potentially facilitate future employment when the employer realizes that the unemployed is employable despite a long period of unemployment or other factors which may otherwise prevent employers from hiring a</li> </ul>

person.

- In this way, companies get access to new labour and in the longer run they may be less critical when seeking new employees.
- The unemployed get knowledge of the labour market and can ask the company questions in person. This means that people who might not be good at requiring information find it easier to obtain it in this way. This can help clarify if an occupation is interesting to the unemployed and they can discover if further educational measures are needed to start work.
- The unemployed get new inspiration and learn about new occupations and companies which they might otherwise never have heard about, including smaller, lesser known enterprises.
- It is expected that the unemployed will share their new impressions with friends and families and in this way the job fairs reach a much larger audience through a multiplier effect.

### **3.3.Contents**

Job fairs can be arranged either by the companies themselves or by the local job centres. The duration of the job fair usually varies from half a day to a full day and it is free of charge for the companies as well as the unemployed.

Apart from the informal chats between employers and unemployed, special events may be arranged during the day. Often job centres will also have their own stand to help facilitate the process. This can include helping the unemployed establish contact with a future employer and answering potential questions, for instance about different subvention schemes or job-training programmes. Job centres act as a valuable support for the unemployed who suffer from low self-esteem and may have difficulties approaching employers even during the informal circumstances of a job fair. Furthermore, preparation classes are being considered which will teach the unemployed how to behave at job fairs and encourage them to actively approach employers (online Source: CABI).

In some municipalities, the unemployed have been forced to attend the job fairs by having their unemployment benefits reduced if they do not (Petersen, 2007).

### **3.4.Conditions of success**

A problem for job fairs can be that many companies still think in traditional ways when it comes to recruitment. Therefore, it can sometimes be difficult to get an adequate number of companies to present themselves at the job fairs.

Correspondingly, it can sometimes be necessary to encourage some unemployed to attend the job fair since they may have doubts about being able to perform adequately (online Source: CABI). Attempts to force the unemployed to attend job

fairs by reducing their unemployment benefits if they do not, however, appear to have had dubious results (Petersen, 2007).

#### **4. Expected specific effects and outcomes**

Job fairs can be expected to increase:

- The general level of employment.
- The willingness of employers to hire people who are usually considered of low employability (for instance, long-term unemployed) through interaction with them
- The knowledge among the unemployed about the labour market in general and in particular about the specific details of any occupation they might be interested in.

#### **5. Institutional Levels involved and respective functions (national, regional, local)**

Job fairs are conducted locally in close cooperation between local companies and job centres. The companies set up stands on premises provided by job centres, which also encourage the unemployed to attend. In some circumstances companies set up job fairs on their own, but this is usually to attract more qualified labour.

#### **6. Access (description of the procedure)**

Job fairs are open to everyone, but the unemployed who are in contact with job centres are particularly encouraged or even forced to attend.

#### **7. Suppliers**

The job centres and local companies are the main suppliers of the job fair measure.

#### **8. Cost analysis**

For the companies, the cost of a job fair arranged by the job centre is limited to the wage of the company's representative at the job fair and possibly informative materials.

It can be difficult to assess the specific costs involved for job centres since job fairs can be conducted in quite different ways. The largest expenditure would appear to be the cost of renting premises big enough to host the stands of the companies and usually hundreds of visitors.

### ***B. Instruments***

<b>9. Instruments of the measure</b>
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The job fair measure is a very informal one, which works through the facilitation of personal contact between employers and unemployed. Awareness campaigns may also be conducted to attract more companies and visitors to the job fair.
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<b><u>C) Information about the context of the measure</u></b>
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<b>10. Costs of the measure</b>
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See point 8.
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<b>11. Complementary measures (when required)</b>
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Job-training and company internships can be complementary measures since the job fairs may not lead to immediate regular employment.
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<b><u>D) Information about the evaluation of the measure</u></b>
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<b>12. Results and effects evaluations</b>
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Job fairs are usually evaluated positively (online source: CABI and Petersen, 2007).
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One job fair involving 17 companies and lasting 2.5 hours resulted in some 800 visitors and the companies receiving 885 applications (online source: Ressource).
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13. **Documentation** (concerning previous points)

**- Printed material**

Petersen, Lene (2007): ”Ledige tvinges på jobmesser” [”Unemployed forced to attend job fairs”] in Fagbladet 3F, August 2007.

**- Online sources**

**CABI – Center for Aktiv Beskæftigelsesindsats [CABI – Center for Active Employment Efforts]**  
[www.cabiweb.dk/sw47673.asp](http://www.cabiweb.dk/sw47673.asp)

**Dansk Erhverv [Danish Trade]**

[www.danskerhverv.com/4+Medlemskab/4.3+Nyhedsbreve/4.3.11+kort+nyt/4.3.11.1+2007/9/2007.05.24+Jobmesse.htm](http://www.danskerhverv.com/4+Medlemskab/4.3+Nyhedsbreve/4.3.11+kort+nyt/4.3.11.1+2007/9/2007.05.24+Jobmesse.htm)

**Ressource [Resource]**

[www.ressource.nu/site/attachments/2997/Pressemeddelelse\\_Ressource\\_Jobdating\\_opfolgning%20\(2\).pdf](http://www.ressource.nu/site/attachments/2997/Pressemeddelelse_Ressource_Jobdating_opfolgning%20(2).pdf)

14. **Research (references)**

- Printed material

- Online sources

**D) Information about the timeframe of the measure**

15. **Situating the measure in the timeframe**

Jobs fairs can be said to be particularly useful in the transition from training to labour market and for those who have lost their jobs.

### Selection of nr 6 measures adopted in GERMANY

List of selected measures that can be important for the employment and for “good working and living conditions of the young people at national or local (but remarkable) level”.

<i>Number</i>	<i>Name of the measure</i>	<i>Main Goals</i>	<i>Beneficiaries</i>	<i>Institution/organization involved</i>
1	National Training Pact  <i>Nationaler Pakt für Ausbildung und Fachkräftenachwuchs in Deutschland</i>	To extend the number of training places	Young persons looking for an apprenticeship	Companies, Chamber of Industry and Commerce, Chamber of Crafts, Employers organisation, Federal Ministry of Labour, Federal Ministry for Education and Research
2	Special Federal Programme for providing entrance qualifications  <i>Sonderprogramm des Bundes zur Einstiegsqualifizierung Jugendlicher – EQJ – Programm</i>	To create pre-training places in the form of “Praktika” in order to facilitate the transition towards vocational training	Young person looking for an apprenticeship but failing to find one despite the late matching process implemented by the Public Labour Office	Companies, Chambers, Public Employment Services, Companies
3	Preparatory measures for vocational	To ease transition from school to	Mainly disadvantaged young people	Public Employment Service,

<i>Number</i>	<i>Name of the measure</i>	<i>Main Goals</i>	<i>Beneficiaries</i>	<i>Institution/organization involved</i>
	training <i>Berufsvorbereitende Maßnahmen</i>	vocational training		NGOs, Training institutions, Companies
4	Wage Cost Subsidies <i>Eingliederungszuschüsse</i>	To promote employment	Unemployed (young workers and hard-to-place workers)	Public Employment Office, Companies
5	Networking for promoting vocational training in companies owned and led by foreigners <i>Kausa - Koordinierung Ausbildung in Ausländischen Unternehmen</i>	To promote and enhance access to vocational training for young people with migration backgrounds	Companies owned and run by foreigners. Final beneficiaries: young people seeking vocational training (in particular those with migration backgrounds)	Companies, Chamber of Industry and Commerce, Chamber of Crafts, Employer organisations, Migrants and ethnic minority organisations. Federal Ministry for Education and Research
6	Networks for raising awareness of the necessity to support people with migration backgrounds in entering vocational training and labour market <i>Berufliche Qualifizierungsnetzwerke (BQN) für</i>	To increase awareness of all relevant key actors (schools, vocational guidance organisations, companies) on the social and cultural environment of young persons with migration backgrounds	Young people with a migration background up to 27 years of age	Companies, Chamber of Industry and Commerce, Chamber of Crafts, Employer' organisations, Ethnic minority / migrants' organisations, Municipalities,

<i>Number</i>	<i>Name of the measure</i>	<i>Main Goals</i>	<i>Beneficiaries</i>	<i>Institution/organization involved</i>
	<i>Migrantinnen und Migranten</i>			Federal Ministry for Education and Research, Federal Institute for Vocational Training

<b><u>A. General information about the measure</u></b>
<p><b>Name of Measure nr 1:</b></p> <p>National Training Pact</p> <p><i>Nationaler Pakt für Ausbildung und Fachkräftenachwuchs in Deutschland</i></p>
<p><b>1. Main policy<sup>105</sup>:</b></p> <p>The National Training Pact has been agreed to remedy the lack of places for vocational training within the German dual training system.</p> <p>Dual training is provided by companies and vocational schools in 360 different crafts and business-related occupations based on mandatory training curriculum. The two-three 1/2-year courses are completed with vocational training examinations given by the Chambers of Industry and Commerce or the Chambers of Crafts. For crafts-related occupations, a masters degree in different crafts is awarded.</p> <p>Vocational training within the dual training system represents a strong pillar of the German training system, although it has to face new challenges with the new skills triggered by new technologies as well the general trend towards up-skilling. In 2006, about 576,000 <i>new</i> vocational training contracts were signed (in the same year, about 950,000 young people terminated their regular schooling and over 300,000 left schools with a vocational orientation – <i>berufsbildende Schulen</i>).</p>

<sup>105</sup> What is interesting here: also previous measures as long as there exists evaluation results in order to learn from past experiences.

The dual training system helps to ease the transition from training to education, as a number of trainees are taken over by the companies after training. The advantages for the companies are clear since they have the chance to get to know the young people. The dual training system also provides young people with some theoretical knowledge (provided by Vocational Schools) and practical knowledge. This work experience is seen as a major asset for trainees even if they have to seek a job in the external labour market. The transition from training to employment is easier in Germany than in many other countries without a vocational training system.

In recent years, companies have tended to reduced the number of training places or to withdraw from the “responsibility” of providing training. One reason for this trend is linked to structural change: those occupations traditionally trained by apprenticeships within the dual training system are becoming less important. New occupations are often not integrated in the dual training system, especially in the tertiary sector. Thus vocational schools are becoming increasingly important.

A further reason might be the fact that, with this system, companies are bearing the training costs.

The National Pact for Training is asked for more social responsibility in providing training for the next generation.

### **Policies involved**

There are further pacts and activities at regional level (but these are not involved policies). Depending on the targeted sub-groups of young people, further policy areas might be involved (see for instance Measure nr 2 “Special Federal Programme for Providing Entrance Qualifications”).

Further activities at government level include several projects financed by the Ministry for Education and Training for the promotion of vocational training. In particular there are additional funds for the various Chambers to engage persons for motivating companies to provide training and for helping companies to implement vocational training.

#### *Role of collective bargaining*

The social partners are involved in vocational training; in 2003, for example, they promoted the dual VET system through 121 collective agreements. The agreements aimed at maintaining low pay for trainees – even specifying a low entry-level wage for former trainees – while also recognising the skills acquired during training and offering a job guarantee of six months

(source: *European Foundation for the Improvement of Living and Working Conditions, 2007*).

In 2006, collective agreements fixed the average pay for an apprentice at 629 euro per month (source: *Berufsbildungsbericht 2007*).

## 2. Beneficiaries:

- Young people looking for a training place, mainly within the vocational dual training system.
- Disadvantaged young people who represent a specific sub-target group of the Pact.

The National Training Pact covers the whole of Germany, with special attention paid to Eastern Germany. It has been decided to support further regional initiatives:

- The common Federal and Länder training programme for eastern Germany (*Ausbildungsplatzprogramm Ost*,) offers 45,000 dual training places. This programme is part of the 2004 National Training Pact. It supports regular dual training with a maximum amount of 6,774 euro per year. The Länder Governments implemented this programme with different approaches and additional funding.
- STARegio, the promotion of dual training in regions with unfavourable training balances with 37m euro for 2003 to 2007, co-financed by the European Structural Funds. This has been amended with a programme to improve regional competences to stabilise and create dual training places (*Programm Regio-Kompetenz-Ausbildung*).
- Kausa (all regions): promotion of vocational training in companies run by migrants (BUT THIS IS NOT an element of the National Training Pact).

## 3. Abstract

### 3.1.

#### Definition:

The Pact represents a mutual commitment of the State, private companies, employers' organisations and industry associations, and is calling for more shared social responsibility.

It aims to provide more vocational training opportunities and to improve the placement and matching process on the vocational training market.

The Pact was signed by the Federal Ministry for Economics and Labour, the Federal Ministry for Education and Research, the Public Employment Services and the employers' organisations.

### 3.2.

#### Goals:

The general objective in the medium term is to reverse the trend towards a negative

balance in the training market by enhancing the number of training places offered. The aim is to offer young people more opportunities for vocational training. A further medium-term objective is to prevent a lack of skilled labour (*Fachkräftemangel*) in the future. For the more concrete objectives see next section: “contents”

### **3.3. Contents:**

The concrete aim of this pact, signed in 2004 for a three-year period, was to increase the number of dual training places in the private sector by 30,000 per year until 2006.

- As well as 25,000 additional “Praktika” in the context of the Programme for providing entry qualifications p.a. (*Programme für Einstiegsqualifizierung*), the Federal State will financially support the Programme.
- The Federal Government is committing itself to increase the number of training places in the civil service by 20%.
- The Federal State will continue the “Programme for Vocational training in East-Germany (*“Bundes-Länder-Ausbildungsprogramm Ost”*) in 2004 (objective: 14,000 training places).
- The Public Employment Service will continue its activities in the area of preparatory measures (see Measure nr 3 “Preparatory measures for vocational training”) at least at the same level as 2003.
- Optimisation of placement activities in the vocational training market provided by the Public Employment Service. The Public Employment Service will contact young people through a call centre. The call center checks the number of training places available in companies by contacting them on a regular basis. The cooperation between the various Chambers and the Public Employment Office should be improved. The Public Employment Service and Chambers will carry out a “competencies check” of young people if needed.
- Young people that could not be placed the previous year will be offered a training place. These people will be contacted from July of each year (the normal “training year” starts in September). This measure (*Nachvermittlungskaktion*) is carried out with cooperation between the Chambers and Public Employment Service. Those young people who have been placed (*“eingeschränkte Vermittlungsperspektive”*) can take part in the Programme for providing entrance qualifications (see Measure nr 2).
- The Chambers will further develop the system of qualifications (*“Qualifizierungsbausteine”*) by designing some 50 additional “qualification elements”.
- The placement activities will be monitored at regional level (in line with the trend towards a stronger regionalisation of the Public Employment Service).

- The Federal State is increasing by 50% its funds for promoting inter-company cooperation in the area of vocational training (*Ausbildungsverbände*) in the context of STARegio. The Chambers and industry associations will further develop these models.
- The Chambers agree to employ an additional 800 persons to convince companies to provide more training (*Ausbildungsplatzwerber*, also contacting companies run by migrants). The aim is to increase the number of training places both in companies that are already engaged in vocational training and in those companies that have not yet offered training places.
- A public campaign will be run the Federal State.
- Regional Governments and trade unions are asked to support the pact and be actively involved.

A new Pact was signed in 2007.

#### **3.4. Conditions of success:**

The general conditions for success depend mainly on the commitment of companies.

The direct aim is to increase the supply of training places, the indirect aim is to get the young people into employment. Whether this can be achieved depends also on general labour market conditions and, in our opinion, on the extent of skills mismatch. The aim of the programme is formulated in terms of volume and not of structure of occupations.

#### **4. Expected specific effects and outcomes<sup>106</sup>:**

The expected results have been formulated in quantitative terms in the National Training Pact.

#### **5. Institutional Levels involved and respective functions (national, regional, local):**

Different types of partnerships were established:

- At the national level
- At the regional level
- Between types of organisations (often with a regional focus): e.g. cooperation between Chambers, cooperation between companies (*Ausbildungsverbundprojekte*).

<sup>106</sup> If available, also ex-ante evaluations could be included.

Trade Unions are only indirectly involved in the pact. They are not pact partners like the employers' organisations. The pact is nevertheless addressing the trade-unions and is calling upon them and the Länder governments to assume their responsibilities.

**6. Access (description of the procedure):**

Pro-active instruments are used. Companies are directly contacted through the Chambers who have engaged extra staff for this task. The Public Employment Service directly contacts the young people.

*Cooperation between the different actors is an important element.*

**7. Suppliers:**

A closer cooperation between Chambers and Public Employment Services has been achieved.

The local agencies of the Public Employment Service are providing guidance and placement services for young people willing to start vocational training.

The Chambers play an important role in contacting and persuading companies to provide more training.

The employers' organisations are involved in raising awareness among their members to offer training places.

Finally, the companies are offering training places.

Financing for these programmes is provided by the Ministry of Labour and the Ministry for Education and Research as well as from the ESF.

**8. Cost analysis:**

In 2005, the Ministry of Education and Research funded the creation of 14,000 additional training places in the Eastern German Länder with a budget 95 million euro.

(source: *Berufsbildungsbericht 2006*) (6785 Euro per new training place).

In 2005, the Ministry of Labour subsidised the “entrance qualifications” programme “*Einstiegsqualifizierung Jugendlicher*” with a budget of 40 million euro (approximately 1700 euro per participant).

**B. Instruments****9. Instruments of the measure:**

The different sub-measures and instruments are listed in Section 3 “Abstract”.

**C) Information about the context of the measure****10. Costs of the measure:**

See section 8 “Cost analysis”.

**11. Complementary measures (when required):**

See Section 1 “Policies involved”.

**12. Results and effects evaluations**

There is no specific evaluation of the pact as a whole (nevertheless evaluation is available for some related measures as stated below).

According to the Federal Ministry of Labour, the following results could be achieved:

- 30,000 additional training places were expected to be created between

2004 and 2006. Effectively, in 2004: 59,000 additional apprenticeship places were created; in 2005 there were 63,400 and in 2006 67,900<sup>107</sup>. Also the public administration increased their offer of apprenticeship places by 30% (against the 20% target).

- According to the *Berufsbildungsbericht* 2007 the number of young people looking for an apprenticeship place also increased.
- The private sector committed itself to provide 25,000 internship places yearly for the “entrance qualification scheme” *betriebliche Einstiegsqualifizierung* (see Measure nr 2 “Special Federal Programme for providing entrance qualifications”) and the Federal Government committed itself to subsidizing the young people in this scheme. Whereas in the first year there were problems in filling the internship places, more young people were participating in the scheme in the two subsequent years than planned.
- The Federal Government lengthened the *Ausbildungsprogramm Ost* (Vocational Training Programme for Eastern Germany) and increased training places by 14,000 in 2004. In 2005 and 2006 this programme continued with the addition of the Pact Commitment. Meanwhile the East-German regions and Federal State have agreed to terminate the programme in 2010 because of demographic development.
- The programme funding (Jobstarte) has been increased from 25 million to 125 million euro. The objective of this programme is to activate more training places and promote inter-firm cooperation in vocational training. Jobstarter was launched in 2006 (*source: Der Berufsbildungsbericht 2006*).
- The Public Employment Service is continuing its activities in the area of preparatory measures (*berufsvorbereitende Maßnahmen* – see also Measure nr 3 “Preparatory measures for vocational training”) at the same level as 2003: (some 250,000 participants in 2003). However, the number of participants in *ausbildungsfördernden Maßnahmen* gradually decreased (225,500 in 2006 – provisional figure).
- The “renewed placement for vocational training” (*Nachvermittlung*) means that all young people who up to now have not found placement on the vocational training market are now being offered a place. The pact gave new impetus to the cooperation between Chambers and Public Employment Services at local level. The “renewed placement activities”

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<sup>107</sup> Data are taken from the German Ministries web sites.

have been implemented all over Germany.

- The Public Employment Service has further developed its system for profiling young people looking for a training place and for determining whether they are “mature enough to undertake vocational training”(Kriterienkatalog Ausbildungsreife), whether the envisaged occupation is suitable and whether the young have a chance of being placed (Vermittelbarkeit). This profiling system is designed to be used by a variety of actors, including the Public Employment Service itself, training institutions and companies, as well as teachers in schools and parents.
- This led in 2005 to a discussion between general schools and pact partners about the basic needs and skills for undertaking vocational training. In 2006, a common handbook was produced on how to prepare young people for vocational training. The great challenge that the entire educational system faces is to ensure that young people obtain basic skills for undertaking vocational training.
- In 2006, the pact partners stated that more efforts need to be undertaken, in particular at school level, to integrate young people with migration backgrounds into education and training. This is one of the most important policy areas.

The partners considered that the pact had given positive results and it was decided to extend it.

In 2005, the number of young people undertaking vocational training increased for the first time since 1999 (a total of 573,000 training places were offered). However, the number of new vocational training contracts decreased compared to 2004, albeit compared to 2003, before the pact came into being, the total increased by 8,000 contracts.

(source: *Berufsbildungsbericht 2006*)

The number of young people unable to be placed in vocational training decreased between 2004 and 2005 by 7% (total volume 41,000). The “*Nachvermittlungskaktionen*” further reduced this number. However, the number of young people still interested in a training place, although they have been proposed alternatives, has increased.

(source: *Bundesarbeitsblatt 5-2005*).

### **13. Documentation** (concerning previous points):

- *Printed material*

Nationaler Pakt für Ausbildung und Fachkräftenachwuchs in Deutschland.

Kausa: Die Ausbildungsinitiative: Ein Ziel – fünf innovative Ausbildungsstrukturprojekte.

- *Online sources*

[www.pakt-fuer-ausbildung.de](http://www.pakt-fuer-ausbildung.de)

[www.ausbildungspakt-berufsorientierung.de](http://www.ausbildungspakt-berufsorientierung.de).

**14. Research (references):**

- *Printed material*

European Foundation for the Improvement of Living and Working Conditions (2007): Youth and Work.

**E)Information about the timeframe of the measure**

**15. Situating the measure in the timeframe:**

Transition from school to training.

**A.General information about the measure**

**Name of Measure nr 2:**

Special Federal Programme for providing entrance qualifications

*Sonderprogramm des Bundes zur Einstiegsqualifizierung Jugendlicher – EQJ - Programm*

**1. Main policy<sup>108</sup>:**

The “Special Programme for providing entrance qualifications” has been decided in the context of the National Training Pact (see Measure nr 1).

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<sup>108</sup> What is interesting here: also previous measures as long as there exists evaluation results in order to learn from past experiences.

It is also partly linked to the policies aimed at the integration of disadvantaged young people. According to the ongoing evaluation report, one fourth of participants can be considered as lacking the maturity and competencies for engaging in vocational training.

### **Policies involved**

In general terms, this programme is embedded in the overall attempts to enhance the supply of training places.

There is the possibility of continuous social-pedagogical guidance (“*sozialpädagogische Begleitung*”) for young people with learning deficiencies. The company where the training is accomplished normally applies for this service, although only about 2% of the companies participating in EQJ-Programme have actually applied. This could be because companies are not properly informed of this possibility. However, 14% of companies state that they would need specific measures (5<sup>th</sup> *ongoing evaluation report from 2007*) to implement it. At the same time, companies that did not fill all possible places because of lack of motivation of young people stated they would offer disadvantaged young people a training place under an EQJ scheme if such a service were available. However, those companies refusing to fill all possible places because the candidates had qualification deficits still would not offer them a place if a social-pedagogic service was made available. We can thus conclude that the different services have to be better integrated to target the young disadvantaged with motivation problems. However, the programme and its accompanying measure are not designed to fill in the qualifications gap.

### **2. Beneficiaries:**

The main beneficiaries are young school-leavers who are trying to find a vocational training place. Some of them can be regarded as immature for undertaking vocational training. The EQJ-Programme has defined more precisely two target groups:

- Applicants for a vocational training place who have limited chances to be placed due to personal reasons and who have been unsuccessful during renewed placement activities (*Nachvermittlungsverfahren*). According to Public Employment Offices, about three quarters of young people actively participating in the programme belong to this group.
- Young people under 25 years of age who do not have sufficient competencies for undertaking vocational training. It is estimated that roughly one-quarter of young people placed through the EQJ programme belong to this group.

The evaluation has shown that a large number of beneficiaries belong to risk

groups in training markets:

- Young people with migration backgrounds (one-third; 91% have German nationality)
- Young people with only the lowest educational attainment (*Hauptschule* – 9 years of schooling) or who are early school leavers (38%)
- Young people who have already participated in a different kind of preparatory measure (48%).

Nearly three-quarters (71%) of participants belonged to at least one of those groups.

In the first year only those who did not participate in the national renewed matching process (*Nachvermittlungssaktion*) were admitted to the programme. The eligible group has been widened as there were not enough participants. Thus also persons who have quitted other specific measures can be included.

The third evaluation report (2006) shows that the average age of programme participants is 19.14 years. 58% of participants are young men (over-represented among those with a low educational attainment). 91% had German nationality, a third had migration backgrounds.

### **3. Abstract**

#### **3.1.**

#### **Definition:**

The contracts for obtaining “entrance qualifications” are specific internships (“*Praktika*”) within companies lasting between 6 and 12 months. The aim is to prepare young people for vocational training. At the end of the period the company documents the skills acquired, to be certified by the corresponding Chamber. This certificate should help the young person to enter vocational training and can shorten the training period by 6 months.

#### **3.2.Goals:**

The main goal is to prepare all young people for vocational training and ease the transition between school and vocational training. The measure aims to prevent young people from being inactive after leaving school. It meets the general requirement of the national pact for vocational training to provide a training perspective to all young people willing to undertake training. This measure also aims to raise awareness and acceptance of certifying some skills step-by-step (*zertifizierte Teilqualifikationen*). The supply of internships within the crafts sector with qualification elements (*Qualifizierungsbausteine*) is a clear objective.

Thus the programme aims to increase the supply of “pre-training” places, acting as

a first step towards vocational training. It is embedded in the current reforms of the vocational training system to develop a system based on the certification and modularisation of vocational training. These reforms have been recently aimed at (see also overview of measures for the disadvantaged young) developing policies for disadvantaged young people.

A further (indirect) objective of the scheme is to foster companies' willingness to provide vocational training (by reducing their risks).

### **3.3. Contents:**

On average, contracts have a duration of eight months. A little over a third of participants went on a regular basis to vocational schools (it is part of the dual vocational training system in Germany to attend a vocational school once a week – the rest of the time apprentices are trained within the companies). Another sixth of participants in the EGJ scheme attended schools irregularly, while half of the participants did not attend vocational schools at all. Reasons for non-attendance are linked to regional laws or the lack of specific supply at local vocational schools.

Companies have to bear the costs of providing young people with skills. The Federal Government grants participants 192 euro and pays social security contributions (102 euro per participant).

As described above, at the end of the contract young people can get a certificate attesting to the skills they have acquired and this can be regarded as a first step towards getting vocational training. However, only in a few cases have the skills actually been certified.

### **3.4. Conditions of success:**

The conditions of success are:

- Companies' willingness to train disadvantaged young people.
- Companies' willingness to provide training that will prepare young people for entering vocational training.
- The supply of regular vocational training places has to be high enough to absorb young people after they have participated in EQJ-schemes. There is the danger that young people will only move from one specific measure to another.
- Companies' willingness to enter into a regular vocational training contract with young people who have participated in specific measures (risk of young people's stigmatization).

#### **4. Expected specific effects and outcomes<sup>109</sup>:**

The expected outcomes of the scheme are:

- To acquire enough companies willing to supply this type of internship to reach the target of 25,000 participants per year.
- To provide young people with qualifications which should enable them to undertake regular vocational training.
- To ease the transition towards regular vocational training. It is expected that the same company will take up a number of participants in a regular vocational training programme. The argument is that the company will be able to get the measure of these people and thus takes a lower risk when signing a regular vocational training contract. A further factor would be that the young people themselves will become “more mature”.
- To promote the concept of certification of partial qualifications/skills.

#### **5. Institutional Levels involved and respective functions (national, regional, local):**

The main actors for implementing the scheme are:

The Chambers (which are organised at regional level) as well as the Public Employment Services at local level.

The role of the Chambers consists firstly of acquiring companies willing to supply internships under this scheme.

They are involved with the Public Employment Services in providing individual guidance for young people taking part in the “renewed placement for vocational training” activities (*Nachvermittlungssaktionen*).

Furthermore, the Chambers issue qualification certificates (NB: this is also the Chambers role within regular vocational training: they prepare the exams and issue certificates attesting to the accomplishment of vocational training).

The Chambers have overreached their commitment to ensure that 25,000 places will be available. Their activities were directed both towards companies already providing regular vocational training and those who were not. It can be assumed that the increase in internship places is also because those companies which had already taken part in the scheme were offering places in following years (see the Evaluation Report mentioned below, under Section 14 “*Researches (references)*”). However, there were difficulties in filling the places offered (roughly only half

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<sup>109</sup> If available, also ex-ante evaluations could be included.

were filled in the first year).

The role of the local Public Employment Offices is to propose alternatives to young people immediately after a failed renewed placement activity for regular vocational training (“*Nachvermittlungsgespräch*”). Half of the Public Employment Services still make additional written offers. According to the evaluation report, in many cases the Public Employment Services offer three internship places to each young person failing to find a regular training place. In approximately a third of the cases the company refuses the application. In some cases, young people are asked to look for an internship place themselves.

Close cooperation between the Chambers and the Public Employment Services is necessary to match information on companies offering internship places as well as to select suitable young applicants.

#### **6. Access (description of the procedure):**

*As described above the Chambers are undertaking specific activities to acquire companies to participate in this scheme.*

*The Public Employment Services are approaching young people and are selecting, with the Chambers, suitable candidates who then submit their applications to the companies.*

*The fourth ongoing evaluation report shows that young people learnt about the scheme in different ways.*

*Only 38% of participants received an offer after “renewed placement activities” (Nachvermittlungskaktionen). Over half the participants got the information from the vocational counselling services (Berufsberatung) of the Public Employment Services. More than half received concrete offers from these services. Furthermore, more than a third of young people looked for an internship under this scheme by contacting companies they knew from former internships or fixed-term employment. The Chambers and training institutions were named much less often as an information source (source: Fourth ongoing evaluation report).*

*As far as the “renewed placement activities into vocational training” is concerned, there are selection procedures for identifying suitable applicants. These procedures have an important impact on the structure of the applicants. In general, candidates for the training places have a slightly higher level of education than those participating in preparatory training measures; they are on average older and often have more practical experience. An important share had already taken part in preparatory training measures (see Measure nr 3).*

*According to the Chambers, it is mainly young people with a migration background, in particular from Eastern Germany, and early school leavers who encounter selection problems for internships. These young people generally have a low educational attainment with only basic skills and deficiencies in writing and mathematics. These drawbacks, coupled with low motivation, discourage companies from employing them under the EQJ scheme.*

*Companies offer some 1.75 EQJ-scheme places; they received an average of 6.44 applications, but only 3.65 interviews took place, as in many cases the applicants did not show up (source: third ongoing evaluation report).*

*Companies' other reasons for not selecting applicants to participate in the scheme were (source: third ongoing evaluation report):*

- *low motivation (24%)*
- *lack of qualifications*
- *organisational reasons (18%)*
- *refusal by young people because of low pay (13%), work load (10%) or company too far away.*

*According to the Public Employment Offices, many of the EQJ-places offered were of bad quality and did not often match the job expectations of young people. In addition, the young lacked competencies and were often not "mature" enough for vocational training.*

*Those not selected by companies had to return to the Public Employment Services.*

*Young people "with important deficits" have only rarely found an internship under the EQJ-scheme. 15% of young people who do not have specific deficits and have higher educational attainments are participating in the measure.*

#### **7. Suppliers:**

See information under Section 5 "Institutional levels involved and respective functions (national, regional, local)".

**8. Cost analysis:**

Cost per participant for the Federal State:  
192 euro (payment) plus 102 euro (social security contribution) = 294 euro subsidy per participant. Overall, we reckon that around 1,700 euro per participant have been spent.

Costs for the companies have not been accounted for.

There is no specific information available on these costs.

**9. Instruments of the measure:**

There is no information available on the quality of the training delivered by the companies. This can only indirectly be assessed by the number of certificates issued (as shown below, this was below expectations).

See also Section 5 “Institutional levels involved and respective functions (national, regional, local)” on the different roles of the institutions and Section 6 “Access (description of the procedure)” where the instruments (also in the sense of processes) have already been described.

**10. Costs of the measure:**

In 2004, about 17,600 contracts were concluded.  
In 2006, the number rose to just under 25,000.

**11. Complementary measures** (when required):

See under Section 1 “Main policy/Policies involved”.

**12. Results and effects evaluations:**

Evaluation results from the five ongoing evaluation reports:

(1) The first year about 30,000 places were offered by companies under the EQJ scheme, but only 17,600 contracts were concluded. The second year more places were offered and more contracts were concluded.

(2) The reasons for this mismatch were mostly because young people:

- Lacked of basic qualifications
  - Had low motivation
  - Were discouraged by low pay, high workload and unfulfilled job expectations.
- Furthermore, there were deficiencies in reaching the young.

(3) Overall, the Programme was successful in attracting the target group, although mainly young people with a low educational attainment - but not the most disadvantaged (early school leavers, those with migration backgrounds and low educational attainment) - were participating in the programme.

(4) According to the Public Employment Services, the quality of the internships offered was overall rather poor.

*(5) Some sectors were more suitable than others: according to the Chambers, trade and catering were the sectors where companies could be more easily encouraged to offer additional access to training through EQJ schemes. The displacement of other types of internships or employment is more likely in these sectors. This risk also involves hairdressers and bakeries.*

*(6) According to the evaluation reports there is no widespread abuse of the system (although there are differences according to sectors, as stated above).*

*(7) The satisfaction of young people who participated in the scheme is overall high.*

*(8) Only about 23% of young people are not terminating their internships. In the majority of cases it was the young person who quitted the engagement. One major reason mentioned in the evaluation report is enrolment in regular vocational training. This means that the share of "failures" might be lower.*

*(9) Only a fourth of those who terminated the internship received a certificate from the Chambers. As the Chambers refused certificates only in a few cases, it can be assumed that the companies and young people were not asking for them. This result is disappointing and does not correspond to the expectations of the programme designer.*

*(10) Only roughly half (and in the first year even less) the companies that offered a regular vocational training contract to participants in the EQJ scheme want to reduce the vocational training period by 6 years. These companies are mainly considering the recognition of internships for young people who are also attending vocational schools.*

*(11) The evaluation results show that about 61% of young people obtained a regular vocational training contract at the end of the internship. This share is 40*

*percent points higher than the control group of young people in the same situation but not having participated in the EQJ scheme.*

*(12) There are no significant differences in the transition rates by regions, although there are by sectors. Transition rates were higher in companies who are anyway providing vocational training. However, the fact that some companies which had not previously offered training places are now accepting young people for vocational training can be regarded as a success.*

*(12) Three quarters of those who obtained a regular vocational training place are being trained in the same company which accepted them as an intern.*

*(13) Transition rates of young migrants are comparable to those of other groups (although they have less chances to access the measure!!).*

*(14) To a lesser extent, transition into employment has also occurred (43% of companies were offering regular vocational training contracts and 12% were employing young people after the internship).*

*(15) There are mainly two reasons for not taking young people into vocational training:*

*(a) The costs of training are too high for the company*

*(b) The companies were unsure whether the young people were capable of undertaking vocational training.*

*(16) The Chambers' overall assessment of the effectiveness of the measure is positive and many of the regional Chambers are in favour of continuing this measure after the end of the special Federal Programme.*

*(17) A general conclusion of the evaluation report is that one reason for the success of the Programme was that it gave employers the chance to get to know the young (mostly possessing only a low educational attainment) and thus reduces the risk to the company. We would further argue that it helped to reduce discrimination. However, as has already been seen, the measure is more effective when the young are attending vocational school and there is a minimum of transmitted skills (although this is not stated in the evaluation report). The low rate of certification indicates that the quality of the internship is mostly rather low (own assessment).*

*An evaluation and literature study carried out on behalf of the Commission of the Federal States and the Regions on education and research on cooperative structures for the measures aimed at disadvantaged young people (Pätzold, Wingels, 2005) is quite critical about the effectiveness of the EQJ-Programme. It is argued that few companies are really creating new opportunities for young people who have difficulties entering the vocational training market. It is assumed that*

*some companies are lengthening vocational training for this group of people (which in our view could be useful, as the same report stresses that disadvantaged young people need more time to get trained). A further criticism regards the participants' structure: disadvantaged young people, like early school leavers, have little chance of being promoted. Finally, the scheme does not include the obligation to attend vocational schools.*

**13. Documentation** (concerning previous points):

**14. Research (references):**

- *Printed material*

Becker, Carsten; Ekert, Stephan (2005-2007): *Begleitforschung des Sonderprogramm des Bundes zur Einstiegsqualifizierung Jugendlicher – EQJ – Programm. Im Auftrag des Bundesministeriums für Arbeit und Soziales. Gesellschaft für Innovationsforschung und Beratung. Berlin.*

Pätzold, Jürge; Wingels, Judith (2005): *Kooperation in der Benachteiligtenförderung. Studie zur Umsetzung der BLK-Handlungsempfehlungen "Optimierung der Kooperation zur Förderung der sozialen und beruflichen Integration benachteiligter Jugendlicher"*; supported by the Federal Ministry of Education and Research. Bund-Länder-Kommission für Bildungsplanung und Forschungsförderung; Materialien zur Bildungsplanung und Forschungsförderung, Heft 133

Ministry for Education and Research (BMBF) (2006, 2007): Report on vocational training (*Berufsbildungsbericht*)

**E)Information about the timeframe of the measure**

**15. Situating the measure in the timeframe:**

Transition from school to training

**A.General information about the measure**

**Name of Measure nr 3:**

Preparatory measures for vocational training

**21. Main policy<sup>110</sup>:**

This measure is part of the policies directed at the integration of young disadvantaged people (*Benachteiligtenförderung*), which is a big issue in Germany. It is not a specific programme, but can be regarded as mainstream policy.

Early school leavers, as well as school leavers with a low educational attainment, have difficulties in entering the training market. Empirical evidence on school performances shows that (*PISA 2003, Federal Statistical Office*):

- 22% of German pupils aged 15 do not have the basic skills for reading and understanding a text
- 27% of pupils had to repeat a class at least once during a 10-year school period
- 8.5% of all school leavers have no educational attainment
- 22.8% of apprentices leave vocational schools without a certificate

The unresolved issues of secondary education and dual training have created a risk group of about one quarter of German young people, which is now gradually affecting the structure of society.

A first step towards developing a policy for disadvantaged young people was taken in the 1970s by establishing cooperation between schools and vocational training. The first programme for a better vocational integration of disadvantaged young people was launched in 1980 and has now become part of mainstream youth policies. Since then a great number of different instruments, as well as different programmes at national, regional and local levels, have been implemented which target disadvantaged young people (as single instruments or as part of broader measures).

In their study on cooperation within the policies aimed at disadvantaged young people published in 2005, Pätzold and Wingels (2005) listed some 100 different sub-measures and programmes which had been running since the mid 1990s at all levels. The aim of the measures is to ease the transition between school and vocational training, either by explicitly targeting disadvantaged young people or by including them in broader schemes. Some of these were specific programmes that are no longer available, others are still running. In addition to the mainstream instrument of the Public Employment Service, “preparatory measures for vocational training” (*Berufsvorbereitung*) are also available.

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<sup>110</sup> What is interesting here: also previous measures as long as there exists evaluation results in order to learn from past experiences.

Major initiatives include the activities of the Federal State Commission and the regions for education and research (*Bund-Länder-Kommission für Bildungsplanung und Forschungsförderung*).

(Note that the *Länder* have a lot of autonomy with regards to education). This Commission has focused its activities on disadvantaged young people since 1993 and has given recommendations for the further development of policies targeted at this group. These include improving cooperation and staff training, development of preparatory measures and new vocational training profiles and thus new occupations, as well as the individualisation of training by a system of qualification elements and certification (*see for an overview Vogler-Ludwig, Düll, Leitzke, Letzner, 2003*).

The Ministry for Education and Training has developed programmes to further develop and improve policies for easing the transition from school to the VET system for disadvantaged young people (see below). The Ministry of Families, Older People, Women and Youth has also implemented different programmes and initiatives. One of them is the “*Kompetenzagenturen*” (competency services) programme for improving the management of the transition between schooling and the VET system (*Übergangsmanagement*). A stronger cooperation between different institutions but also a better link between the different measures – including the preparatory measures – is the focus of these current activities. Increased cooperation, in the context of “transition management” tested in various pilot projects, has proven to be effective and should be incorporated in mainstream policies

(*source: Berufsbildungsbericht 2007*).

In general, the different measures can be divided in those targeting young people whose disadvantage is based on market problems and thus insufficient supply of training places („*marktbenachteiligte Jugendliche*“) and those targeting young people who are disadvantaged because of personal reasons (e.g. low educational attainment, learning deficits, problems linked to the social environment, disabilities, etc). De facto, however, there are overlaps and displacement effects. This can be seen for example in the relatively greater importance of measures for young people disadvantaged because of personal reasons in East Germany than in West Germany. There is also a lesser supply of training places in East German regions.

The Public Employment Services spent about 973 million euro (in 2006) for all measures aimed at disadvantaged young people (preparatory measures included).

In January 2007, there were about 103,000 participants in preparatory measures for vocational training, about 111,000 participated in schemes for vocational training for disadvantaged young people and 22,000 young people were involved

in the EQJ – entrance qualification scheme.

### **Policies involved**

As explained above, a large number of initiatives and programmes for a better vocational integration of disadvantaged young people has been developed. Some of them use the preparatory measure as one of their instruments. (Note that preparatory measures do not need to be embedded in specific programmes).

#### *Work-oriented social work*

These are programmes to integrate young people at risk of missing out on vocational training. Many of these programmes are undertaken by charities or municipalities with the financial help of Länder governments (e.g. the work-related social work for youths in Saxony). Young people are also involved in projects which provide basic working competences and skills.

Youth social work is the part of youth services whose aim is the vocational and social integration of young people and their participation in social life. As a result, youth social work is not only performed in the context of youth services. Educational policies, labour market policies, migration/integration policies, social policies and housing policies are also playing an important role. Youth social work is mainly supported by the so-called “Welfare Agencies” (NGOs). Additionally, youth social work measures are offered by public agencies, by educational trade institutions and increasingly by commercial agencies. Most of the youth social work measures are funded by the Public Employment Service but funds are also available from local authorities, out of specific regional programmes and out of the pilot programmes of the Federal Child and Youth Plan. In recent years, European support instruments such as the European Social Fund (ESF) have becoming increasingly important.

#### *Preventive measures*

Specific (pilot) projects and programmes are carried out by the Public Employment Office in cooperation with a variety of actors, in particular the regions (which are responsible for schooling) but also the social partners in order to better prepare the pupils to engage in vocational training. The aim is to get more young people directly into the dual vocational training system and thus reduce the need for preparatory measures. This includes more offers for intense professional guidance, as a large proportion of young people in the preparatory measures have no ideas about what kind of work they would like to do.

Disadvantaged young people also get specific support and guidance when they are in vocational training (*ausbildungsbegleitende Hilfen*). In 2006, about 103,000 new vocational contracts were signed in which this back-up will be provided.

The preparatory measures are implemented today in a context of ongoing reforms of the VET system in Germany, focusing on a stronger modularisation of the

system. Although the reforms are still at the initial stage, two tendencies for creating more opportunities for disadvantaged young people can be noted:

- (a) The concept of competence modules will be strengthened through certification and their acceptance as part of dual training.
- (b) The introduction of two-year dual training schemes opens up the system from the bottom (normally training lasts for at least 3 years).

*BQF – Ministry for Education and Research’s programme for disadvantaged young people.*

Between 2001 and 2006 an important programme for promoting the skills of disadvantaged young people (BQF – “Kompetenz fördern – Berufliche Qualifizierung für Zielgruppen mit besonderem Förderungsbedarf”) was implemented. This programme contained about 107 sub-programmes plus pilot projects and research projects. They were aimed at improving the institutional structure and services for young people, as well as at identifying new training opportunities for the target group, developing preventive activities and improving vocational training activities for young migrants (or children of migrants). The general objective was to modernise and improve policies for disadvantaged young people and to develop more coherent approaches.

This programme was financed by ESF and the Federal Ministry for Education and Research. The Federal Ministry for Education and Training is continuing some of the approaches within its “Ausbildungsoffensive” policy, attempting to implement a more coherent approach. About five sub-programmes are currently being implemented. Parts of the projects are aimed at further developing “preparatory measures for vocational training” and in particular competency modules, a key element of these measures. A good practice data bank has been set up at the Federal Institute for Vocational Training. However the BQF Programme also tackled other transitional problems and was involved in developing better preventive measures. A special focus of the programme was on young persons with a migration background.

## **2. Beneficiaries:**

The preparatory measures of the Public Labour Services are in principle targeted at all young people under 25 years of age who have not undertaken vocational training. However, in practice the measures mainly target the following groups:

- Young people who are not mature enough for vocational training
- Young people with learning deficits
- Young peoples with disabilities
- Young people with no formal educational attainment with or without some basic workplace-related training (*Un- und Angelernte*)
- Young people who are socially disadvantaged
- Young people with a migration background

(source: *Berufsbildungsbericht 2007 - Report on vocational training*).

The notion of disadvantaged young people is not clearly defined. Disadvantaged young people are in general those who have little chance to obtain either a training place or a job after leaving school. Most of them can be regarded as not sufficiently mature for vocational training (*Bundesinstitut für berufliche Bildung: "Neue Perspektiven in der beruflichen Benachteiligtenförderung?", 3.11.2006, www.bibb.de/de/11802.htm*).

The main reasons for being disadvantaged are the family context and social environment, ethnicity and cultural origins, socio-economic context.

### **3. Abstract**

#### **3.1.**

#### **Definition:**

Preparatory measures for vocational training are aimed at providing young people with the basic skills for finding a training place. They include vocational guidance and orientation, provision of basic skills, key competencies and workplace-related experience. The measures are financed by the Public Employment Service and implemented by independent organisations. Internships in companies are one element of the approach.

#### **3.2.Goals:**

As a general objective, the preparatory measure for vocational training aims to facilitate the transition from school to vocational training by providing young people who encounter difficulties in this process with basic skills.

The concept of preparatory measures was reformed in 2006 (*Neues Fachkonzept der Bundesagentur für Arbeit*). Preparatory measures are based on competence modules (*Qualifizierungsbausteine*) referred to the dual training curriculum and adjusted to the abilities of target groups. Individual consulting is a principle of preparatory measures.

The Public Employment Service lists the following objectives for the reform:

- To avoid unemployment and being untrained
- To improve competencies of young people to become active
- To increase skill levels
- To increase training places and jobs
- To reactivate training opportunities within companies.

#### **3.3. Contents:**

The Public Employment Services and the Länder governments have created a

variety of preparatory measures for at risk groups on the dual training market (including school leavers with only secondary certificate). These training measures are a combination of general education and vocational training, provided for one year in most cases. None of these measures leads to the approved occupations of the dual training system.

A series of so-called “preparatory measures” was created to reduce the learning disadvantages of this group. These measures provide basic skills in combination with an initial practical work experience through one- year courses. Many of the measures try to develop a work orientation to cope with the increasing competition for dual training places.

Preparatory measures are based on competence modules (*Qualifizierungsbausteine*) referred to the dual training curriculum and adjusted to the abilities of target groups. Individual consulting is a principle of preparatory measures.

The new concept for the preparatory measures follows the principle that this kind of support needs to be based on individual competences. There are specific measures for disabled young people and the possibility of obtaining the basic school certificate (after 9 years of regular schooling). The former system was less transparent with a greater variety of sub-measures.

In 2004, when the new concept was developed, it was clear that it needed further enhancement. In the context of the BQF Programme, the Public Employment Service, in cooperation with the Ministry for Education and Research, is carrying out 24 pilot projects (*Entwicklungsinitiative: Neue Förderstruktur für Jugendliche mit besonderem Förderbedarf*). A research organisation is carrying out a participatory evaluation of the programme. As a result of the research, plus recommendations from other parties, some improvements have been implemented (concerning staffing, flexibilisation of the duration, part-time schemes for single parents, etc.).

#### **3.4. Conditions of success:**

It appears that the individual approach is a condition for success.

#### **4. Expected specific effects and outcomes<sup>111</sup>:**

The expected results are to improve the transition rates from school to vocational training.

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<sup>111</sup> If available, ex-ante evaluations could also be included.

**5. Institutional Levels involved and respective functions (national, regional, local):**

At national level, the Public Employment Service has issued general guidelines on how to organise and implement the measure.

At the regional level - Länder have the responsibility for the vocational school system (e.g. defining who has to attend, how many hours a week, contents, etc ). Therefore, cooperation is needed at regional level. Furthermore, at Länder-level there might already be specific programmes in place concerning preparatory measures.

At the local level - The main players are the institutions implementing the measure (in general training institutions and NGOs), the local agencies of the Public Employment Services, the local vocational schools, the Chambers (organised on a sub-regional level, e.g. the Chamber for Industry and Trade of Munich and Upper Bavaria). In some cases the municipalities and their social services (youth work, etc) are involved as well. In particular, at this level cooperation needs to be improved.

**6. Access (description of the procedure):**

Access is mainly organised through the local agencies of the Public Employment Service. They also provide placement services on the training market, provide educational and vocational guidance, etc.

Access can also be organised through the Youth Services with specific programmes.

Vocational-oriented schools also play a role in guiding young people into pre-training measures. In some cases, young people first took part in a school-based measure to be better prepared for vocational training (*schulisches Berufsvorbereitungsjahr*) before going on to the preparatory measures of the Public Employment Service (Lex et al., 2006). Other young people chose to participate in a series of different internships before obtaining a vocational training place. To increase transparency on the different opportunities, more cooperation between the institutions at local levels is needed (see above – Section “Main policy/Policy Involved”).

**7. Suppliers:**

Mostly local agencies of Public Employment Service as well as training institutions and NGOs.

The local Public Employment Services encourage young people for whom the measure seems suitable to participate in the measures.

The new concept for preparatory measures stresses the need for the institution implementing the measure to cooperate closely with companies, Chambers and vocational schools. For example, the implementing institution has to ensure that vocational school adapt their courses to the specific needs of the target group. It also has to network with all institutions involved, including welfare agencies, guidance services and job-oriented social work at regional and local levels.

Cooperation among the various actors still needs to be improved.

#### **8. Cost analysis:**

*For direct costs*

- Cost per participant: on average 5,064 euro

*For non-direct or opportunity costs*

*Cost for participants*

- Costs for employers: according to the Public Employment Services there are no costs for employers.
- Costs for public institutions (specify): as already explained the PES can also co-finance measures.

### **B.Instruments**

#### **9. Instruments of the measure:**

According to the new concept of the Public Employment Service a key element of measures is a competence profile of each individual (strength and weakness analysis). This helps young people to identify their competences and to take more responsibility for themselves. The profiling is also aimed at identifying suitable vocational paths.

A qualification plan is then mapped out with the “*Bildungsbegleiter*” (an accompanying expert in VET). This plan needs to be approved by all the parties involved.

The competence profiling includes skills acquired at school but also social competences as well as specific individual competences. This process should not last more than two weeks (*information: Public Employment Service, new concept,*

2004). The measures are organised in different qualification sequences. The aim of these different stages is either to provide the young participants with key competencies and general skills or with qualifications linked to specific occupations and professions. Key competences include motivation, communication, ability to work in teams, contacts with institutions, timing and planning of the day, inter-cultural competences, basic IT skills, etc.). In the first stage, the young people are taught to write applications and CVs and also given basic competences (including the German language).. This stage has a maximum duration of 6 months.

After this stage, those who are still not sufficiently prepared to enter vocational training get further preparatory training (normally up to three months). If they are still not able to find an apprenticeship place, they can participate in the “transitional qualification scheme” stage (*Übergangsqualifizierung*). It is during this stage that the young participant should get basic job-related skills. Overall, these stages should not last for longer than ten months (except for disabled).

The young participant is tutored continuously by the same person (*Bildungsbegleiter*) who also provides social-pedagogical guidance.

As already explained, the preparatory measures are based on the concept of competence modules (*Qualifizierungsbausteine*). These modules are developed step by step through pilot projects and experience gained while implementing the new concept for the preparatory measures. These competence modules should be aimed at specific professions and should include elements of their curriculum.

Cooperation between institutions implementing the measures and the companies is crucial. First of all, companies willing to take part in the schemes have to be found and their internship offers classified. The organisation implementing the measure has to select the “right” company with “right” type of internship for the “right” type of young person. The implementing organisation also supports the company in its administrative tasks.

### **C) Information about the context of the measure**

#### **10. Costs of the measure:**

*Typology of resources foreseen by the measure (i.e.: in the official document regulating the measure). Total amount per year*

In 2006, the Public Employment Service spent 547 million €, of which 365 m € for training courses and 182 m € for training assistance to participants (*source:*

*Berufsbildungsbericht 2007*). A total of 108,800 participants were registered.

*Total number of beneficiaries per year*

In 2006, 108,800 participants were registered.

Additional funding from municipalities, regions and NGOs need to be added to these resources.

**11. Complementary measures** (when required):

See Section 1 “Main policy/Policies involved”.

**D) Information about the evaluation of the measure**

**12. Results and effects evaluations:**

The preparatory measures are regularly monitored by the Report on Vocational Training of the Federal Ministry of Education and Research:

In 2005, about 105,700 young people took part in preparatory measures following the new concept (without disabled). Six months later 45% of the young people were employed and 38% had obtained a vocational training place, proving that the new – more individualised – concept has improved this transition (in the previous year, under the old scheme, 38% found a job and 30% started vocational training).

The 2007 report on vocational training (*Berufsbildungsbericht 2007*) further stresses that the different pilot projects carried out under the BQF and further programmes clearly show that the disadvantaged young people need individual on educational and vocational guidance, including the early development of competences, and they need to obtain more practical education (rather than theoretical).

The report also considers the further development of competence modules (e.g. in the context of pilot projects as well as within the mainstream policies) as a success. Further development and generalisation of this approach is recommended.

As stated in previous studies, the evaluation of job-oriented social work and preparatory measures show that individualised pre-training approaches are particularly successful as they take the capabilities and preferences of young people into consideration. Good results could be achieved at the first threshold to dual training. The creation of school-based dual training places, however, was not

so successful, more because of the lack of links to practical work in companies rather than the learning deficits of participants (ISG, *Economix 2005*).

A study prepared by the German Institute on Youth (*Deutsches Jugendinstitut*) on the model programme “*Kompetenzagenturen*” and on the management of the transition from school to VET includes also panel results on the transition from school to preparatory measures. The study considers the transition of young people with low educational attainment and a maximum of nine years of regular schooling (*Hauptschule*).

In Germany there are three types schools: **the *Hauptschule***, the one the panel analysis refer to - which ends with an exam at the 9<sup>th</sup> year of general school. **The *Realschule*** – which ends with an exam after the 10<sup>th</sup> year. **The *Gymnasium*** which ends after twelve years with the university entrance qualification certificate (*Abitur*). After four years of primary school, the decision to which type of school the child will be enrolled is taken. Transition from one school type to another is in principle possible but not evident. Most of the disadvantaged young people left the first school type (*Hauptschule*).

The results of the panel analysis (carried out in 2004 at 126 schools) show that 26% of those young people, mostly between 15 and 16 years old, start vocational training immediately after school, while another 26% participate in preparatory measures for vocational training (*source: Lex et al., 2006*). Among those, young people with low skills in the German language and in mathematics, as well as early school leavers, are over represented. What needs to be stressed is that a third of the pupils decided to enrol in schools for continuing their education. 9% of young people were unemployed.

A year later, 43% of young people were participating in vocational training as compared to the 26% who immediately found a training place. Those with learning deficits (in German and mathematics) were not worse off, which indicates that the measures in which they participated were successful. At the same time, the share of those participating in a preparatory measure had fallen from 26% to 13% (most measures last for one year). Unemployment remained at 9%.

The stock of participants in preparatory measures has been growing since the 1990s. A considerable number of participants use preparatory measures as a (repeated) waiting loop for entry into regular dual training. Over the last years, the average level of educational attainment of participants in the measure rose slightly and early-school-leavers had particular difficulties in participating in the measure (*IAB Kurzbericht 2/2007*).

According to a study of the *Institut für angewandte Bildungsforschung*, carried out in the context of the BQF programme, it is estimated that about 30% of participants drop out of the preparatory measure (this refers to findings before the new concept was implemented in 2006).

<b>13. Documentation</b> (concerning previous points):
<b>14. Research (references):</b>

<b><u>E)Information about the timeframe of the measure</u></b>
<b>15. Situating the measure in the timeframe:</b>  Transition from school to training

<b><u>A.General information about the measure</u></b>
<b>Name of Measure nr 4:</b>  Wage cost subsidies  <i>Eingliederungszuschüsse</i>
<b>1. Main policy<sup>112</sup>:</b>  Active labour market policies, income support mechanisms.  In 2004, about 500,000 young people were registered as unemployed at the Public Employment Service. At the beginning of 2007, the number rose to 700,000 after the implementation of the labour market reforms that combined unemployment benefits with social assistance (thus the additional 200,000 young people were former social assistance recipients). This reform means that more young disadvantaged people can be reached with labour market policy measures.  The Public Employment Services have a number of measures at their disposal for activating young people: training measures (which are not analysed here), employment supports and job-creation measures.  The number of beneficiaries of active labour market measures increased considerably between 2000 and 2003, rising from 388,000 to 560,000 participants. In 2004 there were 514,000 participants. This drop compared to 2003 was linked

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<sup>112</sup> What is interesting here: also previous measures as long as there exists evaluation results in order to learn from past experiences.

to the end of the JUMP Youth Programme (see below).

#### *Previous Programmes*

In 1999, to combat youth unemployment, the Federal Government launched the JUMP Programme. From 1999 to 2001, about 176,032 young people participated in the different measures. Most of these measures were not new. They included a wide range of training and training support measures as well as wage cost subsidies, employment creation and measures complementary to employment (*beschäftigungsbegleitende Hilfen*). Unlike mainstream policies, young people who had not so far contributed to the unemployment insurance system could also be beneficiaries. In general, all those who had not accomplished vocational training and was unemployed for more than three months could participate in the measure. The yearly budget (of the Public Employment Service, The Federal State and ESF) ranged between 910 and 970 million euro. An analysis of the participant structure showed that mostly long-term unemployed young people participated in the measures.

#### **2. Beneficiaries:**

The target groups are the difficult to place unemployed in general (*Arbeitslose mit Vermittlungshemmnissen*).

Half of the unemployed young are early school leavers (*Antoni et al., IAB Kurzbericht 2/2007*). The share of unemployed with a low educational attainment varies during the business cycle (as the amount of young people carrying out vocational training or education varies).

#### **3. Abstract**

##### **3.1.**

##### **Definition:**

The so-called integration wage cost subsidies ("*Eingliederungszuschüsse*") are wage cost subsidies paid to the employer for a limited period of time.

##### **3.2.**

##### **Goals:**

To integrate unemployed people with placement difficulties into long-term regular employment.

##### **3.3. Contents:**

The wage subsidy is meant to compensate for productivity disadvantages.

##### **3.4. Conditions of success:**

<p><b>4. Expected specific effects and outcomes<sup>113</sup>:</b></p> <p>To reduce unemployment.</p> <p>In the best case it is expected that the company will permanently employ the persons after having received the wage cost subsidies. However, if the employer does not do so, it is assumed that the placement probabilities of the formerly unemployed person will be improved by the work experience.</p>
<p><b>5. Institutional Levels involved and respective functions (national, regional, local):</b></p> <p>Public Employment Service</p>
<p><b>6. Access (description of the procedure):</b></p> <p>The local agencies of the Public Employment Office decide whether an unemployed person will be placed with the support of these wage costs subsidies. Examples of placement difficulties are no practical work experience or no formal qualifications from the VET system.</p> <p>Companies that have dismissed workers to get the recruitment (wage) subsidies are excluded (however displacement effects cannot be avoided). The Public Employment Service can ask for reimbursement if the worker is dismissed immediately after the company no longer receives wage subsidies and if the reason for dismissal is not linked to the individual worker (<i>source: IAB Kurzbericht 9/2007</i>).</p>
<p><b>7. Suppliers:</b></p> <p>The Public Employment Service selects the participants and funds the wage subsidy for recruiting the unemployed.</p>
<p><b>8. Cost analysis:</b></p> <p><i>For direct costs</i></p> <p>The wage cost subsidy amounts to a maximum of 50% of the wage for a period of twelve months at most (after 2004, when the measure was reformed) (<i>source: IAB Kurzbericht 9/2007</i>).</p> <p><i>For non- direct or opportunity costs</i></p>

<sup>113</sup> If available, also ex-ante evaluations could be included.

About half of the young unemployed who were social assistance recipients (before the labour market reforms) lived with their parents  
(source: IAB Kurzbericht Nr. 26/2006).

As opportunity costs the unemployment benefits can be taken into account (there are two types of unemployment benefit) – and in particular Unemployment Benefit II.

#### *Unemployment Benefit I*

Conditions for receipt: contributions must have been made for at least twelve months in the last three years. In 2004, the replacement rates were 60 per cent of their previous earnings net of tax and social security contributions<sup>114</sup>, and 67 per cent for a worker with at least one dependent child. The monthly ceilings are 60 and 67 per cent of 5.150 euro (west) and 4.350 euro (east) monthly gross earnings, respectively.

People receiving UI can work up to 15 hours a week; working more stops all benefit entitlements. Earnings up to € 165,00 are not taken into account, nor are other income or assets. The duration of payment depends on age and employment record. A young person who has contributed for twelve months would receive UI for six months.

#### *Unemployment Benefit II (ongoing from 2005)*

In the context of labour market reforms, social assistance and unemployment assistance are being combined for persons being able to work (*erwerbsfähige Personen*) according to SGB II (*Zweites Buch Sozialgesetzbuch*). It is possible to earn a small amount in addition to unemployment benefit II. In 2006, the benefit amounted to €346 per person and € 276 per young person aged 16 to 18 able to work. These amounts are supplemented by housing benefits. Unemployment Benefit II is lowered if a person does not accept a “reasonable” job (*zumutbare Arbeit*) or training or an internship. Unemployment Benefit II is means-tested and refers to a household (*Bedarfsgemeinschaften*). The goal of the reform is to activate as many people as possible and increase incentives to work. Among Unemployment Benefit II recipients were 700,000 young people (15-25 years) in 2005. However not only the unemployed get unemployment benefit II; those without sufficient income can also receive it. Among those receiving unemployment benefit II, 20% were pupils, 11% apprentices, 6% were employed, 12% participated in a labour market policy measure, 37% were unemployed and 9% were on maternity leave. 43% of these young people have the lowest educational attainment (*Sonder-/Hauptschulabschluss*). Half of these young people

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<sup>114</sup> Note: Net of tax means the monthly salary after deductions of corresponding taxes and contributions on an individual basis.

lived with their parents. Approximately half of these young people can be regarded as a target group for active measures (including training).

### **B.Instruments**

#### **9. Instruments of the measure:**

### **C)Information about the context of the measure**

#### **10. Costs of the measure:**

*Total number of beneficiaries per year*

In 2006, wage costs subsidies were paid for a total of 230,000 persons, of which 20% were young persons (under 25 years of age). This group was overrepresented. Young participants increased after the JUMP Programme for the labour market integration of young people ran out.

#### **11. Complementary measures (if the case):**

### **D)Information about the evaluation of the measure**

#### **12. Results and effects evaluations:**

Evaluation of the former JUMP Programme aimed at combating youth unemployment

*(see overview of evaluation results in Vogler-Ludwig, Düll, Leitzke, Letzner, 2003):*

Evaluation studies showed that only a fifth of participants found a job after the end of the measures and after six months only a fourth was still in employment *(see for more details: IAB-Werkstattbericht Nr. 3/2001; S. 7)* A third of participants was unemployed directly after having joined the measure.

*The programme was regarded as not being sufficiently innovative.*

*As part of the JUMP Programme, the measures regarding job creation*

*(Arbeitsbeschaffungsmaßnahmen) proved to be ineffective: 44% of the participants were unemployed after having been employed on subsidised new jobs.*

With regard to wage cost subsidies (*Eingliederungszuschüsse*), an recent evaluation assesses positively the measure and shows that the chances of being employed after having participated in the scheme is significantly higher than in the control group.

*(IAB Werkstattbericht 9/2007).*

In general, labour market flexibility in the sense of higher labour turnover of young people (moving in and out of employment) is higher than for other groups.

**13. Documentation** (concerning previous points):

**14. Research (references):**

**E)Information about the timeframe of the measure**

**15. Situating the measure in the timeframe:**

Transition from training to labour market  
Unemployed after having worked

**A.General information about the measure**

**Name of Measure nr 5:**

Networking for promoting vocational training in companies owned and led by foreigners

*Kausa - Koordinierung Ausbildung in Ausländischen Unternehmen*

**1.Main policy<sup>115</sup>:**

The main policy aim is to create more training places (see also measure nr 1 “National Training Pact”) and to ease the vocational integration of young persons with a migration background.

<sup>115</sup> What is interesting here: also previous measures as long as there exists evaluation results in order to learn from past experiences.

### Involved policies

In this section, the educational and vocational integration of young migrants has in recent years been set up within the framework of research programmes, pilot projects and innovative programmes.

The following initiatives are worth mentioning:

- Pilot projects for developing new paths to late vocational training for young adults (aged between 20 and 29) (*Nachqualifizierung*). The models tested were generally based on different modules in different professions and include part-time jobs or work at week-ends and evenings. The argument is that these young people want to earn money immediately after leaving school and therefore only a combination of employment and vocational training would attract them. Furthermore, the modularised approach enables building on already acquired competences. (Cf. [www.good-practice.de/infoangebote\\_beitrag751.php](http://www.good-practice.de/infoangebote_beitrag751.php); M. Granato, K. Gutschow / (2004): *Eine zweite Chance: Abschlussbezogene Nachqualifizierung für junge Erwachsene mit Migrationshintergrund*. In: *Informationen für die Beratungs- und Vermittlungsdienste der Bundesagentur für Arbeit (ibv)*, Heft 15/2004 (Nürnberg). An additional path is vocational training in combination with employment for a period of 12 of 24 months instead of social assistance/unemployment benefit.
- The introduction of new professions with a shorter vocational training period (two years rather than three) aims to attract more disadvantaged young people. Young people with a migration background are largely over-represented within this group (as the reform of vocational training shows).
- MigraNet in Bavaria and Brandenburg (and related projects). These projects have been set up within the framework of the EU EQUAL initiative. They try to develop a method for identifying competences of migrants (including young persons with migration background, but not specifically focused on young people) which then can form a sound basis for vocational guidance and for guidance on job search strategies (*Kompetenzfeststellung*).
- As already explained, further activities for young people with migration background are implicitly carried out in the context of policies directed towards disadvantaged young people, as the young people who have the lowest educational attainment or are early-school leavers are mainly those with migration backgrounds.
- In the context of youth social work, the Federal Ministry for Women,

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<sup>116</sup> Reform processes are very slow in this respect. The German schooling system is not sufficiently conducive to social upward mobility and, according to the OECD and the UN, leads to social selection.

Family, Youth and Elderly finances specific programmes aiming at promoting a better integration of young people with a migration background into German society (including into vocational training). This project has been running since 2001 in cooperation with a number of agencies active in youth social work. In 2004, about 10 million euro were spent. This programme seeks to follow a more co-ordinated approach for integrating young people in the German society and labour market. (Cf. [www.bmfsfj.de](http://www.bmfsfj.de))

- According to recent thinking, more initiatives need to be taken in Germany to ensure better integration at schooling level. Young people with a migration background are strongly over-represented among those with the lowest or no educational attainment<sup>116</sup> (cf. see the educational attainment of young people with a migration background: C. Kristen, N. Granato (2007): *The Educational Attainment of the Second Generation in Germany*; in: *IAB Discussion Paper No. 4/2007* and G. Christensen, P. Stranat (2006): *Bildungsforschung Band 19: Schulerfolg von Jugendlichen mit Migrationshintergrund im internationalen Vergleich*, published by the Bundesministerium für Bildung und Forschung).
- The National Training Pact has set a specific focus on the better integration of young people with a migration background. This has also resulted in networks for promoting access to vocational training for this target group (*Berufliche Qualifizierungsnetzwerke für Migrantinnen und Migranten* – Networks for vocational training for migrants as a part of the BQF - Programme/*Berufliche Qualifizierung für Personen mit besonderem Förderbedarf: Qualification for disadvantaged people*) (see Measure nr 3 “Preparatory measures for vocational training”). Vocational guidance at school level.

## **2. Beneficiaries:**

The direct target group of the measure is companies owned by foreigners whilst the indirect target group is young people with a migration background.

Most foreign entrepreneurs are Turks, Italians, Greeks, citizens of former Yugoslavia and Russians. The companies are typically active in catering, trading, food and drink sector, construction, tourism, personal services and crafts. (cf. *Bericht der Beauftragten der Bundesregierung für Ausländerfragen 2002; Süßmuth-Kommission 2002: 226*).

However, on average only 12.5% of these companies offer vocational training places against the 19% of German-owned companies. Differences between nationalities are enormous. In particular, Turks, Greeks and Italian entrepreneurs are below the average of all foreign-owned companies with regards to training

activities.

The reasons for the lack of training offers include insufficient information about the dual system, company owner's lack of skills for providing training, the size of the company (most are small enterprises), the company's economic condition and legal requirements (Cf. *Sener Sargut, Förderung der Ausbildungsbereitschaft kleiner und mittelständischer Betriebe ausländischer Herkunft in Hessen durch unterstützende Maßnahmen, Offenbach: INBAS 2000*). The cultural background may play a role as well.

At the same time, participation of young migrants in vocational training is far below that of Germans and the gap has widened; because of their lower educational attainment the range of chosen professions is much more limited. The problem of low participation in vocational training is particularly pronounced for young women with a migration background. Young people with a migration background often have no educational attainment at all (*Berufsbildungsbericht 2006, S. 3*).

### **3. Abstract**

#### **3.1.**

#### **Definition:**

The measure aims to raise awareness and fill in the information gap among companies owned and led by foreigners, to motivate them to offer training places within the dual vocational training system. An information campaign has been set up and local and regional networks are being created to inform companies. The targeted companies are in general SMEs.

#### **3.2.**

#### **Goals:**

The objective of this awareness raising and information campaign is to increase the number of training places in companies owned and led by foreigners. The final objective is to raise the number of training places in general. The assumption is that these companies can offer training places for young persons with a migration background. Furthermore, young persons with a migration background generally show more interest in being trained within the dual system than in the vocational school system. The alternative pathway to employment would be without vocational training and this could prevent young people from entering the labour market for a quite long period.

The measure aims to be proactive and to reach the direct target groups

#### **3.3. Contents:**

The information campaign is carried out in cooperation with (cf.

*Berufsbildungsbericht 2006)*

- The media, in the main languages spoken by people living in Germany (mainly in Turkish, Greek, Italian, Croatian and Russian).
- Institutions at local level - about 25 networks between Chambers, Public Employment Service and employer organisations have been established since 2005. These networks are accompanied by the KAUSA projects and seminars and training are organised.
- Religious institutions (in 2005, specific initiatives called “Mosques for Vocational Training” were carried out in 11 German cities, where seminars were organised with local Turkish entrepreneurs, local mullahs and heads of associations as well as the local Chambers responsible for vocational training and the local Public Employment Services. Further actions were planned for other ethnic minority groups).

A “foreign entrepreneurs in schools” initiative aimed to motivate more young people to undertake vocational training in foreign-owned companies in less attractive sectors. For instance, not all training places in the catering area could be filled.

Further activities include training staff in the Chambers’ organisations for liaising with employers with a migration background. Up to 2005, this type of post was created through Kausa in about 50 local Chambers.

A cooperation has also been set up between the German Chambers Federation, the Ministry for Education and Research and about 14 foreign-German employers’ organisations to develop a strategy for raising the interest and commitment of foreign-owned companies to offer more vocational training.

Kausa has prepared a number of publications in different languages.

#### **3.4. Conditions of success:**

- Reaching out to foreign-owned companies
- Accepting that foreign entrepreneurs in Germany are less well informed on how to implement vocational training at company-level within the dual training system.
- Realising that it is important to have the key actors and multipliers of the ethnic minorities as partners in the project because foreign entrepreneurs do not automatically share the German tradition of providing vocational training within the dual system.

#### **4. Expected specific effects and outcomes<sup>117</sup>:**

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<sup>117</sup> If available, also ex-ante evaluations could be included.

- Expected intermediate outcomes: creation of local networks and information material
- Expected final outcomes: creation of more training places by foreign entrepreneurs.

**5. Institutional Levels involved and respective functions (national, regional, local):**

The project focuses on the creation of formal networks among institutions at national, regional and local levels.

**6. Access (description of the procedure):**

**7. Suppliers:**

The coordinating organisation KAUSA, established in 1999, supplies training and seminars organised for the different types of institutions. From 2002 to 2005 it was run by the Federal Organisation of the Chambers of Industry and Trade (DIHK) and since then it is under the responsibility of the Federal Ministry for Education and Research within the framework of the Jobstarter programme (aimed at the integration of young people into the vocational training and labour markets).

The relevant organisations and institutions supply information and awareness-raising activities as they want to reach companies (and young people with a migration background) at the local level.

**8. Cost analysis:**

The nature of the measure means that this information is not available.

**9. Instruments of the measure:**

**10. Costs of the measure**

*Typology of resources foreseen by the measure (i.e. in the official documents regulating the measure).  
Total amount per year*

1.75 million euros over the last six years (Cf. *Berufsbildungsbericht 2006*): The coordinating organisation employs three persons on a regular basis. According to

KAUSA (based on an internal survey), up to 2005 about 5,700 new training places had been activated through the created networks and as a result of the information campaign since the beginning of the project (amounting to roughly 300,00 euro per newly created training place).

*Total number of beneficiaries per year*

See above.

**11. Complementary measures** (when required):

There is no specific complementary measure; however, the success of the measure depends on the activities of the institutions involved.

No details are available on the activities of the organisations involved.

**12. Results and effects evaluations:**

Up to 2005, about 5,700 new training places have been created as a result of networking. The objective is to create another 10,000 vocational training places between 2005 and 2010.

**13. Documentation** (concerning previous points):

▪ *Printed materials*

M. Granato, K. Gutschow / (2004): *Eine zweite Chance: Abschlussbezogene Nachqualifizierung für junge Erwachsene mit Migrationshintergrund*. In: Informationen für die Beratungs- und Vermittlungsdienste der Bundesagentur für Arbeit (ibv), Heft 15/2004 (Nürnberg)

C. Kristen, N. Granato (2007): The Educational Attainment of the Second Generation in Germany; in: IAB Discussion Paper No. 4/2007 and G. Christensen, P. Stranat (2006): *Bildungsforschung Band 19: Schulerfolg von Jugendlichen mit Migrationshintergrund im internationalen Vergleich*, published by the Bundesministerium für Bildung und Forschung

*Bericht der Beauftragten der Bundesregierung für Ausländerfragen 2002; Süßmuth-Kommission 2002: 226*

Sener Sargut, *Förderung der Ausbildungsbereitschaft kleiner und mittelständischer Betriebe ausländischer Herkunft in Hessen durch unterstützende Maßnahmen*,

Offenbach: INBAS 2000

*Berufsbildungsbericht 2006*

22. *Online sources*

[www.good-practice.de/infoangebote\\_beitrag751.php](http://www.good-practice.de/infoangebote_beitrag751.php)

[www.bmfsfj.de](http://www.bmfsfj.de)

**14. Research (references):**

23. *Printed material*

KAUSA information brochures.

Some information is available at:

*Bundesministerium für Bildung und Forschung* (2006): *Berufsbildungsbericht*.

24. *Online sources*

[www.jobstarter.de](http://www.jobstarter.de)

**E)Information about the timeframe of the measure**

**15. Situating the measure in the timeframe:**

Transition from school to training

**A. General information about the measure**

**Name of Measure nr 6:**

Networks for raising awareness of the necessity to support people with migration background in entering vocational training and labour markets<sup>118</sup>

*Berufliche Qualifizierungsnetzwerke (BQN) für Migrantinnen und Migranten*

**1. Main policy<sup>119</sup>:**

The main policy promotes a greater participation of young migrants in vocational training.

**Policies involved**

The educational and vocational integration of young migrants has been tackled in recent years in the framework of research programmes, pilot projects and innovative programmes.

The following initiatives should be mentioned:

- This measure is part of the national BQF Programme of the Federal Ministry for Education and Research. The programme aimed to find new ways to integrate disadvantaged groups of persons into training. Various pilot programmes and initiatives were implemented between 2001 and 2006. Now the results have been mainstreamed and disseminated (cf. DLR / Bundesministerium für Bildung und Forschung: *Kompetenzen fördern – Berufliche Qualifizierung für Zielgruppen mit besonderem Förderbedarf. Newsletter zur Transferphase 11/2007*). The BQF Programme focused on young persons with a migration background, an important group of disadvantaged young people to whom hitherto little attention had been paid.
- There are pilot projects for developing new ways of obtaining late vocational training for young adults (aged between 20 and 29) without any former training (*Nachqualifizierung*) (as part of the BQF-Programme). The models tested are generally based on different modules in different professions and are offered, for example, in relation to a part-time job or on week-ends and evenings. The argument is that these young people have always been interested in earning money immediately after leaving school. Thus, only a combination of employment and vocational training could encourage them to attend vocational training. Furthermore,

<sup>118</sup> This measure is closely connected to Measure nr 5.

<sup>119</sup> What is interesting here: also previous measures as long as there exists evaluation results in order to learn from past experiences.

the modularised approach enables building on already acquired competencies. (Cf. [www.good-practice.de/infoangebote\\_beitrag751.php](http://www.good-practice.de/infoangebote_beitrag751.php); M. Granato, K. Gutschow / (2004): *Eine zweite Chance: Abschlussbezogene Nachqualifizierung für junge Erwachsene mit Migrationshintergrund*. In: *Informationen für die Beratungs- und Vermittlungsdienste der Bundesagentur für Arbeit (ibv)*, Heft 15/2004 (Nürnberg). Another path is vocational training in combination with employment for a period of 12 of 24 months instead of social assistance/unemployment benefit.

- The introduction of new professions requiring a shorter vocational training period (two years rather than three) aims to attract more disadvantaged young people. Young people with a migration background are largely over-represented within this group (see reform of vocational training).
- MigraNet in Bavaria and Brandenburg (and related projects): These projects have been set up within the framework of the EU EQUAL initiative. The idea is to develop a method for identifying the competences of migrants (including young persons with migration background, but not specifically focused on young people) which then can form a sound basis for vocational orientation and for guidance on job search strategies (*Kompetenzfeststellung*).
- As already explained, further activities for young people with migration background are implicitly carried out in the context of policies for disadvantaged young people, as those with the lowest educational attainments or early-school leavers are those with migration backgrounds.
- In the context of youth social work, the Federal Ministry for Women, Family, Youth and Elderly finances specific programmes for promoting a better integration of young people with a migration background into German society (including into vocational training). This project has been running since 2001 in cooperation with a number of agencies active in youth social work. In 2004, about 10 million euro were spent. This programme seeks a more co-ordinated approach towards integrating young people in the German society and labour market. (Cf. [www.bmfsfj.de](http://www.bmfsfj.de))
- According to recent thinking, more initiatives are needed in Germany to ensure a better integration at school level. Young people with a migration background are strongly over-represented among those possessing the lowest or no educational attainment (*cf. see in the educational attainment of young people with a migration background: C. Kristen, N. Granato (2007): The Educational Attainment of the Second Generation in Germany; in: IAB Discussion Paper No. 4/2007 and G. Christensen, P. Stranat (2006): Bildungsforschung Band 19: Schulerfolg von Jugendlichen mit Migrationshintergrund im internationalen Vergleich, published by the Bundesministerium für Bildung und Forschung*).

<ul style="list-style-type: none"> <li>• Networking for acquiring more training places in companies owned and led by foreigners – Kausa (see Measure nr 5 “Networking for promoting vocational training in companies owned and managed by foreigners”).</li> <li>• Vocational guidance at school level.</li> </ul>
<p><b>2. Beneficiaries:</b></p> <p>Final beneficiaries are young people with a migration background up to 27 years of age.</p>
<p><b>3. Abstract</b></p> <p><b>3.1. Definition:</b></p> <p>The measure consists of setting up networks and improving methodologies to better reach and motivate young people with a migration background and to get them involved in vocational training.</p> <p><b>3.2. Goals:</b></p> <p>The objective of the programme was to increase awareness of all relevant key actors (schools, vocational guidance organisations, companies, trainers) on the specific situation of young persons with a migration background with regards to their social and cultural background. This allows actors to develop tailored approaches and methods for increasing the participation of these young people in education and training.</p> <p>The idea of the measure is to be proactive and reach the direct target groups.</p> <p><b>3.3. Contents:</b></p> <p>Pilot projects were implemented as well as scientific research and seminars and guidance for these projects.</p> <p>At regional and local levels, 10 networks were created (<i>Berufliche QualifizierungsNetzwerke</i> BQN). These networks aimed to:</p> <ul style="list-style-type: none"> <li>▪ Promote access of young persons with a migration background to training pathways</li> <li>▪ Raise awareness about the need of vocational training for young persons with a migration background</li> <li>▪ Improve cooperation among the relevant actors at local level. Key actors are municipalities, local Public Employment Services and Chambers. Social partners and organisations of the ethnic minorities, as well as schools, training institutions and regional research centres were also</li> </ul>

involved.

In 2004, 14 such networks were set up.

The activities involved:

- Transition from school – vocational training – job. Networks had to design integration built on competences rather than deficits of young migrants and to implement a awareness-raising strategy in this respect.
- Improvement of strategies to motivate companies to offer more training places. Awareness-raising at company level.
- Development of local policies (at municipality level) to promote vocational training. Networks at municipality level with relevant actors and networking of the existing networks concerned with migrants were to be set up.
- Development of preventive policies in the area of education, higher education and research. It was BQN's the task to make the already existing knowledge of problems linked to the schooling system more visible.
- Public relations. Cooperation with the local and regional media, the ethnic communities the professional media etc.

Two conceptual workshops (*Entwicklungswerkstätten*) have been set up. The first dealt with the identification of competences by considering the migration background. The second one tackled greater intercultural openness in the public sector.

#### **3.4. Conditions of success:**

The pilot projects have been completed and the mainstreaming phase is now being implemented.

According to the evaluation report, small networks or sub-networks are more operational and more likely to elaborate practical solutions and methods for better integration.

#### **4. Expected specific effects and outcomes<sup>120</sup>:**

#### **5. Institutional Levels involved and respective functions (national, regional, local):**

See the project description above.

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<sup>120</sup> If available, ex-ante evaluations could also be included.

**6. Access (description of the procedure):**

**7. Suppliers:**

The “*Initiativstelle Berufliche Qualifizierung von Migrantinnen und Migranten*” (IBQM), set up in the Federal Institute for Vocational Training (BiBB), was responsible for establishing the networks as well as the organisation of seminars, workshops and seminars and the formative evaluation.

**8. Cost analysis:**

The nature of the measure means that this information is not available.

**9. Instruments of the measure:**

**10. Costs of the measure:**

**11. Complementary measures (when required):**

There is no specific complementary measure; however, the success of the measure depends on the activities of the institutions involved.

No details are available about the activities of the different organisations involved.

**12. Results and effects evaluations:**

It has proven quite difficult to overcome existing prejudices among actors. At the beginning of the process, there were different levels of awareness among the different types of actors in different types of regions. It has been stressed that awareness-raising is a long process.

Nevertheless, networking has been considered as useful as it represents a platform for the exchange of experience and know-how transfer towards those actors unsure about joining the networks.

The pilot project evaluation shows that there is a still long way to go until all the actors involved (including HR managers) are fully informed of the facts (*cf. Bundesministerium für Bildung und Forschung (2006): Modelle und Strategien*

*zur Verbesserung der Bildungsbeteiligung von Jugendlichen mit Migrationshintergrund.. Ergebnisse der Initiativestelle Berufliche Qualifizierung von Migrantinnen und Migranten. Band III der Schriftenreihe zum Programm "Kompetenzen fördern – Berufliche Qualifizierung für Zielgruppen mit besonderem Förderbedarf (BQF-Programm).* Highly individualised approaches, exploiting all young people's competences, seem in principle to be more successful. However implementation within the given structures shows its limitations. Exploitation of competences has to be understood as a process and it needs to be integrated in a preventive approach.

It is argued that the different approaches which have been tested can only be successful if they are also integrated in the general education system and are not only applied at the end of schooling.

Project coordinators also stressed that reasons for unequal access to training and to the labour market are to be found firstly in the school system. Therefore the impact of awareness strategies can only have a limited impact unless the structures are changed.

(cf. G. Baumgratz-Gangl, Vorsorgen statt kurieren! Förderung von Bildungschancen von Jugendlichen mit Migrationshintergrund in Deutschland; in: BWP 1/2006).

### **13. Documentation** (concerning previous points):

- *Printed materials*

DLR / Bundesministerium für Bildung und Forschung: *Kompetenzen fördern – Berufliche Qualifizierung für Zielgruppen mit besonderem Förderbedarf. Newsletter zur Transferphase 11/2007*

M. Granato, K. Gutschow / (2004): *Eine zweite Chance: Abschlussbezogene Nachqualifizierung für junge Erwachsene mit Migrationshintergrund. In: Informationen für die Beratungs- und Vermittlungsdienste der Bundesagentur für Arbeit (ibv), Heft 15/2004 (Nürnberg)*

C. Kristen, N. Granato (2007): *The Educational Attainment of the Second Generation in Germany*; in: IAB Discussion Paper No. 4/2007 and G. Christensen, P. Stranat (2006): *Bildungsforschung Band 19: Schulerfolg von Jugendlichen mit Migrationshintergrund im internationalen Vergleich*, published by the Bundesministerium für Bildung und Forschung

Bundesministerium für Bildung und Forschung (2006): *Modelle und Strategien zur Verbesserung der Bildungsbeteiligung von Jugendlichen mit Migrationshintergrund. Ergebnisse der Initiativestelle Berufliche Qualifizierung*

*von Migrantinnen und Migranten. Band III der Schriftenreihe zum Programm "Kompetenzen fördern – Berufliche Qualifizierung für Zielgruppen mit besonderem Förderbedarf (BQF-Programm)*

G. Baumgratz-Gangl, *Vorsorgen statt kurieren! Förderung von Bildungschancen von Jugendlichen mit Migrationshintergrund in Deutschland*; in: BWP 1/2006

- *Online sources*

[www.good-practice.de/infoangebote\\_beitrag751.php](http://www.good-practice.de/infoangebote_beitrag751.php)

[www.bmfsfj.de](http://www.bmfsfj.de)

**14. Research (references):**

- *Printed materials*

Some information is available at:

Bundesministerium für Bildung und Forschung (2006): Berufsbildungsbericht.

- *Online sources*

[www.jobstarter.de](http://www.jobstarter.de)

**E)Information about the timeframe of the measure**

**15. Situating the measure in the timeframe:**

Transition from school to training

**Selection of nr 6 measures adopted in Hungary**

**List of selected measures that can be important for the employment and for “good working and living conditions of the young people at national or local (but remarkable) level”.**

<i>Number</i>	<i>Name of the measure</i>	<i>Main Goals</i>	<i>Beneficiaries</i>	<i>Institution/organization involved</i>
1	KID programmes	Handling the labour market discrimination of young people between 16-25 years by training and employment	Young people between 18 and 25 years who are disadvantaged	Ministry of Employment. Regional Labour Offices. Self-governments, local labour offices, schools, family care centres, drug ambulance offices, civil organisations, individual experts and local business actors.
2	Transit Employment Programme	Ensuring the long-term integration of disadvantaged groups into the prime labour market through three permanent programme elements: training, supported employment, assistance	Disadvantaged people who have no marketable qualifications, or only outdated qualifications	Civil organisations joining the National Transit Employment Association. Local Labour offices, Family and care centres, Child-welfare services
3	Remedial School Programme	Supporting young people in getting qualifications that will help them in	Young people who have not completed their 8 <sup>th</sup> grade of elementary school	Training institutes and civil organisations, Vocational schools

<i>Number</i>	<i>Name of the measure</i>	<i>Main Goals</i>	<i>Beneficiaries</i>	<i>Institution/organization involved</i>
		entering/ re-entering the labour market		
4	Youth Enterprise/ Becoming young entrepreneurs  <i>Ifjúsági vállalkozások</i>	Helping young people to find their own way to self-improvement. Acquainting young people with the own business alternative. Developing the business mentality among young people. Giving practical information for business start-ups	Any young people aged between 18 and 32 years who live in Budapest or its suburbs	Budapest Youth Enterprise Centre
5	Career guidance programme	Career guidance preparation for experts in the civil sphere (A) and in vocational education. Methodical career orientation work in schools. Increasing the	Training of civil organisations' employees (career guidance consultants). Training of vocational school teachers (career guidance teachers). Final year	Ministry of Labour and Social Affairs. Ministry of Education and Culture. Labour Institute. Educational Institutes (Public education-elementary schools, and Vocational education- vocational schools). Civil organisations. Universities.

<i>Number</i>	<i>Name of the measure</i>	<i>Main Goals</i>	<i>Beneficiaries</i>	<i>Institution/organization involved</i>
		career maturity of students, supporting their labour-market integration.	students in elementary schools who are entering further education and need to choose qualification. Vocational school students who need to choose their career path.	
6	Occupational Information and Advisory Offices	Providing information and advice for different types of beneficiaries: unemployed and registered or not registered young/old people, students who need to make a choice on their career path. For young people this service supports their professional choice in accordance with current labour-market demand.	Unemployed and young/old people who need to choose their career path. This service is available for everyone regardless of their geographical, ethnical or national situation.	Occupational Information and Advisory Offices of the Labour Market Offices



<b><u>A. General information about the measure</u></b>	
<b>Name of Measure nr 1:</b>	
Tackling the labour market discrimination of young people between 16-25 years by training and employment. KID (complex, integrated and differential) Programmes.  <i>KID (complex, integrált differenciált) Program</i>	
<b>1. Main policy<sup>121</sup>:</b>	
<ul style="list-style-type: none"> <li>▪ Youth policy – tackles the high youth unemployment rate by individual case handling together with educational, social and employment partners.</li> <li>▪ Employment policy – The main sponsor of the programme was the National Public Foundation for Employment (3-year long pilot programme). Programme organisations worked in close cooperation with the local labour offices.</li> <li>▪ Education policy – The programme focused mainly on underprivileged young people who were school drop-outs. The number of drop-outs is very high, but most schools have no effective follow-up techniques, and the majority of the young people do not apply to labour offices. There is a wide gap between employment and education. These programmes aim to narrow this gap.</li> </ul>	
<b>2. Beneficiaries:</b>	
<p>Young people between 18 and 25 years who are disadvantaged because of geographical isolation, mental or behavioural problems, family problems, gypsy origin, addictions, health problems, low education level or uncompleted education, etc.</p> <p>Most of the participants dropped out from school and a common characteristic was a low motivational level, lack of key-abilities and limited range of social connections.</p>	
<b>3. Abstract</b>	
<b>3.1</b>	<b>Definition:</b>
The programme started as a pilot programme involving 8 organisations in 7 locations nationwide. Three organisations were located in big cities, three in	

<sup>121</sup> What is interesting here: also previous measures as long as there exists evaluation results in order to learn from past experiences.

medium size towns, and two in small settlements.

The direct purpose of the measure was to lower the barriers between the young and employment or education: family factors, socio-cultural factors, interpersonal connections, life-style, addiction problems, accommodation problems ...

To achieve their targets, the programmes needed complex methodical instruments, professional preparedness, comprehensive co-operation among key actors and individual case handling of every participant.

Organisations could only accept young people who had become unemployed. The programme would be more effective with a preventive function, that is working directly with drop-outs.

### **3.2**

### **Goals:**

Primary goal: Tackling the labour market discrimination of young people between 16- 25 years by training and employment.

Justification: The chance of youth unemployment and a decrease in crime or addictions in this age group.

Secondary goal: Working out an individual case handling method for 16- 25 year old unemployed young people in Hungary.

Justification: The National Public Foundation for Employment has realized the need for these programmes to act as a bridge between employment/unemployment and education of young people.

### **3.3. Contents:**

Being a pilot programme, it offered great flexibility to organisations in their implementation. The only compulsory elements were that of reaching the beneficiaries by different methods, individual development, social work, and training or employment.

A further important common element was the system of co-operation among various bodies such as the Programme Council with the most important policy-makers in the given area, the Programme Council with the key actors of youth employment, organisations working in social policy and education and other co-operating institutes and organisations.

Beyond these elements, each programme organisation applied the most effective methods and tools in the local situation: street social work, psychology measuring and development, wide scale of leisure-time activities (theatre, role-playing club, movie club, yoga, music, summer camp), development training (computer, language), individual career orientation, labour-market clubs and training, work-experience gained abroad,.....

### **3.4 Conditions of success:**

The efficiency of certain instruments could not be measured (because of the variety of different programmes). The most important indicators were the number of participants, the number of training participants, the effectiveness of the co-operation (measured by interviews) and the number of young people who went back to school and completed their education or who found work.

#### **4. Expected specific effects and outcomes<sup>122</sup>:**

Quantitative results: 3 programme years, 8 programmes.  
2,772 programme participants.

The number who accomplished the entire development process and had a final career plan: 1,191.

The number of people who went back to education: 902.

The number of people who got a job: 344.

The number of people who entered side-by-side education and job: 13.

Qualitative results:

The interpersonal connections, key-abilities and motivation of the young participants have improved.

Important socialization effects.

A social network has been created among the local key actors.

The National KID association has been shaped by the model.

#### **5. Institutional Levels involved and respective functions (national, regional, local):**

Extensive co-operation was needed for the programme implementation, involving all the organisational levels:

- National level – Ministry of Employment (through the National Public Foundation for Employment as promoter)
- Regional level – Regional Labour Offices as obligatory partners of the programme
- Local level – Self-governments, local labour offices, schools, family care centres, drug ambulance offices, civil organisations, individual experts and local business actors.

#### **6. Access (description of the procedure):**

Participation in these programmes is on a voluntary basis. Services were free of charge for participants. The only limit was the age between 16-25 years, low education attainment and unemployed status (even without registration).

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<sup>122</sup> If available, also ex-ante evaluations could be included.

The methods for reaching the group:  
Partner organisations, media, flyers, street social work, youth programmes, but most typically one participant brought another.

#### **7. Suppliers:**

- Implementing Programme organisations
- Hungarian Industrial Association Education Centre Association (*Kertvárosi Grundsuli Program- Pécs*)
- South-Transdanubium Regional Source Centre Public Company (*KIDerül Program- Pécs*)
- CSAT Association (*KidNet.hu Program- Debrecen*)
- Consensus Foundation of Heves County (*Lajtorja Program- Eger*)
- Handicapped People helping each other Association (*Lépj tovább Program- Bátorterenyé*)
- For the Varying World Foundation (*Pályakezdő HENDIKEP Program- Szombathely*)
- Danubian Regional Adult Education Centre (*Prevenió Program- Dunaiújváros*)
- Contact Foundation (*Támasz- pont Program- Gödöllő*)

#### **8. Cost analysis:**

*For direct costs:*

- Cost per participant: 1,214 €/participant/year for participation in the programme
- Cost: 2,660 €/ participant/year in the event of successful participation

*For non-direct or opportunity costs:*

Cost for participants

- costs for the households in which participants are still living
- cost for employers
- costs for public institutions

### **B.Instruments**

#### **9. Instruments of the measure:**

The programme is based on feedback from participants. The development process showed variety in instruments in the given programmes and involved experts.

**C)Information about the context of the measure**

**10. Costs of the measure:**

- *Total amount per year*

Around 400,000 €/year/programme, organisation. 69-85 % of the resources come from the National Public Foundation for Employment, the remainder from local actors.

- *Total number of beneficiaries per year*

120 participants/ year/ programme organisation.

**11. Complementary measures (when required):**

After the three-year long pilot programme, ESF took this instrument as HEFOP measure. Unfortunately, this measure does not give much flexibility to the programmes (for example the very effective leisure-time activities cannot be guaranteed) and the development term became too short. This is not enough for those who start from disadvantaged situations (those programme parts refer to the remedial school programme for those who have not completed primary school and cannot afford to do so).

**D)Information about the evaluation of the measure**

**12. Results and effects evaluations:**

According to the programme announcement, organisations had to prepare a professional and financial report of the present situation every three months.

The National Public Foundation for Employment has monitored all the programmes and offered professional further education possibilities for the programme organisation's experts.

After the three-year long pilot period, the National Public Foundation for Employment prepared an impact study of the KID programme.

Programme organisations continue their activity through the ESF's HEFOP programme, which does not guarantee as much flexibility as the previous KID programmes, and the development part (emphasized in KID) has been shortened (as mentioned above).

**13. Documentation** (concerning previous points):

- *Printed material*

The relevant laws are:

- 1991. / IV. Law on employment support and unemployment benefits
- 2001. / CI. Law on adult education
- 6/1996. (VII. 16.) MüM regulation on employment benefits and labour-market fund for critical employment situations.

Another source is:

- Strategies for inclusion- KID programme

([www.ofa.hu/index.php?WG\\_NODE=WebFileList&WG\\_OID=DSBfed2e6e81af5ced5b](http://www.ofa.hu/index.php?WG_NODE=WebFileList&WG_OID=DSBfed2e6e81af5ced5b))

- *Online sources*

Contact email address: [orszagoskidegyesulet@gmail.com](mailto:orszagoskidegyesulet@gmail.com)

**14. Research (references):**

- *Printed material*

Fehérvári Anikó- György Zoltán: “*Research Papers Institute for Higher education research – A ray of hope. The KID Programme of the National Public Foundation for Employment*”, Budapest, National Public Foundation for Employment

- *Online sources*

[www.hier.iif.hu](http://www.hier.iif.hu)

**E)Information about the timeframe of the measure**

**15. Situating the measure in the timeframe:**

Before transition from school to training (e.g. vocational orientation in schools).  
Transition from school to training.  
Transition from training to labour market.  
Unemployment after having worked.

*Others*

Taking into consideration the very varied and extensive beneficiaries of KID programmes, the young participants can be involved in any of the timeframes

mentioned above.

**A. General information about the measure**

**Name of Measure nr 2:**

Transit Employment Programme – Re-integrating disadvantaged groups in the labour market

*Tranzitfoglalkoztatási Program*

**1. Main policy<sup>123</sup>:**

- Employment policy - Among registered unemployed people, those with low educational levels, minorities (mainly gypsies) and those who live in economically backward regions have fewer opportunities in the labour market.
- Social policy - The programme is open to those who dropped out from school because of behavioural or social problems, mental problems and lack of appropriate qualifications for employment.
- Education policy - The number of those who did not complete their schooling is very high. In most of the cases, these students who drop out from school very easily become unemployed.

**2. Beneficiaries:**

The beneficiaries of the measure are mainly disadvantaged people who have no marketable qualifications, or have only useless qualifications, and belong to the following groups: minorities (mainly gypsies), disabled, mothers returning from maternity leave, women over 40 years, men over 50 years, those who live in geographically disadvantaged areas (villages, micro-regions), and the long- term unemployed.

At the moment Transit Employment Programmes are available in 23 places throughout the country.

**3. Abstract**

**3.1.**

**Definition:**

<sup>123</sup> What is interesting here: also previous measures as long as there exists evaluation results in order to learn from past experiences.

These complex programmes contain remedial course programmes, vocational training – outside the education system - employment support and social care (mental, psycho- social) suited to the needs of participants.

The programmes have three sections:

1. Preparation part: Recruitment, selection with well-tried methods, remedial course. The aims are to learn about differences among beneficiaries, and to let the experts get acquainted with these characteristics (generally 1-3 days)
2. Training section combined with employment: theoretical and practical training and development of participants' key-abilities. During the training section, participants gain employment experience in supported employment (generally 13- 15 months)
3. Aftercare, follow- up: As a main result of the project, participants will find a job in the prime labour market. They will be given support to fit in with the new workplace and for keeping their job. During this section, the programme experts follow-up the participants, keep in touch with the relevant offices, with the family or the employer if needed (generally 6 months).

### 3.2.

### Goals:

Ensuring the long-term integration of disadvantaged people in the labour market through three permanent programme elements:

- Training
- Supported employment
- Assistance

The programme helps those who have fewer opportunities to find a job because of their social and geographical situations, mental problems, disability, or because of their age, origin or gender. They can also be disadvantaged because they lack any appropriate qualifications.

### 3.3. Contents:

The main contents and features related to this measure are the following:

- Ensuring material conditions for training and support in entering the labour market
- Finding the beneficiaries, selection of participants, motivation, and career guidance
- Remedial course programme, filling in participant's missing knowledge
- Strengthening the students' work- motivation
- Training completed with employment for students (theoretical and practical training, exams). In manufacturing activities, marketing of the

products is included.

- Developing key-abilities, teaching computer knowledge and foreign language.
- Preparation for entering the labour market and support for future employers.
- Employment and follow-up.

### **3.4. Conditions of success:**

Relevancy of the selected vocational training for participants.

Economic and marketing activity of the programme organisation involved in implementation, if the programme leader organisation was able to employ the participants (market incomes).

Current labour-market situation (lack of employees in white or grey market).

Strong social work with individual case handling during the programme.

Employing a production-leader (who is responsible for market research, finding work for participants and maintaining links with employers) is obligatory in every programme.

### **4. Expected specific effects and outcomes<sup>124</sup>:**

Indicators of the programme are:

20-30 participants / Transit programme × 23 organisations= 400-700 participants/year.

Obtaining social and mental support, and community-experience: 400- 700 participants/year.

Participation in vocational training: all participants.

Successfully completion of individual training programme leading to OKJ certification.

Keeping job for more than 6 months: six months after the end of the training section there is a follow-up. 70% of participants must be in employment by the end of the 6<sup>th</sup> month.

Jobs for half the participants.

Remaining in the programme “protected” workplace: about one quarter of participants

### **5. Institutional Levels involved and respective functions (national, regional, local):**

Organisations operating under the Transit Programmes have a national umbrella organisation called ‘National Transit Employment Association’.

At present 23 civil organisations run Transit programmes in Hungary, initially with

<sup>124</sup> If available, also ex-ante evaluations could be included.

the sponsorship of the National Employment Public Foundation and from 2004 through HEFOP 2.3.1. programme.

Other social partners can help in finding beneficiaries, solving the participants' different social problems (allowances, child care, official administration). Partners may also help in special cases (i.e. any kind of addictions, homelessness, mental problems,...).

Programme organisations generally co-operate with the local labour offices, family-care centres, child- welfare services and other civil organisations.

**6. Access (description of the procedure):**

Recruitment through co-operating social partners and other civil organisations plus the local media. The programme is open to anyone belonging to the target group. Before the programme starts, there is a selection process generally by interviews, where the experts of the programme organisation select the group of students. The most important elements for selection are: motivation, abilities, vision for the future, acceptance of programme engagement.

**7. Suppliers:**

Programme organisations maintain links with employers (public service and private employers), who can give work assignments in the supported employment section of the programme. Where the supported employment section is relevant these organisations are in connection with business sector. No age limit nor gender.

**8. Cost analysis:**

- *For direct costs*

Cost per participant: 12,146 €

- *For non-direct or opportunity costs*

Cost for participants - Maximum 10% of the total cost

**B.Instruments**

**9. Instruments of the measure:**

Financial resources: at the beginning, the National Employment Public Foundation sponsored the programme (for 10 years). Then starting from 2004, programme

organisations could apply for the HEFOP 2.3.1 programme. Additional resources come from incomes in the supported employment period (selling the products).

**C)Information about the context of the measure**

**10. Costs of the measure:**

- *Total amount per year*

About 400,000 €/ programme

- *Total number of beneficiaries per year*

36 participants (in this programme)

**11. Complementary measures (when required):**

Not applicable

**D)Information about the evaluation of the measure**

**12. Results and effects evaluations:**

The programme promoter - the National Public Foundation for Employment - has prepared an impact study of Transit Programmes, available at: [www.ofa.hu](http://www.ofa.hu)

**13. Documentation (concerning previous points):**

- *Printed materials*

The relevant laws are:

- 1991. / IV. Law on employment support and unemployment benefits
- 2001. / CI. Law on adult education
- 6/1996. (VII. 16.) MüM regulation on employment benefits and labour-market fund support in critical employment situations.

25. *Online sources*

www.oki.hu/oldal.php?tipus=cikk&kod=szakmai-2001-Martonfi (available in Hungarian)  
 www.resegyesulet.hu/ote/tagok/index.php (available in Hungarian)  
 equal.cec.eu.int/equal/jsp/dpComplete.jsp?cip =HU&national=38  
 www.ofa.hu/index.php?WG\_NODE= WebPalyazatok&  
 WG\_OID=PALf646e189f94377a25  
 www.ofa.hu/index.php?WG\_NODE= WebPageReader&WG\_OID=PAGf622613ddd4638083

**14. Research (references):**

*26. Printed material*

Györgyi Zoltán - Mártonfi György : *‘Vissza a munkaerőpiacra. A tranzitfoglalkoztatási program tapasztalatai. Oktatókutató Intézet’*, 2001. Kutatás közben 232. 73 p.

▪ *Online sources*

www.ofa.hu

**E)Information about the timeframe of the measure**

**15. Situating the measure in the timeframe:**

Transition from school to labour market (through training).

**A.General information about the measure**

**Name of Measure nr 3:**

Remedial School Programme

*Felzárkóztató képzés program*

**1. Main policy<sup>125</sup>:**

<sup>125</sup> What is interesting here: also previous measures as long as there exists evaluation results in order to learn from past experiences.

**Policies involved**

- Educational policy - programme for young people who have not completed their primary education, dropping out of school
- Employment policy – programme for young people who have not finished their primary education and have very little chance of finding a job outside the black or grey market.
- Social policy - high rate of unemployment, poverty and weak social conditions are typical of those who have not finished their primary school education.

**2. Beneficiaries:**

The most important common characteristic of participants is that they have not completed their 8<sup>th</sup> grade of primary school. Therefore unemployment is very high among these people (employers characteristically do not employ them), many of them live off illegal activities (stealing, burglary, illegal trade with non-ferrous metal, etc.). Most of them have Rom origin, and live in Rom camps in little villages. A common characteristic is the low socialization level. Young people have their own family very early (at 13-14 years), so they cannot complete their basic education qualification. At present, compulsory education is up to 18 years in Hungary, but when the individual has a baby authorities disregard it.

**3. Abstract****3.1. Definition:**

The remedial school programme is about adult education, and it has is a very strong development part. In addition to the development of skills and knowledge, there is career guidance, socialization group-work, counselling and leisure-time activities. The curriculum of the programme was worked out by the Kis Árpád Elementary School of Balassagyarmat. The school has been involved since 1945 in this sort of remedial programme for disadvantaged young people.

**3.2.****Goals:**

Those who have qualifications find it easier to get work so they will have the possibility of further education and obtaining a job. They will have a better chance of labour market reintegration. Participants motivation and approach to learning will improve. These adults will keep education as a value, and will motivate their own children to go to school. Participants will obtain practical and useable knowledge which helps them in their daily life (relation to money, everyday hygiene, household cognition, etc.).

**3.3. Contents:**

Mentoring, continuous individual support: everybody has his/her own counsellor, who helps in solving questions and problems.  
Career guidance group activities every week.  
Community building activities, programmes.  
Leisure-time activities for students with free child care service.

**3.4. Conditions of success:**

- Achieving primary school qualification (number of participants)
- The local and national index of the highest school qualification will improve
- The proportion of those who get a job after achieving primary school qualification
- The proportion of those who continue their education with vocational training
- The drop-out rate is very low (approximately 10%)
- The school absences among participants' children will decrease as an indirect effect.

**4. Expected specific effects and outcomes<sup>126</sup>:**

Participants come to value learning and knowledge and the demand of further education rises.  
Beneficiaries will be more aware of the benefits of a lifelong learning strategy and the possibility of free vocational guidance.  
There will be more labour market opportunities for school leavers.

**5. Institutional Levels involved and respective functions (national, regional, local):**

- Local and micro-regional organisations and institutions (responsible for the organisation and implementation of training, programme coordination)
- Local governments and their institutes (responsible for ensuring locations for training and the used book donations)
- Local Family Care Centre
- Local Adult Education Centre
- Hungarian Adult Education Association (the programme leader, responsible for the methodology).

**6. Access (description of the procedure):**

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<sup>126</sup> If available, also ex-ante evaluations could be included.

Those who desire to take part in these programmes can obtain information through the local family care centres and civil organisations. There is no special procedure, just an entry interview. The aim of this interview is to learn more about the participants' motivation, background and aims. This programme is really addressed to the most indigent and neediest people.

Presently there is no national or international resource for supporting these programmes (although the need has been recognised).

Local civil organisations and governments try to collect other resources for courses without any targeted support.

#### **7. Suppliers:**

Hungarian Adult Education Centres provide those organisations with methodology and practical support.

Contact Foundation had remedial school programmes in the Gödöllő micro-region in association with the Kis Árpád Elementary School of Balassagyarmat.

#### **8. Cost analysis:**

- *For direct costs*

1,215 €/ participant /1 training (3 months)

Training types:

Basic, recovering the missing 1- 4 school years – in 3 months

Recovering the missing 5 - 6 school years - 3 months

Recovering the missing 7th school year - 3 months

Recovering the missing 8th school year - 3 months

- *For non direct or opportunity costs*  
*Cost for participants*

It depends on the type of organisation which arranges the programme.

### **B.Instruments**

#### **9. Instruments of the measure:**

- Teaching process by using alternative methods (non-frontal education in little groups)
- Special curriculum (developed for the special aim-group)

- Career guidance group-activity
- Leisure-time activities for the development of participants' skills and socialization competences
- Psychological services
- Social work
- Job-seeking techniques training
- Tutoring (in any subject)
- Travel cost allowance (for those, who live in small isolated settlements)
- Development of key abilities.

**C)Information about the context of the measure**

**10. Costs of the measure:**

*Typology of resources foreseen by the measure (i.e. in the official documents regulating the measure).  
Total amount per year*

The programme organisers raise funds by requests and various donations. Unfortunately there are no current resources for these programmes and therefore training is not continuous but seasonal.

*Total number of beneficiaries per year*

Yearly 300- 400 persons

**11. Complementary measures (when required):**

At present there is no official measure for this programme.

**D)Information about the evaluation of the measure**

**12. Results and effects evaluations:**

*The training accreditation of the programme is in accordance with the Hungarian legislation and legal authorities monitor it from time to time.*

Training teachers keep registers of the activities, students and events. The training follows special curriculum. Participants obtain a certificate at the end of training (after passing an exam) which is recognised by the state.

**13. Documentation** (concerning previous points):

▪ *Printed material:*

*Benkóné Huszárik Katalin* (2000) *Alapelemek Tankönyv/ Fundamentals coursebook*, Hungarian Adult Education Association

*Bányiczki Józsefné* (2000) *Közkinccstár/ Public property repertory*, Hungarian Adult Education Association

*Benkóné Huszárik Katalin- Bányiczki Lászlóné* (2000) *Pedagógiai Kézikönyv/Pedagogical Handbook*, Hungarian Adult Education Association

*Diósi László* (2004) *Látni is akarni kell/ Wanting to see*, Cserhát Print Kft.

**14. Research (references):**

▪ *Printed material:*

*László Diósi* (2004) *Látni is akarni kell/ Wanting to see*, Cserhát Print Kft.

**E)Information about the timeframe of the measure**

**15. Situating the measure in the timeframe:**

*Others*

Integration of unqualified, unemployed people in adult education.

**A.General information about the measure**

**Name of Measure nr 4:**

Youth Enterprise/Becoming young entrepreneurs

*Ifjúsági vállalkozások*

**1. Main policy<sup>127</sup>:**

<sup>127</sup> What is interesting here: also previous measures as long as there exists evaluation results in order to learn from past experiences.

**Policies involved**

- Economic policy
- Youth policy
- Employment policy

An education policy is also necessary to integrate business knowledge into public education.

**2. Beneficiaries:**

Any young people between 18 and 32 years who live in Budapest or its suburbs.

**3. Abstract****3.1. Definition:**

This programme aims to develop entrepreneurship among young people (18- 32 years) in Budapest and environs with a complex agenda and methodology (adapted from Wandsworth Youth Enterprise Centre). The Budapest Youth Enterprise Centre, in co-operation with the Economic Polytechnic Grammar and Vocational School, (and its foundation: Polytechnic Foundation) operate this programme in Budapest. They aim to help reduce youth unemployment by creating a powerful micro-entrepreneurial sector with active measures. The programme offers both information, training and counselling and promotes clients' self-training providing infrastructures and organising business conferences and entrepreneurship clubs.

**3.2.****Goals:**

- Helping young people to find their own way
- Making young people aware of the business alternative
- Developing the business culture among young people
- Giving practical advice and support for business start-up.

**3.3. Contents:**

The main instruments are:

Individual counselling using Rogers' counselling process

Training:

Entrepreneur abilities and initiative, planning principles, business plan

Idea - generation training – working out a business programme  
Business planning- practical training for business preparation and creation of business plan  
Development of entrepreneur skills: communication, negotiating techniques, time management, assertive cooperation, development management, change management, problem solving, etc.

III. Incubator house:

This is a transit zone between the school and real entrepreneurship. Young people can rent business premises at a preferential rate. Young people with good business plans can apply for free places.

**3.4. Conditions of success:**

- Young people in Budapest and suburbs learning about the programme
- Highly qualified experts and continuous further education
- Good co-operation between schools and Enterprise Centres
- Initiation of outstanding experts (expert network)
- High standard of services and individual case handling
- Number of young people who start their own business.

**4. Expected specific effects and outcomes<sup>128</sup>:**

- Number of young people who take part in the programme (training or counselling)
- Number of young people who pass their exam
- Number of young people who start their own business
- Number of young people who maintain their business after two years
- Co-operation between young entrepreneurs
- More micro - business in the region
- Young people who realize - during the programme - that running a business is not for them is also a positive outcome; they can seek work as employees.

Since 1998, the organisation has had about 1600 - 1800 clients. At the beginning there were 50 - 60 persons/ year, now there are 200- 300 clients/year.

**5. Institutional Levels involved and respective functions (national, regional, local):**

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<sup>128</sup> If available, also ex-ante evaluations could be included.

In some programmes, the centre cooperates with social partners (no-profit organisations) who ensure social support for clients.

*There is generally formal cooperation by contract between the partners.*

**6. Access (description of the procedure):**

This programme is available for any young people (aged between 18 - 32) who live in Budapest or the neighbouring villages. They have to contact the centre personally or by phone and can take part in counselling or in training for free (the centre is known only to a quite narrow circle, and has no capacity to increase the number of clients).

Further enterprise centres have come into existence in Eger, Gyöngyös and in Slovenia, Slovakia and Poland. There is a good cooperation among these organisations.

**7. Suppliers:**

- Economic Polytechnic Grammar and Vocational School and Budapest Youth Enterprise Centre, Budapest
- Youth Enterprise Centres in Eger and Gyöngyös (in Hungary).

**8. Cost analysis:**

*For direct costs*

*Cost per participant*

For general adult education/training the cost per participant is between 610 and 950 €

*For non- direct or opportunity costs  
cost for participants*

The Economic Polytechnic Grammar and Vocational School gives places for the organisation. The Youth Enterprise Centre has five full-time workers and one half-time worker.

**B.Instruments**

**9. Instruments of the measure:**

The organisation maintains its activities from different sources (local or European

level, for example Phare, Leonardo Programme, HEFOP).  
 In addition to the instruments mentioned above (See Section 3.3 “Abstract/Contents”) the organisation has quality management policy.  
 The school is an accredited ECDL training and exam centre.  
 The organisation provides entrepreneurship knowledge for high school students under different programmes.

**C)Information about the context of the measure**

**10. Costs of the measure:**

*Typology of resources foreseen by the measure (i.e. in the official documents regulating the measure).*

*Total amount per year*

Around 100,000 €

*Total number of beneficiaries per year*

200- 300 clients/year in the Budapest office.

**11. Complementary measures (when required):**

- Support of women entrepreneurs with the participation of 100 women (HEFOP 1.3.1.)
- Network of professionals - Young people can ask for help from professional experts in any business-related topics (after the first request, clients have to pay for the services of external experts)
- Entrepreneurship cognition for students- two-day training programmes for grammar school students (with local resources).

**D)Information about the evaluation of the measure**

**12. Results and effects evaluations:**

The Youth Enterprise Centre adapted the evaluation process of the mother institution, Wandsworth Youth Enterprise Centre. It is based on inner evaluation and self-evaluation. The programme also has its own quality management. The whole service process is based on clients’ feedback.

**13. Documentation (concerning previous points):**

<ul style="list-style-type: none"> <li>▪ <i>Online sources</i></li> </ul> <p>www.bivaknet.hu/site/ (available only in Hungarian)</p>
<p><b>14. Research (references):</b></p> <ul style="list-style-type: none"> <li>- <i>Printed material</i></li> </ul> <p>Not available</p> <ul style="list-style-type: none"> <li>- <i>Online sources</i></li> </ul> <p>Not available</p>

<b><u>E)Information about the timeframe of the measure</u></b>
<p><b>15. Situating the measure in the timeframe:</b></p> <p>Transition from training to labour market by entrepreneurship</p>

<b><u>A.General information about the measure</u></b>
<p><b>Name of Measure nr 5:</b></p> <p>Career guidance preparatory programme</p> <p><i>Pályaorientációs felkészítő program</i></p>
<p><b>1. Main policy<sup>129</sup>:</b></p> <p><b>Policies involved</b></p> <ul style="list-style-type: none"> <li>▪ Educational policy - career guidance for primary and secondary school students</li> <li>▪ Employment policy - a tool for preventing unemployment, this service supports labour market integration.</li> </ul>

<sup>129</sup> What is interesting here: also previous measures as long as there exists evaluation results in order to learn from past experiences.

## **2. Beneficiaries:**

The main beneficiaries are:

- A) Career guidance consultants – for training civil organisations employees
- B) Career guidance teachers – for training vocational school teachers

Other beneficiaries are:

- A) Final grade students of primary schools who need to take a decision on their qualifications.
- B) Vocational school students who have to choose a profession.

The civil sector can deal with young people more easily because of its specialised methods. Civil organisations are more flexible for individual case handling and are more suitable for career guidance work. The human resources of a civil organisation in Hungary typically have high standards of knowledge, opportunity and motivation.

## **3. Abstract**

### **3.1.**

#### **Definition:**

Career guidance is the basic step for preparing for a career (even within the educational system). It concerns the world of work and how to obtain information about jobs. Career guidance means a chance for lifelong learning, also for transmitting the opportunities and requirements of lifelong learning to the next generation.

A structured career guidance programme addressed to young people in Hungary is very important and helps to develop the career guidance field at national level.

Suitable experts are needed for the successful implementation of this programme. Teachers and other experts in education and further education are necessary to support young people who are about to choose a profession.

### **3.2.**

#### **Goals:**

Career guidance preparation of experts in the civil sphere (A) and vocational education.

Professionally well-prepared experts in career guidance in the student society.

Methodical career guidance in schools.

Increasing the career maturity of students, supporting their labour market integration.

### **3.3. Contents:**

- A) Career guidance consultant training

Accredited further education for experts who work in the pedagogical or social field  
30 contact hours and 20 hours consultation

B) Career guidance course  
Career guidance teacher further education course  
5 semesters = 500 lectures (60% practice).

#### **3.4. Conditions of success:**

- Schools must recognize the necessity of further education for their teachers and of having well qualified career guidance teachers
- School must have resources for the further education of their experts (at least one teacher/school)
- Schools must ensure career guidance at least for school-leavers (lessons in the curriculum)
- Experts of civil organisations must have further education opportunities
- Civil organisations must have resources for this service
- Accreditation and high quality work of training institutes providing career guidance consultant (mainly civil organisations) and career guidance teacher courses (universities)
- Organization of forums and professional workshops for career guidance experts to continually up-date their knowledge of the labour market, careers and employment (counselling network).

Regulatory support for labour-market organisations.

The non-profit sector must provide more labour market services.

Those organisations with labour market activity must have professional knowledge for flexible problem solving for clients.

These organisations must have well prepared and well trained human resources.

#### **4. Expected specific effects and outcomes<sup>130</sup>:**

A)

During the training, participants obtain special practical and up-to-date knowledge, enabling them to support students attending public or vocational education in their choice of professional career or occupation.

Students are then taught to make conscious decisions and to benefit from their

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<sup>130</sup> If available, also ex-ante evaluations could be included.

active guidance in the decision-making process and from information collection techniques. This process makes them responsible for their life and career planning. Preparing experts of civil organisations with labour market activity (around 200 civil organisations in Hungary), means training two persons/organisation.

Training 400 persons over 1 year.

For the second group of beneficiaries (last-grade elementary school students): career guidance for 80,000 students.

B)

Training of 300 vocational school experts (over 5 years obtaining 300 diplomas)

For the second group of beneficiaries (last-grade vocational school students): career guidance of 70,000 students.

**5. Institutional Levels involved and respective functions (national, regional, local):**

- Ministry of Labour and Social Affairs
- Ministry of Education and Culture
- Labour Institute
- Educational Institutes (Public Education - Primary Schools, and Vocational Education- Vocational Schools)
- Civil organisations (with employment promoting activity)
- Universities (with career guidance courses).

**6. Access (description of the procedure):**

In the first group of beneficiaries:

Career guidance consultants-experts can train participants on a voluntary basis (their participation depends on the training fee).

Where appropriate, and when financial sources are available, training could be free of charge for participants.

Training opportunities are announced in the local press, professional periodicals and through pedagogical professional services.

For career guidance courses, one of the requirements is to have a diploma (these are postgraduate courses). Better if vocational schools pay the school fees of their teachers.

In the second group of beneficiaries:

Primary last grade students and vocational school last grade students are given career guidance as part of their education.

**7. Suppliers:**First group of beneficiaries:

Career guidance further education course for teachers - Szent István University Psychology and Career Planning Department.

Second group of beneficiaries:

Civil organisations - providing career guidance in primary schools.

Vocational school teachers - providing career guidance training in the last grades of vocational schools.

**8. Cost analysis:**

*For direct costs*

A) 210 €/ participant/ training

400 participants x 210 € = 81,000 €

B) 410 €/ Participant/semester

410 € × 300 participants × 5 semesters = 615,000 €.

**B.Instruments****9. Instruments of the measure:**

A) Officially recognised, accredited training providing consultation possibilities for experts who do fieldwork after the contact hours of the training (2×2 days)

B) Career guidance further education course for teachers is an accredited training of the Szent István University (2.5 years practice- oriented course).

**C)Information about the context of the measure****10. Costs of the measure:**

*Typology of resources foreseen by the measure (i.e. in the official documents regulating the measure).*  
*Total amount per year*

Altogether (A+ B):

- 1st year: 81,000 €
- 2nd year: 162,000 €
- 3rd year: 202,500 €
- 4th year: 121,500 €
- 5th year: 40,500 €

*Total number of beneficiaries per year*

First group beneficiaries: 700 participants in training programmes (400 + 300 participants)

Second group beneficiaries: 150,000 students (80,000 + 70,000 participants).

**11. Complementary measures** (when required):

**D)Information about the evaluation of the measure**

**12. Results and effects evaluations:**

For both courses, accreditation is needed on a regular basis according to Hungarian law.

This means continuous quality verification.

**13. Documentation** (concerning previous points):

▪ *Printed material*

Watts A. G. (2000) Theory and Practice of Career Development, Budapest, National Institute for Vocational Education, 49- 59 pages

Dr. Szilágyi Klára (2002) Career orientation/ *Pályaaorientáció*, Gödöllő, Contact Foundation, 185- 191 pages

Edited by Kaszás Judit (2005) Career orientation 2005/ *Pályaaorientáció 2005*, Budapest, Szakiskolai Fejlesztési Program 5- 83 pages

**14. Research (references):**

**E)Information about the timeframe of the measure**

**15. Situating the measure in the timeframe:**

Before transition from school to training (e.g. vocational orientation in schools).

**A. General information about the measure**

**Name of Measure nr 6:**

Occupational Information Advisory Offices

*Foglalkozási Információs és Tanácsadó Irodák a munkaügyi kirendeltségeken*

**1. Main policy<sup>131</sup>:****Policies involved**

- Employment policy - support in job matching for unemployed people
- Educational policy - support in career guidance for school groups and young individuals
- Social policy - support in official cases for creating better life circumstances for young people.

**2. Beneficiaries:**

The main beneficiaries are the unemployed and young people before choosing careers (both adults and young people). This service is available to anybody regardless of geographical, ethnical or national situation.

**3. Abstract****3.1.****Definition:**

Occupational Information Advisory Offices provide information and help for job seekers in the establishment of their career and occupational decisions. The service helps them to find appropriate occupations and jobs, and when necessary the service supports them in their career correction. Employment and career guidance experts from these offices provide support in job seeking, labour market, career requirements, job seeking techniques, training and re-training, training institutes. Their services can either be individual or in groups.

<sup>131</sup> What is interesting here: also previous measures as long as there exists evaluation results in order to learn from past experiences.

**3.2.****Goals:**

The main aim of these offices is to provide information and advice for all kinds of target groups (unemployed, registered or not, and students before choosing occupations). For young people this service supports them in making suitable choices in line with current labour market demand.

For career correction – whether there is an external or internal influence – the service informs clients about labour market situations, helping them to seek job opportunities and organise their life.

Job seekers are supported in job finding. Furthermore, the service helps unemployed people find the most suitable workplace.

As a result of these activities, the number of career leaders and the duration of unemployment should decrease considerably.

**3.3. Contents:**

This service includes individual and group employment and provides career counselling and information. This latter consists of preparing printed material, career guidance tools (i.e. computer programmes and occupation guide videos).

The service includes job-seeking clubs (3 weeks) and job-seeking training (4 days). Clients can use information portfolios about the different occupations. Clients may also use the office equipment - phone, printer, copier, computer - for job-seeking. Job advertisements are available in these offices (newsletter, internet database, labour office information).

**3.4. Conditions of success:**

The indicators of success are the decline in terms of unemployment duration and unemployment rate in the given area.

The career guidance indicator of success could be the decline in the number of unemployed young people and shortening of the time spent seeking a job.

Currently, most of the Occupational Information and Advisory Offices have had to suspend their activities because of insufficient resources.

**4. Expected specific effects and outcomes<sup>132</sup>:**

Clients gain new information, learn how to deal with problems in occupational situations, and improve their self-confidence and problem-solving ability. They learn how to analyse and interpret social problems. They will be able to plan their own activity.

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<sup>132</sup> If available, also ex-ante evaluations could be included.

In group counselling, an additional result could be the socialization effect for participants.

**5. Institutional Levels involved and respective functions (national, regional, local):**

When clients have social problems it is necessary to involve other institutions, such as local authorities, family welfare centres and child welfare organisations. The service is client orientated. In addition career advice and support in finding a job, individual problems may arise and will need to be dealt with. The role of the institutions and experts is to solve especially the more complex problems. The cooperation between different organisations requires formal and informal relationships. Interaction among experts and organisations is related to advice, information delivery, support, cooperation and partnership.

**6. Access (description of the procedure):**

Beneficiaries can obtain information about the services offered by social institutions in a number of ways, including media channels, one-to-one interviews, meetings, etc.

According to recent surveys, the flow of information to potential clients is unsatisfactory, as young people seem to be unaware of the kind of services available on their territory.

Services are free and not compulsory, meaning that clients can start and finish using them at any time.

**7. Suppliers:**

The project is managed by 23 Labour Offices and their branch offices located in county towns. They are controlled by 7 regional employment offices. They all operate under Hungarian law.

The responsibilities of these offices include:

- Determining and calculating the unemployment benefits rate
- Providing support for initiatives that lead to employment
- Advising clients about job opportunities and providing services such as training, self-development programmes, development of job-seeking skills and any sort of skills that will make a person more attractive on the labour market.

**8. Cost analysis:**

*For direct costs*

20,250 €/ branch office (Occupational Information and Advising Office)

*For non-direct or opportunity costs*

*Cost for participants*

Property cost - usually set up in the labour branch office

Personal costs: 14,500 €/ expert/year (2 - 6 employees/office depending on the community size)

Infrastructure cost: 4,000 – 8,000 €/ year/office

Cost of information leaflets and documents: 6,000- 6,500 €/year /office.

**B.Instruments**

**9. Instruments of the measure:**

- Individual career and employment counselling
- Group career and employment counselling
- Career guidance group activity
- Integrating group activity
- Job-seeking techniques and clubs
- Ability development and social competence development programmes
- Exploration and development of key abilities
- Organising training.

**C)Information about the context of the measure**

**10. Costs of the measure:**

*Typology of resources foreseen by the measure (i.e. in the official documents regulating the measure).*

*Total amount per year*

44,500 € / year/office

*Total number of beneficiaries per year*

No data available
<b>11. Complementary measures</b> (when required):

<b><u>D)Information about the evaluation of the measure</u></b>
<p><b>12. Results and effects evaluations:</b></p> <p>Results of Occupational Information and Advisory Offices are not available. There is no effective evaluation of this service. Only a few offices are still functioning in Hungary.</p>
<p><b>13. Documentation</b> (concerning previous points):</p> <ul style="list-style-type: none"> <li>▪ <i>Printed material</i></li> </ul> <p>200 occupation- information packs and occupation- information short films (under the HEFOP programme)</p> <ul style="list-style-type: none"> <li>▪ <i>Online sources</i></li> </ul> <p>www.epalya.hu</p>
<b>14. Research (references):</b>

<b><u>E)Information about the timeframe of the measure</u></b>
<p><b>15. Situating the measure in the timeframe:</b></p> <p>All the following timeframes:</p> <p>Before transition from school to training (e.g. vocational orientation in schools). Transition from school to training. Transition from training to labour market Unemployment after having worked Training after unemployment.</p>

**Selection of nr 4 measures adopted in Italy**

**List of selected measures that can be important for the employment and for “good working and living conditions of the young people at national or local (but remarkable) level”.**

<i>Number</i>	<i>Name of the measure</i>	<i>Main Goals</i>	<i>Beneficiaries</i>	<i>Institution/organization involved</i>
1	Public Employment Services  <i>Servizi Pubblici per l'Impiego</i>	Services to improve long-term and young people's employability	15-18 year olds out of compulsory school 18-21 year olds or 29 year olds with a University degree	Local Institutions (Regions and Provinces) a national masterplan.
2	Apprenticeship Contract  <i>Contratto di Apprendistato</i>	1. For exercising the right and duty to take part in education and training; 2. To achieve a professional qualification 3. To obtain a diploma or admission to higher education.	(1)15 - 18 years (over 18 without a sufficient period of education or training); (2-3)18-29 year olds.	(1) Regions, according to the content agreed with the Ministry of Labour a and with the Ministry of Education, after having heard employers' and workers' associations. (2) Regions, for this purpose according to the content agreed with the employers' and workers' associations. (3) Regions, in agreement with local employers' and workers' associations, universities and other educational institutions.
3	Right-duty to participate in education and training	Training for qualification	Under 18 year-olds	National level: State (School system) Regional level: Regions (Training and

<i>Number</i>	<i>Name of the measure</i>	<i>Main Goals</i>	<i>Beneficiaries</i>	<i>Institution/organization involved</i>
	(formal learning)			minimum standard definition) Local level: Provinces by delegations
4	Ordinary unemployment allowance, <i>indennità ordinaria di disoccupazione</i>	To prevent and counteract unemployment	Job-seeker registered at Job Center. No specific age limit provided but with 52 weeks in last 2 years of national insurance contributions	PES and INPS (Italian Social Security for the private sector)

<u><b>A. General information about the measure</b></u>
<p><b>Name of Measure nr 1:</b></p> <p>Public Employment Services (PES)</p> <p><i>Servizi pubblici per l'impiego</i></p>
<p><b>1. Main policy<sup>133</sup>:</b></p> <p>“<i>Servizi pubblici per l'impiego</i>” is included in the policies for improving long term and young people’s employability, introduced in Italy from 2000, as European Employment Strategy (EES) follow up.</p> <p><b>Policies involved</b></p> <p>Learning strategies (vocational training) is the most important policy involved in Public Employment Services (PES). Before 1997, in Italy job placement services have been managed through local offices of the Ministry of Labour (Law 264 of 1949). After that, with the decentralization of public authorities and administrative modernisation and streamlining (“Administrative Federalism”), PES activities were handed over to local authorities (legislative decree 469), in connection with vocational training which had been managed by the Regions since the Seventies.</p>
<p><b>2. Beneficiaries:</b></p> <ul style="list-style-type: none"> <li>▪ Adolescents (15 to 18 year-olds, no longer subject to compulsory school)</li> <li>▪ Young people (over 18 year olds and up to and including 21 year olds, or, if they are university graduates, up to and including 29 year olds)</li> </ul>
<p><b>3. Abstract</b></p> <p><b>3.1. Definition:</b></p> <p>Personalized services provided by local authorities (regions and provinces) and delivered through public (<i>Centri per l'impiego</i>, CPI) or private (trade unions, non-profit organizations, etc.) centres (Job Centres, JC)</p> <p>The law fixes national services standards that JCs should offer to particular target groups (i.e. young people, long-term unemployed, women, etc.) and establishes the eligibility criterion that jobseekers should fulfil to benefit from these services</p>

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<sup>133</sup> What is interesting here: also previous measures as long as there exists evaluation results in order to learn from past experiences.

(Legislative decree 181 of 2000).

In particular JCs should offer adolescents and young people:

- a) a guidance interview within 3 months from registration as unemployed;
- b) a “new start” (training programmes, vocational retraining, or any other step to assist the individual in vocational integration), no later than 4 months from registration as unemployed.

Young people should sign an “Activation Agreement” (*Patto di servizio*, PDS) to benefit from employment services. If they do not comply with the rules laid down in the PDS (i.e. do not answer job centre’s “calls”, refuse an “acceptable” job, etc.), jobseekers lose the entitlement to benefits for a certain amount of months (differing according to the region).

### 3.2.

### Goals:

The strategy involves enhancing the competitiveness and quality of the workforce as well as encouraging the inactive to enter the labour market. Guidance and counselling services are seen as preventive measures to combat unemployment. They aim at:

- discouraging young people from leaving education too early,
- facilitating switches between educational pathways,
- integrating at-risk groups into education, training and employment,
- increasing employability, especially for disadvantaged categories like young people, women and older workers.

### 3.3. Contents:

The instruments and components of the measure change from region to region. As already said, participation in the measure is compulsory and does not involve a fee for the unemployed.

At national level, objectives are expressed in the PES Masterplan. To fulfill their role in the labour market PES should provide seven kinds of services: information, administrative tasks (less than 40% of activity in 2006), labour demand–supply matching, job placement for disadvantaged people, people counselling, firms counselling, security inspection.

### 3.4. Conditions of success:

- Suitable staff for PES, in number and in training;
- Good and efficient counselling for firms and labour demand–supply matching;
- Efficient national delivery standards to avoid territorial disparities.

## 4. Expected specific effects and outcomes:

- Discouraging young people from leaving education too early,
- Facilitating switches between educational pathways,
- Integrating at-risk groups into education, training and employment,
- Increasing employability, especially for disadvantaged categories like young people, women and older workers.

**5. Institutional Levels involved and respective functions (national, regional, local):**

A significant reform of the Italian Constitution involving regions and local authorities came into force in 2001 (Constitutional Law 3 of 2001), generally strengthening their legislative powers. The constitutional reform introduces a new division of powers between the central government and the regions and provides a concurrent legislative power (*potestà legislativa concorrente*) in the new sector of “employment protection and security”. The Italian Constitutional Court has recently ruled that “employment services and job placement in particular” belong to this sector (Judgement 50 of 2005). That is to say, the State should restrict its legislative power to the “fundamental principles” in this area and entrust the task of providing a detailed regulatory framework to the regions.

In particular, the Ministry of Labour can fix national delivery standards (*livelli essenziali di prestazioni*, LEP) for local authorities providing employment services. These standards were defined in cooperation with the regions [see Inter-institutional Agreement signed in December 2003 in “Joint State-Regions Conference”<sup>134</sup> (*Conferenza unificata Stato-regioni*)]

The regions are responsible for administrative organisation, planning, evaluation and supervision of employment services. The provinces have instead the duty of delivering the services over the area, using the CPI or other organizations.

**6. Access (description of the procedure):**

To benefit from employment services, the eligible unemployed must visit the CPI and fill in the “unemployment declaration”.

The unemployed must meet the following conditions:

- Not have a job (or a job that provides an income under taxation threshold, that is 8000 € for 2007);
- Be available for an “acceptable” job;
- Follow the activation measures defined in the PDS (see above).

The definition of “acceptable” work is fixed both at national and regional level.

National legislation states that the PES should offer candidates a full-time permanent contract; if a fixed-term contract (including temporary agency work) is

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<sup>134</sup> Consultative body which bring together government and representatives of local authorities.

offered, it should last for more than four months. Regional regulations define the maximum geographical distance between worker's residence and job place offered, the minimum wage, the match between worker's skills and job offered.

**7. Suppliers:**

The organisations involved in delivering the measure are:

- *Centri per l'impiego*, job centres run by the provinces or
- private organizations (for profit or non-profit) accredited by the regions or provinces, usually on the basis of open tenders.

At territorial level, two forms of Public-Private Partnerships (PPPs) exist:

- PPPs in which the partnership between the public and the private sector is based solely on contractual links;
- PPPs of an institutional nature, involving cooperation between the public and the private sector within a distinct entity.

**8. Cost analysis:**

**B.Instruments**

**9. Instruments of the measure:**

**C)Information about the context of the measure**

**10. Costs of the measure**

The financial resources for employment services are national funds as defined annually by the Budget Law and European Social Funds from regional and national programmes

(thousands of euro)	2000	2001	2002	2003	2004
expenses for personnel	n.a.	n.a.	n.a.	n.a.	304000
general expenses	660	97985	138603	222028	207180
total	660	97985	138603	222028	511180

**11. Complementary measures (when required):**

**D)Information about the evaluation of the measure**

**12. Results and effects evaluations:**

Even if no monitoring and/or measuring evaluation has been specified in the aforesaid regulations, ISFOL tracks the PES reform every year.

In the last monitoring report it is stated that:

- almost 98% of CPIs declare they apply, at least partially, the procedures introduced by Legislative decree 181 of 2000;
- the “activation agreement”, instead, is applied in 52% of the provinces, but this percentage fall to 17.7 % in southern Italy.

**13. Documentation:**

▪ *Printed materials*

ISFOL (1, 2000), “*Monografie sul Mercato del lavoro e le politiche per l'impiego*”, in [www.isfol.it](http://www.isfol.it)

ISFOL (1, 2001), “*Monografie sul Mercato del lavoro e le politiche per l'impiego*”, in [www.isfol.it](http://www.isfol.it)

ISFOL (1, 2002), “*Monografie sul Mercato del lavoro e le politiche per l'impiego*”, in [www.isfol.it](http://www.isfol.it)

ISFOL (3, 2002), “*Monografie sul Mercato del lavoro e le politiche per l'impiego*”, in [www.isfol.it](http://www.isfol.it)

ISFOL (6, 2002), “*Monografie sul Mercato del lavoro e le politiche per l'impiego*”, in [www.isfol.it](http://www.isfol.it)

ISFOL (1, 2003), “*Monografie sul Mercato del lavoro e le politiche per l'impiego*”, in [www.isfol.it](http://www.isfol.it)

ISFOL (6, 2005), “*Monografie sul Mercato del lavoro e le politiche per l'impiego*”, in [www.isfol.it](http://www.isfol.it)

ISFOL (1, 2006), “*Monografie sul Mercato del lavoro e le politiche per l'impiego*”, in [www.isfol.it](http://www.isfol.it)

<ul style="list-style-type: none"> <li>▪ <i>Online sources</i></li> </ul> <p>www.isfol.it</p>
<p><b>14. Research (references):</b></p> <ul style="list-style-type: none"> <li>▪ <i>Printed materials</i></li> </ul> <p>Pirrone S., Sestito P. (2006), <i>Disoccupati in Italia. Tra Stato, Regioni e cacciatori di teste</i>, Bologna, Il Mulino, pp. 292</p> <ul style="list-style-type: none"> <li>▪ <i>Online sources</i></li> </ul> <p>www.lavoro.gov.it</p>

<b><u>E)Information about the timeframe of the measure</u></b>
<p><b>15. Situating the measure in the timeframe:</b></p> <p>Transition from training to labour market Unemployment after having worked</p>

<b><u>A.General information about the measure</u></b>
<p><b>Name of Measure nr 2:</b></p> <p>Apprenticeship Contract</p> <p><i>Contratto di Apprendistato</i></p>
<p><b>1.Main policy<sup>135</sup>:::</b></p> <p>The measure is part of training policies. In particular Legislative Decree 276/2003 defines three categories of apprenticeship:</p> <ol style="list-style-type: none"> <li>1) Apprenticeship contracts for exercising the right and duty to take part in education and training;</li> <li>2) Profession-oriented apprenticeships aimed at achieving a professional</li> </ol>

<sup>135</sup> What is interesting here: also previous measures as long as there exists evaluation results in order to learn from past experiences.

qualification by means of hands-on training and technical/professional learning;  
3) Apprenticeships for attaining a diploma or admission to higher education.

### **Policies involved**

The recent reform (Legislative Decree 276/2003) was intended to reduce the confusion between training and employment policies, in particular by the abolition of “training and employment contracts” (*Contratto di formazione e lavoro*), which have been replaced by the starter contract (*contratto di inserimento*) for specific categories of workers to introduce (or re-introduce) into the labour market.

However, even after the 2003 reform, when recruiting under this contract, employers still:

- benefit from partial exemption from social security contributions;
- can assign the worker to a grade lower than that to be reached at the end of the contract, allowing a further reduction (new-entry pay).

### **2. Beneficiaries:**

The beneficiaries as well as the length of the contract change for each of the aforesaid apprenticeship categories. The first is for young people from 15 to 18 years (also those over 18 who have not completed a sufficient period of education or training), the second and third can be used to hire people between the ages of 18 and 29.

### **3. Abstract**

#### **3.1. Definition:**

Special employment relationship whereby employers undertake to instruct (or provide instruction for) an apprentice in their enterprise, so that the apprentice can acquire the technical capability for becoming a skilled worker.

#### **3.2. Goals:**

Apprenticeship 1): to obtain a professional qualification.

Apprenticeship 2): to achieve a professional qualification through hands-on training and the acquisition of basic, multitask and technical/professional skills

Apprenticeship 3): to obtain a university degree and higher education qualification, as well as higher technical specialisation

Apprenticeship 1) cannot exceed a duration of **3 years**. The duration depends on: qualification desired, school certificate, professional and educational credits already obtained and overall skills recorded by public occupational services or by credited private individuals through verification of the educational credits.

The duration of apprenticeship 2) is determined by collective agreements, according to the kind of qualification desired. It cannot be **less than 2 years nor greater than 6 years**.

The duration of apprenticeship 3) is **decided by the regions**.

### **3.3. Contents:**

It consists of training and work practice

### **3.4. Conditions of success:**

## **4. Expected specific effects and outcomes<sup>136</sup>:**

## **5. Institutional Levels involved and respective functions (national, regional, local):**

Institutional Levels involved change according to the type of contract:

### Apprenticeship 1)

The educational profiles are the responsibility of regions, according to the agreement with the Ministry of Labour and with the Ministry of Education, University and Scientific Research, after having consulted the employers' and workers' associations.

The following guidelines and main principles should always be observed:

- definition of professional qualifications established by the law (Law 53/2003)
- calculation of the number of training hours (within the firm and/or elsewhere) needed to achieve the desired professional qualification, and according to minimum educational standards
- reference to the collective agreements for definition of the terms for the supply of corporate training in compliance with the general standards set by the regions
- recognition of professional qualifications for contractual purposes, on the basis of the results achieved during the training carried out in the firm or elsewhere
- presence of a company tutor with suitable training and expertise.

### Apprenticeship 2)

Educational profiles are governed by the regions according to the agreements with the employers' and workers' associations.

The regions must observe similar guidelines to those for apprenticeship 1).

### Apprenticeship 3)

The governance of this apprenticeship is completely entrusted to the regions, apart from training profiles which have to be agreed with local employers' and workers' associations, universities and other educational institutions.

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<sup>136</sup> If available, also ex-ante evaluations could be included.

**6. Access (description of the procedure):**

Each apprenticeship contract must be in writing and must detail the following: services to be performed pursuant to the contract, individual training programme, qualification to be obtained at the end of the employment relationship on the basis of the results achieved during the training received with the firm or elsewhere.

The apprentice's wages cannot be determined on a "by-the-job" basis.

The employer may not terminate the apprenticeship contract (before its natural expiration) without just cause.

The employer can withdraw from the contract at the end of the apprenticeship period without just cause, in compliance with the prior notice period.

**7. Suppliers:**

Enterprises and training centres

**8. Cost analysis:**

No information about training cost

The partial exemption from social security contributions cost 2,133 billion euro in 2005.

Cost per participant: 3,780 euro (2005)

	2000	2001	2002	2003	2004
Expenses* (m. euro)	1567	1636	1769	1969	1981
Beneficiaries	475719	481373	490293	497095	559030
Cost per participant	3293.961	3398.612	3608.047	3961.013	3543.638

\* the expenses are related to partial exemption from social security contributions  
Source: ISFOL on Ministry of Labour data

**B.Instruments****9. Instruments of the measure:****C)Information about the context of the measure**

**10. Costs of the measure:**

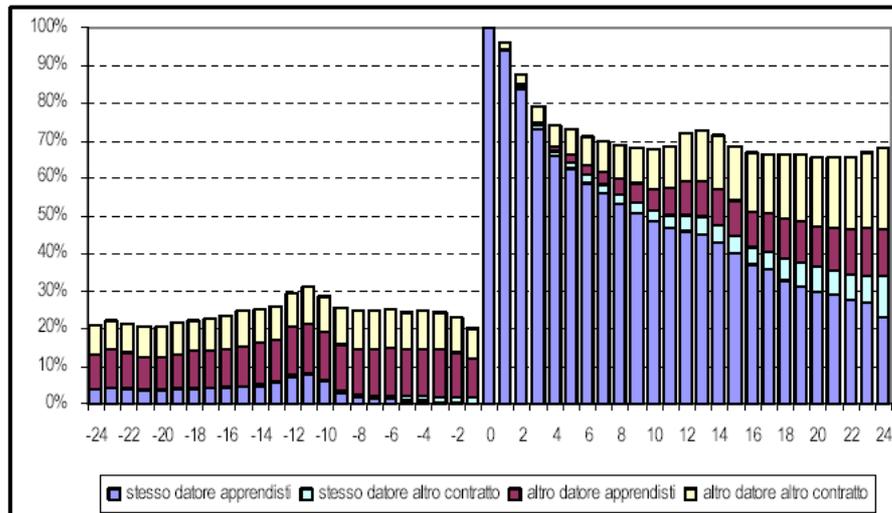
See Section 8

**11. Complementary measures (when required):**

***D)Information about the evaluation of the measure***

**12. Results and effects evaluations:**

**Fig. 21** Tassi di occupazione dipendente per i soggetti di età compresa tra 15 e 24 anni che hanno iniziato un lavoro dipendente (come apprendista o meno) nell'anno 2000 nei mesi successivi all'entrata nel lavoro.



Nota: Il mese 0 è il mese di entrata in un periodo di occupazione dipendente ed i mesi precedenti e successivi sono numerati di conseguenza. Sono presi in considerazione i soli periodi di lavoro dipendente diverso dalla collaborazione domestica e dal lavoro a domicilio.

Fonte: elaborazioni su archivio CLAP

Under Art.17 legislative degree 276/2003 a dedicated expert commission is established for monitoring and evaluating the apprenticeship schemes.

**13. Documentation (concerning previous points):**

**14. Research (references):**

- *Online sources*

[www.lavoro.gov.it/NR/rdonlyres/B5F99548-0489-479E-8298-409539558AD3/0/Monitoraggio2007.pdf](http://www.lavoro.gov.it/NR/rdonlyres/B5F99548-0489-479E-8298-409539558AD3/0/Monitoraggio2007.pdf)

**E)Information about the timeframe of the measure**

**15. Situating the measure in the timeframe:**

Before transition from school to training (e.g. vocational orientation in schools)  
Transition from school to training  
Transition from training to labour market  
Unemployment after having worked

<u><b>A. General information about the measure</b></u>	
<b>Name of Measure: nr. 3</b>	<b>Right-duty to participate in education and training (formal learning)</b>
Local name: <i>diritto-dovere all'istruzione e alla formazione professionale</i>	
<b>27. Main policy</b>	
Training for qualification	
<b>2. Beneficiaries</b>	
Persons under 18 years of age	
<b>3. Abstract</b>	
<b>3.1.</b>	<b>definition</b>
<p>Law 53/03 introduced, subject to legal consequences, the concept of <i>diritto-dovere all'istruzione e alla formazione professionale</i> (right-duty to participate in education and vocational training) for 12 years or at least until students obtain an educational or training qualification. The <i>diritto-dovere</i> starts from the first class of primary school up to the age of 18. It can be met, even if young people have not reached the age of 18, either by obtaining the upper secondary school diploma, passing a State exam or obtaining a three-year vocational qualification.</p> <p>The reform of the secondary school system will be tested during the 2006/07 academic year, after which the new curriculum would be defined and all the new regulations agreed with the Regions. At the moment the VET system pathway is effective, although under testing.</p>	
<b>3.2. Goals</b>	
<ul style="list-style-type: none"> <li>* Continuation of studies in upper secondary education</li> <li>* Access to Vocational Education and Training courses</li> </ul>	
<b>3.3. Contents</b>	
<b>4. Expected specific effects and outcomes:</b>	

<p><b>5. Institutional Levels involved and respective functions (national, regional, local):</b></p> <p>National level: State (School system)  Regional level: Regions (Training and minimum standard definition)  Local level: Provinces by delegation</p>
<p><b>6. Access (description of the procedure)</b></p>
<p><b>7. Suppliers:</b></p>
<p><b>8. Cost analysis:</b></p> <p>For direct costs</p> <ul style="list-style-type: none"> <li>• Cost per participant</li> <li>• Cost per learning hour</li> <li>• Cost per day</li> <li>• Start up investment</li> <li>• .....</li> </ul> <p>For non direct or opportunity costs</p> <ul style="list-style-type: none"> <li>• cost for participants</li> <li>• cost for employers</li> <li>• .....</li> </ul>

<b><u>B.Instruments</u></b>
<b>9. Instruments of the measure</b>

<b><u>C Information about the context of the measure</u></b>
<p><b>10. Costs of the measure</b></p> <p>The implementation of measure is not complete at moment.  In the past, the main financing body of the Italian school system was the State: in 2001 the State invested 40,800 million euro in education (77.4 %), mostly coming from the Ministry of Education, University and Research. Local Authorities follow with about 6,906 million euro (20.3 %) and the Regions with about 1,075 million (2.3%).</p>

- total number of beneficiaries per year

**11. Complementary measures** (when required):

**Information about the evaluation of the measure**

**12. Results and effects evaluations**

**13. Documentation** (concerning previous points):

**14. Research (references):**

**A. General information about the measure**

**Name of Measure nr.4:**

Ordinary unemployment allowance, *indennità ordinaria di disoccupazione*

**28. Main policy**

The measure is part of the Italian unemployment benefit system, including: Ordinary Wages Guarantee Fund (*Cassa Integrazione Guadagni Ordinaria, CIGO*), the Extraordinary Wages Guarantee Fund (*Cassa Integrazione Guadagni Straordinaria, CIGS*) (Wages Guarantee Fund), and the mobility allowance (availability list). These benefits are financed by the State as well as by contributions paid by employers and they are disbursed by the INPS (National Institute of Social Insurance).

**Policies involved**

In Italy, there is broad agreement among political parties, social partners, the government, other relevant institutions as well as researchers and commentators that the reform of the social security system is one of the most urgent priorities on the Italian policy agenda. The current system is seen as dysfunctional: it neither provides adequate economic support for the unemployed (in particular to young people, see following table), nor does it sufficiently promote re-entry into the labour market.

However, lately, employment policies, and in particular active labour market policies managed by PES (see schedule 1), have become involved in the

unemployment benefit system.

Table – Rate of young people (and related expenses) out of total beneficiaries (and related expenses) of ordinary unemployment allowance

Year	Males		Females		TOTAL
	Beneficiaries	Expenses	Beneficiaries	Expenses	
2000	6.5	5.9	8.8	8.9	7.7
2001	7.1	7.8	8.9	11.3	8.0
2002	7.7	8.5	9.3	12.0	8.5
2003	8.1	9.0	9.9	12.8	9.0
2004	9.2	10.6	11.0	14.5	10.1

Source: our calculations based on Ministry of Labour – INPS data

## 2. Beneficiaries

No specific age limits are envisaged. Applicants must have paid at least 2 years national insurance contributions and one year of contributions (52 weekly contributions) in the last 2 years prior to cessation of work.

## 3. Abstract

### 3.1. Definition

Ordinary unemployment benefit is payable to employees (not apprentices), for whom specific INPS unemployment benefit deductions have been made, who have lost their jobs but not because of voluntary resignation (with the exception of resignation for just cause or resignation during pregnancy or during the first year after having a child).

The allowance is paid for 7 months (if the unemployed is under 50 years of age), corresponding to 50% (40% in the last month) of the average pay received during the last 3 months, with a monthly ceiling fixed by law (for 2007: 844.06 €; 1014.48 € for workers with a monthly salary > to 1,826.07 €).

### 3.2. Goals

Availability for participation in labour-market programmes managed by local authorities is compulsory: applicants must be registered as job-seekers at a Job Centre (*Centri per l'impiego*, CPI). The aim is to prevent and counteract unemployment as an indispensable complement to income provision for the unemployed through an unemployment benefit system.

### 3.3. Contents

See schedule 1, concerning active labour market policies

<p><b>3.4. Conditions of success</b> See schedule 1, concerning active labour market policies</p>
<p><b>4. Expected specific effects and outcomes:</b>  See schedule 1, concerning active labour market policies</p>
<p><b>5. Institutional Levels involved and respective functions (national, regional, local):</b>  Both INPS, disbursing the allowance, and CPI, managing participation in labour-market programmes, are involved. An INPS document (Circular 136/2006) suggests the institution of new bodies (“<i>Centri integrati per l’impiego</i>”) run together by INPS and Provinces; this are “one-stop shops” involved in both passive and active labour market policies.</p>
<p><b>6. Access (description of the procedure)</b>  The application for the allowance must be submitted to the local INPS office using the appropriate form. The unemployed are also obliged to respond to summonses to the CPI to commence work or to attend occupational training courses and interviews for another work placement (see schedule 1). In addition, the unemployed must be available to accept an occupationally equivalent job proposed by the CPI; they must immediately notify headquarters that they have resumed work, even for a brief duration, whether as an employee or self-employed. Short-term jobs (up to five consecutive days) following the submission of the application cause benefits to be suspended but not terminated. In the event of employment for a term exceeding five consecutive days, a new application must be submitted at the end of this period.</p>
<p><b>7. Suppliers:</b>  INPS is responsible for paying the allowance.</p>

**8. Cost analysis:****All participants**

<b>Year</b>	<b>Cost per participant (euro)</b>		
	<b>Total</b>	<b>M</b>	<b>F</b>
2000		1,748	2,006
1,509			
2001		1,794	2,061
1,549			
2002		1,824	2,098
1,576			
2003		1,843	2,113
1,595			
2004		1,802	2,062
1,572			

Source: our calculations based on Ministry of Labour – INPS data

**Young participants (<29 years)**

<b>Year</b>	<b>Cost per participant (euro)</b>		
	<b>Total</b>	<b>M</b>	<b>F</b>
<b>2000</b>		1,638	1,801
1,525			
<b>2001</b>		2,093	2,255
1,974			
<b>2002</b>		2,147	2,315
2,022			
<b>2003</b>		2,178	2,343
2,055			
<b>2004</b>		2,205	2,375
2,079			

Source: our calculations based on Ministry of Labour – INPS data

### Selection of measures adopted in ROMANIA

List of selected measures that can be important for the employment and for “good working and living conditions of the young people at national or local (but remarkable) level”.

Number of the measure	Name of the measure (with the English translation)	Main Goals	Beneficiaries	Institution/organization involved
1	<i>Consiliere profesională</i> – Career counselling	Helping those who are going to graduate to have a better orientation on labour market, or to design their career plans	Pupils in the last class at pre-university level; students at all levels of higher education	School inspectorates in collaboration with County Agencies for Labour Force Employment (AJOFM); National Agency for Qualification in Higher Education and Partnership with Economic and Social Environment - ACPART, National Centre for Vocational Education Development - CNDIPT, all universities
2.	<i>Cursuri de formare profesională</i> (Continuing) vocational training	Assuring better and more suitable competences, further qualifications	All unemployed people; young people, between 15-24 years old	AJOFMs and their accredited partners for vocational training, counselling offices and firms for consultancy
3.	<i>Burse ale locurilor de muncă</i> - Job Fairs	To promote contacts between employers and unemployed. To facilitate a better knowledge of companies, SMEs included, and working sectors for young people,	Young people who have difficulties getting a regular job through existing channels. There are also specific job fairs organised for different types of vulnerable groups (young people from social protection institutions, Rom, the disabled, single parents etc.)	AJOFMs in close cooperation with local companies, universities, school inspectorates

		for different categories of disadvantaged people		
4	<i>Stimulare a angajatorilor pentru încadrarea în muncă a absolvenților de învățământ</i> Stimulating employers to employ young graduates	Reducing the unemployment rate of youngsters (15-24 years old), reducing long term unemployment rate, encouraging those looking for a first job; encouraging employers to employ inexperienced workers	Young people, between 15-24 years; people just graduating either from high school/ vocational school, or university	National Agency for Labour Force Employment – ANOFM – with its network of county agencies – AJOFMs and the employers

<b><u>A. General information about the measure</u></b>	
<b>Measures:</b>	
<i>Consiliere profesională</i>	
Career counselling	
<b>Main policy</b>	
Facilitating access to building up the career path of those about to leave different levels of the education system Facilitating access to (re)entering the labour market and preventing unemployment Reducing the unemployment rate of 15-24 year olds by providing professional support either for further qualifications or for finding suitable jobs.	
<b>Policies involved</b>	
Increasing occupational levels and promoting youth employment, through measures stimulating both employers and the young people, as well as preparing young people for their integration in the labour market (particularly through counselling and strengthening links between the labour market and the educational system). These priorities are to be translated into the actions of the Operational Programme for the Development of Human Resources, in particular under the priority axes on education and training in support for growth and knowledge-based	

society; increasing the adaptability of the labour force and enterprises; promoting active employment measures and promoting social inclusion.

As an educational policy it aims to improve the quality of education and the compatibility of the educational system with the vocational training system and with labour market demands, with special focus on education for careers.

## **2. Beneficiaries**

The direct beneficiaries are first of all pupils and students about to graduate or who have just entered the labour market, from both rural and urban areas nationwide, irrespective of gender, social class, religion or ethnic origin.

The indirect beneficiaries are the providers of counselling offers, either schools and their specialized teachers and psychopedagogic counsellors, or the specialized staff of career and counselling centres in the universities or at community level, or private providers.

### **3. Abstract**

#### **3.1. Definition**

Career counselling and guidance is a concept that unites both the provision of specialist information and guidance for further qualifications needed to face the challenges of a (planned) job, or for career and personal development reasons, as well as providing information on jobs available. Career counselling aims also to assist young people in creating realistic career plans, to self-evaluate their aptitudes, possibilities and interests and to make effective decisions for their possible career paths, based on information on the world of work and occupations. It also helps them to look for the relevant information and seek a job more effectively.

#### **3.2. Goals**

Increasing the awareness of those are going to enter into the labour market about its needs and its challenges.  
Increasing the ability to look for a job, to prepare for interviews etc.,  
Setting up guidance services.

#### **3.3. Contents**

Providing information and counselling services means acting at different levels and with different purposes, both for prevention and for facilitating (re)insertion in the labour market. There can be done either individually or by group counselling (with classmates). The counselling services are free and are provided both by public bodies and private providers that have contracts with AJOFMs. The counselling services help individuals to choose either a job, further training courses, or to set up their own business.

The career counselling is done in dedicated education for career classes that help the future graduates in various ways: proper management of information (about available jobs and training offers), assisting young people to build up realistic career plans, to self-evaluate their aptitudes, possibilities and interests and to make effective decisions for their possible career paths.

#### **3.4. Conditions of success**

Information and counselling services are general preconditions for applying further measures. Their quality determines the further work to be done by public offices for employment.

Conditions: good counselling services, professional counsellors, partnerships between AJOFMs and educational institutions (high schools), public-private partnerships, the ability of the individual to make a decision and to follow it.

### **4. Expected specific effects and outcomes:**

In 2006, 126,121 job seekers benefited from counselling services, out of which 37,352 went on to further training courses, 5503 obtained advice on setting up their own business, and 36,906 found work.

In 2005, 31,160 under 25 year olds were involved. Under the "From School to Work to Career" programme, 1518 group counselling meetings organised for pupils about to graduate from high schools. 847 disabled peoples also benefited from counselling services (15.34% of the disabled registered in employment offices).

### **5. Institutional Levels involved and respective functions (national, regional, local):**

At national level, the responsibility is mainly that of Ministry of Education (through ACPART and CNDIPT) and the Ministry of Labour, Family and Equal Opportunities (through ANOFM). Their institutions at regional (AJOFMs and School Inspectorates) and local level (all high schools, universities) have actual implementation roles. The ministries have

mainly to organise the work and decide on resources, roles and responsibilities, whereas the schools, inspectors for educational activities, counsellors in schools and counsellors in AJOFMs carry out the counselling work. The AJOFMs also finance accredited counselling providers and monitor them. The local authorities also to set up and run employment information centres for citizens.

*Specify the role of social partners if any*

Local Committee of Development of Social Partnership (*Comitetul local de dezvoltare a parteneriatului social* – CLDPS) includes both AJOFM, School Inspectorates and representatives of business and county authorities. This committee has the role of making diagnoses on the labour market, demographic tendencies, economic development, and anticipating future needs.

*Specify, if possible, the type of cooperation/partnership (e.g. formal, informal, etc....)*

There are formal partnerships between AJOFMs and the private providers of counselling services, with contracts stipulated by law.

There are also formal partnerships between School Inspectorates and AJOFMs. The mission of ACPART is to promote such partnerships, facilitating their creation between the universities and the private sector.

Career counselling is a joint responsibility of both the Ministries of Education and of Labour.

**6. Access (description of the procedure)**

The “From School to Work to Career” programme (see results at point 4) is addressed to all students about to graduate, either with individual counselling by the school counsellor, or with group counselling sessions by the classroom coordinator or the counsellor. There are career counselling centres in universities and the student (professional) associations also provide such services. The counselling is free for everyone. At pre-university level it is compulsory to provide such counselling: in the universities it is not compulsory to set up these centres, but one of the criteria for evaluating the quality of student support specifically mentions them.

For those already unemployed, or registered as looking for a job, the first step is to provide them with counselling service. Unfortunately, employment offices are understaffed with regards to the number of people contacting them, which means counselling was minimal and superficial. Hence the possibility of setting up contracts with accredited private specialised services.

**7. Suppliers:**

See above. Beside the ones mentioned at point 5, the specialised online sites also provide information and guidance services.

**8. Cost analysis:**

ANOFM’s budget item “Active measures for preventing/ameliorating unemployment (through consultancy and career guidance) for 2006 was allocated 89,052,000 euro, of which 83,417,457 was spent (93.67%).

**B. Instruments**

**9. Instruments of the measure**

The “From School to Work to Career” programme is one example of concrete action. The way in which the counselling services are provided has been described above and recently partnerships with private specialised providers have been allowed. The services are offered free for job seekers and for those about to graduate.

Guidance services in the printed media, the AJOFM database and literature on occupations are examples of tools used in counselling.

To obtain accreditation as private providers of counselling services, the respective institutions have to meet many quality criteria. The evaluation of counselling centres inside universities is also based on indicators and standards of quality.

**C) Information about the context of the measure**

**10. Costs of the measure**

- typology of resources foreseen by the measure (i.e. in the official documents regulating the measure); total amount per year
- total number of beneficiaries per year

In ANOFM’s yearly employment programme this service is set up separately, based on this explicit measure in all strategic documents related to stimulating employment. The total number of persons benefiting in 2006 from this measure was mentioned in point 4. Source: ANOFM’s Activity Report for 2006). The resources allotted and spent were mentioned in point 8.

In the study plan for pre-university level setting the the number of hours of counselling, special funds were allocated for equipping the labs for psycho-pedagogical counselling in 2005 and 2006 (based on ministry stipulations regarding the minimum standard equipment). The universities themselves decide on the amount of resources to be spent yearly.

**11. Complementary measures (when required):**

Stimulating employers to employ young graduates; or giving allowances to those who find jobs before the end of the paid unemployment period to prevent long term unemployment. The measure was necessary to reduce high youth unemployment rates, as well as the rather high school dropout rate.

With regards to prevention, another active measure is the support committees ( 96

were set up in 2006) in enterprises for employees about to lose their jobs, as well as transition centers (68 set up in 2006) offering pre-dismissal services.

**D)Information about the evaluation of the measure**

**12. Results and effects evaluations**

There are no systematic evaluation reports of the measure available, except the results presented for specified indicators. At the end of the counselling process, those counselled fill in a feedback questionnaire, but there are no formal publications of results.

It is on the basis of these questionnaires that the private provider obtains an extended contract or not.

No academic research available

**13. Documentation** (concerning previous points):

- Printed material

Sava S., Marian A. (coord, 2004), *Resource package on counselling in adult education*, Ed. Mirton, Timisoara;

Jigău M. (coord., 2003), *Counselling of adults* (in Ro), Ed. Sigma, Bucharest.

- Online sources: Policy strategy documents and reports

**14. Research (references):**

- printed material

- Online sources

ANOFM's activity report for 2006, reports on youth employment in Romania, reports of the National Institute for Labour Market Research and National Institute of Statistics; web site of National Institute for Educational Sciences.

**D)Information about the timeframe of the measure**

**15. Situating the measure in the timeframe**

*Before transition from school to training (e.g. vocational orientation in schools)*

x

*Transition from school to training*

*x*

*Transition from training to labour market*

*x*

***Unemployment after having worked***

*Other jobseekers*

**A. General information about the measure**

**Measure:**

*Cursuri de formare profesională*

(Continuing) Professional training

**1. Main policy**

**Ensuring that unemployed people obtain the necessary professional competences to (re)enter the labour market, to get a job.**

**Ensuring equal opportunities on the labour market for everyone looking for a job, without any discrimination.**

Facilitating access to (re)entering the labour market and preventing unemployment by training for (suitable) qualification.

Reducing unemployment rate of youths aged from 15-24 years by providing professional support and the possibility of obtaining a (further) qualification.

**Policies involved**

Increasing the occupational level and promoting youth employment, through stimulation measures for both employers and the youngsters. Free access to continuing training for professional development for those looking for a job, irrespective the level of qualification. Employers are also encouraged to invest in the professional training of their employees. Reinforcement of links between the labour market and the educational system.

These overall priorities are to be translated into actions of the Operational Programme for the Development of Human Resources, in particular under the priority axes on education and training as support for growth and knowledge based society, increasing adaptability of labor force and enterprises; promoting active employment measures and promoting social inclusion.

As an educational policy, it aims to improve the quality of education and the compatibility of the educational system with the vocational training system and with labour market demands, as well to ensure key competencies and a foundation for lifelong learning.

## **2. Beneficiaries**

The direct beneficiaries are all unemployed people; young people, between 15-24 years old, from both rural and urban areas nationwide, irrespective of gender, social class, religion or ethnic origin.

The indirect beneficiaries are the providers of vocational training, whether they be vocational schools or private providers.

## **3. Abstract**

### **3.1. Definition**

(Continuing) vocational training offered free and recognized on the labour market can benefit any unemployed job seeker, according to Law 76/2002 regarding insurance for unemployed people and job creation. Vocational training leading to a qualification must last for at least 6 months.

During the training period, the unemployed benefit from many rights and facilities for attending training (based on Ministerial Order 171/ 2004) such as: the right to qualitative theoretical and practical training, to travel expenses to the vocational centre, accommodation expenses if they live more than 50km away, tools for training and learning etc.

### **3.2. Goals**

To ensure better and more suitable competences and further qualifications.

To obtain a certified vocational qualification by combining education with work and to improve employability.

To increase awareness of those re-entering the labour market about its needs and challenges.

To ensure access to vocational education and training courses for the unemployed.

### **3.3. Contents**

Ensuring the professional competencies the unemployed need to improve their chances to find work through vocational training courses is an active measure aiming both at improving the competency profile of individuals and at satisfying immediate needs on the labour market.

In this respect, there are annual national plans for vocational training. For instance, the target for 2006 was to enroll at least **50.000 students** in these courses, organising **2,422** vocational training courses of which: **2,190** programmes for unemployed people registered in the AJOFM databases, **79** programmes organized for prison inmates, **121** programmes organized by employers for their own

employees, based on Law 76/2002, and 32 programmes for other persons benefiting from free vocational training courses (e.g. mothers trying to re-enter the labour market after maternal leave). The courses can be organized either by AJOFMs or by accredited training providers.

#### **3.4. Conditions of success**

Conditions: good counselling services (for choosing the right course), qualitative training offers, with good practice possibilities, partnerships between AJOFMs and vocational educational centres/ institutions, public-private partnerships, motivation and interest of students to attend and graduate, the extent to which graduates manage to get a job or to set up their own business.

#### **4. Expected specific effects and outcomes:**

Qualified unemployed people with a recognised qualification. Improved level of qualification.

See the figures listed in 3.3.

Young people who leave the educational system too early, without a qualification can have a second change to receive an education.

#### **5. Institutional Levels involved and respective functions (national, regional, local):**

At national level, the Ministry of Education (throughout ACPART and CNDIPT) and the Ministry of Labour, Family and Equal Opportunities (throughout ANOFM) are mainly responsible. Their institutions at regional (AJOFMs and School Inspectorates) and local levels (e.g. all accredited vocational training providers) have concrete implementation roles. The AJOFMs finance accredited training providers and monitor them.

The National Council for Adult Vocational Training (with its network of county committees) is responsible for the authorization of training providers, for monitoring quality assurance and for evaluating the outcomes of the training courses.

#### *Specify the role of social partners if any*

Private providers of vocational training can receive financing from the public unemployment fund to provide training, once they have been authorized to do so, by entering into contracts with AJOFMs who also provide the trainees (unemployed people).

#### **6. Access (description of the procedure)**

Training is free for all unemployed people looking for a job, irrespective of their level of education. To claim unemployment support they have to follow one of the active measures for finding work. The AJOFMs have the database with training

offers and during the counselling process the unemployed decide what kind of vocational training they want to follow.

Vocational training providers have to state, as standard of success, the number of graduates that manage to get a job because of their new qualifications.

For those leaving the education system without completing compulsory schooling (persons aged 14-25), this second chance at education enables them to obtain basic skills (meant to be acquired at the end of compulsory education), throughout a special 3½ year programme alongside apprenticeship training.

#### **7. Suppliers:**

*ANOFM* and the network of county *AJOFMs* handling the budget for training unemployed people, vocational training providers, employers organising training.  
See above

#### **8. Cost analysis:**

Under the “Vocational Training” budgetary item in 2006 resources allotted amounted to 32,778,000 and 25,330,926 were spent, i.e 77.28%.

However, the data provided by *ANOFM* shows that, between 2001-2004, out of the entire public expenditure on the labour market, less than 4% was spent on vocational training (the explanation being the relatively small number of unemployed people accepting this active measure – see *Report on the state of the art of the education system*, Ministry of Education and Research, 2006, p. 104-105) – see also point 10.

- Cost per participant: costs relating to the training, but also indirect costs related to traveling, learning equipment, accommodation etc.
- Cost for employers: “according to Eurostat, employers’ expenses per employee for continuing vocational development training is 109 euro; on average, companies in Romania spent 6 times less per employee than the EU average” (see *Report on the state of the art of the education system*, Ministry of Education and Research, 2006, p. 104

### **B.Instruments**

#### **9. Instruments of the measure**

The decision to attend a certain course is based on the counselling received. Additional facilities to cover training expenses were mentioned in point 3.1.

For the unemployed young who do not finish compulsory education the “Second chance for education” programme combines training with apprenticeships.

Unfortunately, the ANOFM source mentions that in 2006 there was no application to pay for apprenticeship contracts, since trainers find it difficult to obtain accreditation.

The criteria for quality of the training is the number of unemployed graduates who find a job after counselling from the training centre or AJOFM.

### **C) information about the context of the measure**

#### **10. Costs of the measure**

ANOFM's annual employment programme is a separate service, based on this explicit measure in all strategic documents related to stimulating the employment. A total of 46,681 persons benefited in 2006 from this measure, out of which 42,565 were registered unemployed people.

The 42,565 unemployed people (22,228 women) attended the following types of vocational training:

- introductory courses : 5,894 unemployed (3,640 women);
- re-qualification courses: 35,197 unemployed (17,671 women);
- further training courses (*perfectionare* – in Romania): 1,012 unemployed (652 women);
- specialization course: 462 unemployed (265 women).

**The unemployed under 25 years was the biggest group: 29.18% (36% in 2005) of all students (25 – 34 years were 26.88%).**

However, out of the total number of registered unemployed people, only 8.77% attended vocational training courses (10% in 2005).

Para. 3.1 shows the supplementary costs for covering the expenses of unemployed people for attending training.

#### **11. Complementary measures (when required):**

Stimulating employers to employ young graduates; or giving monetary incentives to those employed before the end of the paid unemployment period, to prevent long term unemployment. This measure is necessary to reduce the high unemployment rate among youngsters, as well as the rather high school dropout rate. Employers receive 50% of the costs related to vocational training for up to 20% of their staff.

For unemployed youngsters who do not finish compulsory education there is the "Second chance for education" programme that combines training with apprenticeships. Law 297/ 2005 stipulates that apprenticeship contracts can be

taken out for persons aged 16-25 year, for not more than 3 years, and with a duration of at least 6 months. Beside apprenticeship contracts, the young can attend an additional year (after attaining a school-leaving certificate) that will allow them to enrol in a vocational high school.

**D)Information about the evaluation of the measure**

**12. Results and effects evaluations**

ANOFM's annual statistical data.

See the references listed at point 14.

In the peer review carried out with the ETF representative in 2004 it was shown that only 1 out of 40 unemployed people has attended a vocational training course, the participation rate in continuing vocational training being one of the lowest in Europe. In most cases, participants are individuals and not companies, who are not very keen in investing in the continuing vocational development of their employees. But in spite of the low rate of participation, in Romania there is considerable interest in developing vocational training policies (p.9).

**13. Documentation** (concerning previous points):

- Printed material
- Online sources: Strategic policy related documents and reports

**14. Research (references):**

- printed material

Birzea C. (coord, 2001), *Impactul social al formării profesionale continue*, Observatorul Național Român, București;

Bădescu M., A. Deij (2004), *Stimularea rolului partenerilor sociali în formarea profesională continuă*, Peer review, European Training Foundation and Observatorul Național Român;

Ghinararu C. (coord., 2004), *Studiu exploratoriu privind cererea de formare profesională continuă*, INCSMPS, Bucharest;

Pirciog S, Ciucă V. (coord., 2004), *Analiza dinamicii pietei muncii la nivel regional în sprijinul creșterii ocupării forței de muncă. Proiecția nevoii de formare profesională prin învățământ profesional și tehnic la nivelul anului 2004*; Ed. Humanitas Educational, Centrul Educatia 2000+, București.

xxx, (2005, 2006), *Report on the state of the art of the education system*, Ministry of Education and Research, Bucharest.

- Online sources: ANOFM's 2006 Activity Report, reports on youth employment in Romania, reports of the National Institute for Labour Market research and National Institute of Statistics; web sites;

**D)Information about the timeframe of the measure**

**15. Situating the measure in the timeframe**

*Before transition from school to training (e.g. vocational orientation in schools)*

*Transition from school to training*

*Transition from training to labour market*

*x*

***Unemployment after having worked***

*x*

*Others jobseekers*

**X**

**Measure:**

Job fairs

Name: Job fairs (*Bursa locurilor de muncă*)

**1. Main policy**

Job fairs are one of ANOFM's, and its AJOFMs', most well known measures for active employment. Job fairs can be aimed at all sorts of target groups. For instance, job fairs specifically aimed at recent graduates have taken place each year in September since 2003. Beside the general job fairs (for all types of jobs), there are organized job fairs for increasing employment among more marginalized groups in society (gypsies, young people from social security institutions, women, disabled people, etc). Job fairs aim to set up links between companies/employers and those looking for a job.

**2. Beneficiaries**

In the context of youth unemployment, the beneficiaries tend to be those young people who have difficulties getting a regular job through the existing channels. There are also specific job fairs organised for different types of vulnerable groups (young people from institutions of social security, gypsies, disabled persons, single parents, etc.).

**2. Abstract****3.1. Definition**

Job fairs are frames of interaction between companies that have jobs to offer and those looking for a job. Job fairs are organised for one day. The companies presenting themselves and the jobs they are offering have the opportunity to run initial talks and "interviews" with potential candidates. Each company has a small stand at the job fair, which the unemployed can visit and have a chat about the possible job. The unemployed leave their CVs at different places, hoping they will be asked to come for an interview.

For vulnerable groups with less access to information (gypsies and people from rural areas) there are also organized caravans.

**3.2. Goals**

- To promote contacts between employers and unemployed; employers get in touch with unemployed people whom they might otherwise never have talked to.

- To facilitate a better knowledge of companies, SMEs included, and working sectors for young people, for different categories of disadvantaged people. The unemployed have the chance to ask the company questions in person, and to obtain information from a direct source regarding the challenges and skills the work in that company involves.
- The unemployed get new inspiration and learn about new professions and companies, which they might otherwise never have heard about.

### **3.3.Contents**

Job fairs are organised by AJOFMs with the support of the companies interested. The duration of the job fair is one day and it is free of charge for the companies as well as the unemployed. The companies registered in the job fair provide information on the working places they have available. The visitors (unemployed interested in a new job) have informal conversations with company representatives. Often the AJOFMs have their own stand from where they can register the unemployed, or facilitate the employment process, either by steering the unemployed to a future employer, or by describing the measures and facilities they offer the unemployed (from training programmes to financial support).

Since 2005, caravans have also been organised (for gypsies and for those living in rural areas). Such events aim to disseminate information about the rights and services available and to identify the problems and obstacles people from these communities have to cope with.

Dedicated job fairs are also organised for vulnerable groups (see 1 and 2).

### **3.4.Conditions of success**

Variety of companies and number of jobs offered. To help unemployed people “sell” themselves; large number of participants, on both sides.

### **4. Expected specific effects and outcomes**

Increasing the number of employed people.

Better awareness both of employers about the potential of jobseekers (mainly those belonging to the vulnerable groups), as well as of the unemployed about the labour market in general and in particular about the specific criteria connected to any given profession they might be interested in.

Better awareness about the concrete problems and obstacles of those belonging to vulnerable groups.

### **4. Institutional Levels involved and respective functions (national, regional, local)**

Job fairs are conducted locally in close cooperation between local companies and the AJOFMs, together with School Inspectorates, universities, high schools etc. For caravans, the local authorities from the respective communities are involved.

**5. Access (description of the procedure)**

Job fairs are open to everyone whether employer or unemployed. For the specific fairs, naturally only those belonging to that group are allowed to attend. Participation is free.

**6. Suppliers**

The AJOFMs and local companies are the main suppliers. At national level, ANOFM is responsible for general job fairs.

**7. Cost analysis**

There is no data available, as the number of local job fairs to be organized depends on labour market needs.

Generally, for companies attending there is the cost of advertising and for organisers there are also the costs of advertising and of hiring large locations.

**B. Instruments**

**8. Instruments of the measure**

Awareness campaigns, both in media and via possible co-organizers (universities, school inspectorates etc.). During fairs, informal talks and even recruitment. SEMM (Electronic Service for Labour Mediation – since 2000) and more generally Services of Labour Mediation.

**C) Information about the context of the measure**

**9. Costs of the measure**

In 2005, 24,230 persons were employed as a result of job fairs, as follows:

- 6,458 – during job fairs for women
- 4,604 – during job fairs for young graduates (out of 24,230 young graduates participating, 15,525 were selected to be employed and 4604

<p>got a job)</p> <ul style="list-style-type: none"> <li>• 11,507 – general job fairs, etc.</li> </ul> <p>In 2006, <b>25,355</b> persons were employed as a result of job fairs. Two general job fairs were set up at national level and as many job fairs as needed were organised at local level, according to market needs, for the vulnerable groups represented. Job fairs for young graduates was organised at both national and local level.</p>
<p><b>10. Complementary measures</b> (when required)</p> <p>Career counselling. SEMM (Electronic Service for Labour Mediation). Social personalized support (for those belonging to vulnerable groups), stimulating labour mobility.</p>

<b><u>D) Information about the evaluation of the measure</u></b>
<p><b>11. Results and effects evaluations</b></p> <p>See point 10. General positive evaluation, but sometimes the qualitative evaluation shows that young students just graduating are disappointed about the quality and attractiveness of jobs offered.</p>
<p><b>12. Documentation</b> (concerning previous points)</p> <p><b>- Printed material</b> Articles in specialized journals for jobs.</p> <p><b>- Online sources</b></p> <p>ANOFM Activity Reports for 2005 and 2006, reports on youth employment in Romania, reports of the National Institute for Labour Market research and National Institute of Statistics; <a href="http://www.anofm.ro">www.anofm.ro</a></p>
<p><b>13. Research (references)</b></p> <p>- Printed material</p> <p>- Online sources</p>

<b><u>D) Information about the timeframe of the measure</u></b>
<p><b>14. Situating the measure in the timeframe</b></p> <p><i>Before transition from school to training (e.g. students in last years of schooling)</i></p>

x

*Transition from school to training*

*Transition from training to labour market*

x

***Unemployment after having worked***

x

*Others jobseekers*

X

**A. General information about the measure**

**MEASURE:**

*Stimulare a angajatorilor pentru încadrarea în muncă a absolvenților de învățământ*

Stimulating employers to employ young graduates.

**1. Main policy**

Facilitating access to the labor market of young graduates without working experience.

Ensuring equal opportunities on the labour market for every jobseeker, without any discrimination.

Reducing the unemployment rate among young graduates by stimulating employers.

Promoting active employment measures and promoting social inclusion.

**Policies involved**

Increasing employment levels and promoting youth employment, through incentives for both employers and the young. Employers are also encouraged to invest in the professional training of their employees. Reinforcement of links between the labour market and the educational system.

The education policy aims to improve the quality of education and the compatibility of the educational system with the vocational training system and with labour market demands, to make the qualification offered more attractive for the labour market.

**2. Beneficiaries**

The direct beneficiaries are all unemployed people just graduating from either a

high school/ vocational school or university; young people, between 15-24 years, from both rural and urban areas nationwide, irrespective of gender, social class, religion or ethnic origin.

The indirect beneficiaries are the employers benefiting from such a measure.

### **3. Abstract**

#### **3.1. Definition**

Stimulating employers to employ young graduates means offering them the possibility to obtain from the unemployment public funds the equivalent of the minimum salary for 1 year. To obtain this incentive, the employer has to employ the person for an unlimited period and to keep him/her employed for at least 3 years. It is a measure aiming both at stimulating the employment of young graduates without experience and of consolidating their employment status (at least for 3 years).

#### **3.2. Goals**

- Reducing the unemployment rate of young people (15-24 years old), reducing the long term unemployment rate;
- Facilitating the entrance into the labour market of young people just graduating and offering them the possibility to consolidate their employment status and to get work experience;
- Encouraging those looking for a first job;
- Encouraging employers to employ inexperienced workers.

#### **3.3. Contents**

The measure aims to improve the chances of inexperienced young people, just graduating, to get a job by offering incentives to employers. Taking into account the high unemployment rate among the young (15-24 year-olds), usually discriminated on the labour market because of their lack of working experience, the measure aims also to offer them the possibility to obtain at least 3 years work experience. This is done by compelling employers, who have claimed part of the salary of the newly employed graduate for one year, to keep him/her employed for at least three years. This also prevents the risk of losing the job after a short period because of difficulties in adapting to the world of work.

#### **3.4. Conditions of success**

Conditions: good counselling services (to choose the right job), motivation and interest of graduates for the respective job.

### **4. Expected specific effects and outcomes:**

Increasing the chances and percentage of young graduates who enter the labour market immediately after graduation. It also offers them also the possibility of obtaining work experience.

Encouraging the employers to employ inexperienced workers, thus increasing the number of jobs and working contracts for unlimited periods offered to young graduates.

**5. Institutional Levels involved and respective functions (national, regional, local):**

The AJOFMs subsidize employers who employ such young people under a contract and monitor them.

To raise awareness on this possibility, the Ministry of Education institutions preparing young people for the labour market (high schools, vocational schools and universities) have the responsibility of informing students about these programmes through their career counselling departments.

**6. Access (description of the procedure)**

Access is possible for any employer hiring a newly graduated person, irrespective of the level of education. Depending on the employment contract, the employer can claim for one year the equivalent of the minimum salary from AJOFMs as long as it is stipulated that the young person will be employed for at least three years.

**7. Suppliers:**

*ANOFM* and the network of county *AJOFMs* handling unemployment funds have a special contract with employers of young graduates.  
See above.

**8. Cost analysis:**

The minimum salary paid for 12 months, according to the qualifications of the newly graduated person employed.

**B. Instruments**

**9. Instruments of the measure**

Information campaigns aiming to increase awareness about this incentive, amongst both employers and young graduates. Job fairs for young graduates.  
The contracts between AJOFM and the employer for payment, based on the unlimited employment contract offered to the young graduate.

**C) Information about the context of the Measure**

**10. Costs of the measure**

In ANOFM's annual employment programme, this measure is described explicitly in the strategic documents related to stimulating the employment of young people.

A total of 16,414 young graduates (47.64 % of graduates who found a job immediately after graduation) benefited from this measure in 2006.

ANFOM data shows that 36.09% of young graduates (meaning 34,449 persons) found a job within 6 months of their graduation, with 47.6% benefiting from this measure. Out of these latter, 3,284 were graduating from upper secondary school or vocational school; 5,964 were graduating from a post-high school specialisation, and 7,166 were graduating from higher education. The highest percentage of employment of young graduates was in the counties where there are big university centres.

40,019 graduates were employed in 2005 (meaning 35.55 % of 112,564 registered graduates), out of which 51.78 % got a job because of this measure.

Beside the salary paid for one year, indirect costs are related to the job fairs organised in September specially for young graduates.

For stimulating employment among newly-graduated young people, since 2006 those managing to get a job for a period higher than one year, also received an incentive equal to the minimum salary per country without interest. In 2006, 5,429 graduates benefited from the employment bonus.

**11. Complementary measures (when required):**

Career counselling; incentives for those employed full time for more than one year; job fairs. In addition, once they have hired, employers can also claim 50% of the costs for training for up to 20% of their staff.

Plus apprenticeship contracts, social personalized support (for those belonging to vulnerable groups), preferential loans and support for setting up businesses, special support for employing disabled graduates.

**D) Information about the evaluation of the measure**

**12. Results and effects evaluations**

ANOFM's annual statistical data.

There are also negative effects if young graduates fail to adapt to the working situation and leave the job earlier.

**13. Documentation** (concerning previous points):

- Printed material
- Online sources: ANOFM annual reports.

**14. Research (references):**

- Printed material
- Online sources: ANOFM's Activity Report for 2006, reports on youth employment in Romania, reports of the National Institute for Labour Market research and National Institute of Statistics; web sites.

**D)Information about the timeframe of the measure****15. Situating the measure in the timeframe**

*Before transition from school to training (e.g. vocational orientation in schools)*

*Transition from school to training*

*Transition from training to labour market*

*x*

**Unemployment after having worked**

*Others jobseekers*

**Selection of nr 4 measures adopted in THE UNITED KINGDOM**

**List of selected measures that can be important for the employment and for “good working and living conditions of the young people at national or local (but remarkable) level”.**

<i>Number</i>	<i>Name of the measure</i>	<i>Main Goals</i>	<i>Beneficiaries</i>	<i>Institution/organization involved</i>
1	New Deal for Young People (NDYP)	To improve transition into employment	18-24 year olds who have been unemployed for 6 months	Department for Work and Pensions; Local jobcentres
2	Apprenticeships	To improve the skills of young people and improve their employability	16-24 year olds with reasonable standard of education	Department for Education and Skills; Local Learning and Skills Councils
3	National Minimum Wage (NMW)	To reduce the minimum wage payable to young people to make the youth labour market more flexible	16-21 year olds	Department of Trade and Industry
4	Education Maintenance Allowance (EMA)	To increase post-16 participation	16-18 year olds from low-income households	Learning and Skills Council

**A.General information about the measure**

**Name of Measure nr 1:**

New Deal for Young People (NDYP)

**1. Main policy:**

**Policies involved**

- (i) To help the transition into employment for young people and so reduce youth unemployment – the measure is specifically targeted at the young unemployed and aims to provide them with whatever it is that is preventing them acquiring work, for example education, training or work experience.
- (ii) The national policy to reduce the number of low-skilled people in the labour market and raise the country's stock of skills will be helped by the fact that most New Deal participants will be acquiring skills on their chosen option (route into employment).

**2. Beneficiaries:**

All young people aged 18-24 who have been unemployed for 6 months must participate in New Deal, or they will lose their entitlement to benefits.

**3. Abstract**

**3.1. Definition:**

The New Deal for Young People is an active labour market policy that aims to reduce long-term unemployment amongst young people by helping their transition into work. It is mandatory for young people to participate, once they have been unemployed for six months. The process starts on the 'Gateway', where participants are first invited to meet their New Deal Personal Adviser, who through interview will find out about the young person's situation and the factors that explain why they are not working. The Gateway period can last up to four months. After assessing the young person's situation, the Personal Adviser recommends the best 'option' for that person, who will then spend around a year pursuing this option, which will hopefully lead to them obtaining employment. If no employment is forthcoming, the young person enters the 'follow-through' stage, where they will re-enter a period of discussion with their Personal Adviser, who will re-assess what to do next.

**3.2. Goals:**

- (i) To increase participation in education and training, to provide young people with new skills and a new start
- (ii) To increase the employability of young people

- (iii) To reduce youth unemployment
- (iv) To increase the national supply of skills, so employers get new talent for their businesses.

### 3.3. Contents:

Gateway:

- guidance advice from the Personal Adviser, who identifies the factors that are stopping the young person from finding employment, and recommends the options that they should follow.

Options: on the basis of the guidance from their Personal Adviser of their specific needs, individuals follow one of four 'options'. Whilst on an option, beneficiaries receive a training allowance equivalent to their Jobseekers' Allowance and may also receive a top-up payment of £15.38 per week. The four options are:

- employment – beneficiaries can spend time gaining work experience whilst working in a firm
- full-time education and training – low-qualified individuals can acquire the skills they require to make themselves more attractive to employers in the labour market. This is by far the most popular of the four options.
- Work in the voluntary sector – to provide work experience.
- Work on the environment task force – again to provide work experience for those who cannot find a placement with a private firm.

Follow-Through: if individuals have not been successful in obtaining employment at the end of their options period, they return to claiming Jobseekers' Allowance in the Follow-Through period, once again getting help from their Personal Adviser.

There is also help for employers, and incentives to training or employing a New Deal participant:

- up to £60 a week for taking on a full-time employee aged between 18 to 24
- up to £750 towards training a young person aged 18 to 24

### 3.4. Conditions of success:

### 4. Expected specific effects and outcomes:

In August 2006, 97,000 young people were participating in New Deal for Young People. Most (69,000) were at the Gateway stage, having had or still awaiting their interview. Of those involved in options at this time, 1,650 were in the employment option, 7,240 were in full-time education or training, 4,790 were working in the voluntary sector and 2,370 were working with the environment task force. 12,000 had completed their option but had not found employment, and were at the 'follow-through' stage.

In total, 1.15 million young people have entered New Deal for Young People, from

its introduction in 1998, up to November 2006. The gender split has seen about twice as many males as females enter. 146,000 of these entrants have a disability, and 186,000 have been from an ethnic minority group, meaning both groups are over-represented in the total number of beneficiaries, compared to their number in the population as a whole.

The specific targeted outcome of the New Deal is to get people who have been long-term unemployed back into employment. So far, from its introduction in 1998 up to August 2006, 710,000 people aged 18-24 have obtained a job after going through New Deal for Young People. Of these, 106,000 returned to unemployment within 13 weeks of obtaining employment, while the remaining 604,000 were sustained, in the sense that they lasted at least 13 weeks. The majority obtaining a job (509,000) have been male, in line with their over-representation amongst entrants. Of those obtaining a job, 101,000 were from an ethnic minority group, and 81,000 had a disability.

**5. Institutional Levels involved and respective functions (national, regional, local):**

The measure is organised by the national government department, the Department for Work and Pensions. The measure is administered at the local level by jobcentres, where the Personal Advisers are based. Local employers can show support for New Deal by showing a willingness to accept New Deal participants.

**6. Access (description of the procedure):**

This measure is mandatory for all young people aged 18-24 who have been unemployed for at least six months, and so no procedures have to followed in order to become involved. Individuals are automatically invited to participate.

**7. Suppliers:**

Department for Work and Pensions – deals with all elements of welfare support for all members of the population; children, working-age adults and retired individuals. With regards to working-age individuals, the department’s role is to assess eligibility for pay benefits, but also to help people off benefits and into employment.

Jobcentre Plus – does the work of the DWP in terms of awarding benefits and helping individuals into employment, at the local level. It therefore offers help to people looking to move into work and support for people who can't. Jobcentre Plus also provides a range of services to help employers fill their vacancies.

Local employers, voluntary organisations, voluntary groups – work in partnership with Jobcentre Plus to find places for those New Deal participants that Personal Advisers want to place in the employment option.

Colleges of Further Education and local training providers – work with Jobcentre Plus to find places for those New Deal participants that Personal Advisers want to place in the education and training option.

**8. Cost analysis:**

Cost of New Deal for Young People per person employed was £2852 in 2005/6.

**B.Instruments**

**9. Instruments of the measure**

- Personal advisers
- Work experience employment places
- Education and training

**C)Information about the context of the measure**

**10. Costs of the measure:**

*29. Total amount per year:*

The initial estimate for total expenditure on NDYP over the first five years was £3,150 million. The most recent estimate is £1,480 million, less than half the original expectation. Costs have been lower than the original estimates for two main reasons. First, unemployment in the NDYP client group had fallen more quickly than had been expected and secondly, when the initial costs projections had been made, it had been expected that 40 per cent of clients would leave the programme during the Gateway and that 60 per cent would move onto one of the options. In practice some 60 per cent of clients to date have left from the Gateway. The Minister also added that to some extent, the options had cost less to provide than was originally expected.

After adjusting for costs and other consequences of the programme, such as a reduction in Jobseeker's Allowance payments and an increase in taxation receipts, for every £5 spent on the programme about £3 comes back.

*30. Total number of beneficiaries per year*

In the most recent year for which data are available, 2006, 167,500 entered New Deal for Young People.

**11. Complementary measures** (if the case):

Provision of high quality education and training for the target group of low-qualified young people, to ensure that the options are successful in increasing the likelihood of employment.

**D)Information about the evaluation of the measure**

**12. Results and effects evaluations:**

The difficulty in evaluating a measure such as NDYP is estimating what would have happened to participants had they not participated. Since we cannot observe the same people in two states at the same time, this counterfactual cannot be measured. Evaluation therefore requires using the outcomes for some other group as an estimate of the outcomes for the treated group, and then controlling for the differences between the treatment and the control group.

Wilkinson (2003) uses 30-39 who have been unemployed for six months as a control group for the 18-24 year olds on NDYP. He uses a difference-in-difference approach, which compares the unemployment outcomes of 18-24 year olds and 30-39 year olds before the introduction of NDYP, and then measures the difference in their unemployment outcomes after NDYP is introduced and so the 18-24 year olds are 'treated'. The impact of the labour market measure is then the differences in these cross-group differences before and after the introduction of the policy. The results suggest that, for young men, the impact of NDYP was to reduce unemployment by about 30,000 people, six months after the entry date to the programme. The size of the effect fell over time however, so that 12 months after the entry date male unemployment was predicted to be 20,000 lower, and 18 months after the entry date male unemployment was predicted to be 10,000 lower. For women, the reductions in unemployment due to NDYP were estimated to be 11,000, 8,000 and 5,000, after 6, 12 and 18 months respectively. The reason that the effects are smaller for women is that fewer women than men enter the programme.

Bonjour *et al* (2001) evaluated the impact of the different options Bonjour *et al* (2001) evaluated the impact of the different options available under NDYP. The method used to solve the problem outlined above was matching, whereby surveyed participants on each option were matched to a control group of non-participants in terms of their observed characteristics. The evaluation was in terms of how much the employability

of participants was improved, such as their access to training and attachment to the labour market. The employment option was shown to be the most effective at improving employability. The education and training option actually performed the worst for employability, with the exception that it led to the highest level of qualifications.

**13. Documentation** (concerning previous points):

*Printed material*

Wilkinson, D. (2003) *New Deal for Young People: Evaluation of Unemployment Flows*, PSI Research Discussion Paper 15, Policy Studies Institute, London, UK. ([www.psi.org.uk/docs/rdp/rdp15-new-deal-for-young-people.pdf](http://www.psi.org.uk/docs/rdp/rdp15-new-deal-for-young-people.pdf))

Bonjour, D., Dorsett, R., Knight, G., Lissenburgh, S., Mukherjee, A., Payne, J., Range, M., Urwin, P., & White, M. (2001) *New Deal for Young People: National Survey of Participants: Stage 2*, Employment Service Research and Development Report ESR67, Employment Service, Sheffield, UK.

**14. Research (references):**

*Printed material*

*On line sources*

[www.jobcentreplus.gov.uk/JCP/Customers/New\\_Deal/New\\_Deal\\_for\\_Young\\_People/Dev\\_011412.xml.html](http://www.jobcentreplus.gov.uk/JCP/Customers/New_Deal/New_Deal_for_Young_People/Dev_011412.xml.html)

**E)Information about the timeframe of the measure**

**15. Situating the measure in the timeframe:**

**A.General information about the measure**

**Name of Measure nr 2:**

APPRENTICESHIP

**1. Main policy:**

**Policies involved**

- (i) Improving intermediate vocational skills of the working population: - the UK has proportionally far fewer individuals who have reached intermediate levels of education (Level 2 and Level 3 on the ISCED scale) via the vocational route, compared to many other European countries, and so a shortage of skills created by such education and training.
- (ii) Making high quality training available to those who do not want to go down the academic route: - for too long, the vocational route was under-developed in the UK, and if individuals did not continue with general (academic) education, there was a lack of high quality alternatives. Modern Apprenticeships seek to develop high quality vocational training that is valued by firms and apprentices alike.
- (iii) Reducing youth unemployment: - the lack of qualifications and skills is a prime reason for youth unemployment, amongst those who have completed their formal education without a high level of attainment. Apprenticeship should increase the chances of obtaining employment at the end of the training period, by providing individuals with vocational skills that are in demand on the labour market.

## **2. Beneficiaries:**

Individuals must be aged 16-24 when they begin an apprenticeship. Apprenticeships are open to anyone in this age range (who are not in full-time education), and there are no other entry criteria. So anyone in this age range is eligible.

However, the demand for apprenticeship places exceeds the supply, and so employers can choose to whom they offer places, and so can pick the most able applicants. Therefore individuals with no qualifications from their time in full-time education are very unlikely to obtain a place on an apprenticeship.

The UK Labour Force Survey suggests that, of those currently enrolled on an Advanced Apprenticeship (Level 3), over 70% already hold a Level 2 qualification (typically 5 or more good GCSEs taken at the end of lower secondary schooling at age 16). Similarly, of those currently enrolled on a normal Apprenticeship (Level 2), 40% have 5 or more good GCSEs, whilst a further 41% have some good GCSEs, but fewer than 5.

In terms of gender, around two-thirds of apprentices are male.

## **3. Abstract**

### **3.1. Definition:**

Apprenticeships are an integrated programme of learning leading to the acquisition

and application of the skills, knowledge and understanding required by employers. Apprentices typically are placed with an employer. An apprenticeship involves both learning whilst doing on-the-job, and learning away from the job in a college of Further Education or with a training provider

### 3.2.

#### Goals:

- (i) To provide a high quality system of vocational education to individuals who have decided to not follow the academic route.
- (ii) To increase the employability of young people
- (iii) To reduce youth unemployment
- (iv) To increase the national supply of skills, focussing on the skills most needed by employers.

### 3.3. Contents:

The content of each apprenticeship will be determined by the employer together with the Learning and Skills Council (LSC). The LSC ensure that each employer involved in apprenticeships offers a high quality package of training. There are over 180 different apprenticeships, according to the sector of the economy in which the employer is located, and these can differ quite markedly from one sector to another.

All apprenticeships comprise various components, however:

- An **NVQ** (National Vocational Qualification) or **SVQ** (Scottish Vocational Qualification), which demonstrates the apprentice's competence in their job role. N/SVQs are based on employer-defined National Occupational Standards (NOS).
- **Key or Core Skills**, which give the apprentice the generic skills they will need in work (e.g. communication, numeracy, problem solving, working in teams, using technology etc).
- The **technical knowledge** which underpins the apprentice's job role. This is a broad based qualification that can be integrated with in-house training and other relevant technical qualifications.
- **Employment Rights and Responsibilities (ERR)** which is not formally assessed, but ensures that an Apprentice knows the key rights and responsibilities they have whilst at work.

The median length of an apprenticeship is 86 months (71 months for a Level 2 Apprenticeship, and 130 months for an Advanced (Level 3) Apprenticeship).

### 3.4. Conditions of success:

**4. Expected specific effects and outcomes:**

Currently, there are around 250,000 young people on an apprenticeship, at one of around 130,000 firms. In the most recent year for which data are available, 2004/5, almost 170,000 young people completed an apprenticeship. This figure represented 120,000 completing a Level 2 apprenticeship, and 50,000 completing a Level 3 (Advanced) Apprenticeship. Significantly higher numbers started an apprenticeship however, with the success rate being 40% in terms of completing the full framework (38% success rate for Level 2 Apprenticeships and 40% for Level 3 Apprenticeships). Just over half (51%) of apprentices achieve at least some component of their apprenticeship (for example, the NVQ, and so have some qualification to show).

Targets must be to increase numbers involved and improve the success rate. In order to increase the numbers it will be necessary to persuade more employers to offer apprenticeship places, since the current demand for places exceeds the demand. For this, the value of apprenticeships and the benefits to employers will have to be clearly established and communicated.

The expected outcomes of a successful completion of an apprenticeship will be a higher likelihood of being in employment, and higher wages once in employment (reflecting more productive workers).

**5. Institutional Levels involved and respective functions (national, regional, local):**

At the national level, the Department for Education and Skills (DfES) has overall responsibility for apprenticeships. The DfES devised the overall framework, monitors outcomes and evaluates results, as well as setting budgets for spending.

At the local level, apprenticeships are administered by local Learning and Skills Councils (LSCs).

**6. Access (description of the procedure):**

Young people can call the national Apprenticeships helpline (telephone or online), leaving details about the sort of work areas they are interested in. A meeting with a learning adviser in the individual's local area will then be set up, and the learning adviser will provide details of employers in the area with suitable vacancies, to which the individual can apply.

Alternatively, individuals can apply directly to employers offering apprenticeship

places in the individual's chosen area.

Selection procedures vary across employers, but usually involve completing a form, attending an interview and sometimes taking tests.

### 7. Suppliers:

Local Learning and Skills Councils: - match potential apprentices to firms, agree the training programme to be followed, arrange for training providers to supply the agreed training, and fund the relevant parties.

Training providers: - hired by the LSC to provide the training agreed to be part of the apprenticeship programme between the LSC and the employer.

Employers: - offer a contract of employment to apprentices (in most cases) and a place to learn their trade on-the-job.

### 8. Cost analysis:

Costs to 3 economic agents:

- Costs to state: - cost per completer is £5,251. This figure is £4,712 for a Level 2 Apprenticeship, and £6,535 for a Level 3 Apprenticeship.
- Costs to employers: - comprise wages paid to apprentices, wages paid to training/supervisory staff, and the cost of any materials used in the training. Set against these costs are the value of the output produced by apprentices whilst they are training, and any funding received from the state for offering the training. Hogarth and Hasluck (2003) provide estimates of these net costs of a Level 3 Apprenticeship to employers in a selection of sectors:

	costs	benefits	net costs
Construction	30,992	27,808	3,185
Engineering	46,150	31,435	14,715
Business administration	23,712	20,984	2,729
Retail	24,250	24,875	-625
Hospitality	22,976	18,150	4,826

- Costs to apprentices: - comprise any direct costs of doing an apprentice (usually zero or negligible), plus the opportunity cost of the wage foregone by training rather than working, net of the wage received whilst training. Estimated wage of an individual working rather than training for two and half years, with Level 2 as their highest qualification = £27,509 (McIntosh, 2007).

**B.Instruments**

**9. Instruments of the measure:**

Training: provided on-the-job by the employer with which the apprentice is contracted, and off-the-job by training providers (which may include colleges of Further Education). Quality of training monitored by local Learning and Skills Councils.

Finances: provided from the Department for Education and Skills' budget.

**C)Information about the context of the measure**

**10. Costs of the measure:**

*Total amount per year*

In 2005/6, £597million was allocated to apprenticeships for 16-18 year olds, and £266 million for apprenticeships for 19-24 year olds.

▪ *Total number of beneficiaries per year*

There are currently around 250,000 apprentices in any one year.

**11. Complementary measures (if the case):**

None

**D)Information about the evaluation of the measure**

**12. Results and effects evaluations:**

McIntosh (2007) performs a cost-benefit analysis of apprenticeships. Costs are to the state, employers and apprentices, as set out in Section 8 above. Benefits are the estimated gain in productivity (as measured by wages received) following a completed apprenticeship, over the full working lifetime (corrected for the probability of being in employment). The wage in the absence of an apprenticeship is assumed to be that of an individual whose highest qualification is at Level 2 (for an Advanced Apprenticeship) or at Level 1 or 2 (for an Apprenticeship). The results reveal that the estimated net present value of an Advanced Apprenticeship in 2004/5 is £105,100, while the net present value of an

Apprenticeship is £73,000. There is therefore a substantial estimated surplus of benefits over costs, across the full working life.

**13. Documentation** (concerning previous points):

- *Printed material*

Hogarth, T. and Hasluck, C. (2003) *Net Costs of Modern Apprenticeship Training to Employers*, DfES Research Report 418.

McIntosh S. (2007) *A Cost Benefit Analysis of Apprenticeships and Other Vocational Qualifications*, DfES Research Report 834.

- *On line sources*

**14. Research (references):**

- *Printed material*

Steedman, H. (2001) 'Five Years of the Modern Apprenticeship Initiative: An Assessment against Continental European Models,' *National Institute Economic Review*, Volume 178, pages 75-87.

Steedman, H. (2001) 'Benchmarking Apprenticeship: UK and Continental Europe Compared' Centre for Economic Performance Discussion Paper

- *On line sources*

[www.apprenticeships.org.uk/](http://www.apprenticeships.org.uk/)

**E)Information about the timeframe of the measure**

**15. Situating the measure in the timeframe**

**A.General information about the measure**

**Name of Measure nr 2:**

National Minimum Wages (NMW)

**31. Main policy:****Policies involved**

- (i) Reducing in-work poverty: - minimum wages provide a floor to wages below which they cannot fall, providing some protection to low-skill, low-wage workers.
- (ii) Making the labour market more flexible for young workers:- the minimum wage for young workers is less than for adults, providing employers with more flexibility to vary the wages of young people and so price them into a job.

**2. Beneficiaries:**

Individuals aged 16-21 inclusive receive a lower minimum wage than individuals aged 22 and over.

Although it is more difficult to calculate for workers paid, for example, by piece rates or commission, all workers are covered by the National Minimum Wage.

**3. Abstract****3.1. Definition:**

The National Minimum Wage is a legally-enforceable hourly wage rate below which no workers can be paid.

**3.2. Goals:**

- (i) To reduce in-work poverty
- (ii) To reduce the number of children being brought in poverty
- (iii) To make the labour market more flexible for young workers.

**3.3. Contents:**

There are three levels of minimum wage, and the rates from 1st October 2006 are:

- £5.35 per hour for workers aged 22 years and older
- A development rate of £4.45 per hour for workers aged 18-21 inclusive
- £3.30 per hour for all workers under the age of 18, who are no longer of compulsory school age.

**3.4. Conditions of success:**

**4. Expected specific effects and outcomes:**

In 2006, amongst 16-17 year olds in employment, 206,000 (60%) received wage rates below the adult minimum wage. Amongst 18-21 year olds in employment, 346,000 (18%) received wage rates below the adult minimum wage. Therefore extensive use is made by employers of the ability to pay a lower minimum wage to young people aged 21 or below.

Significant numbers of young people remain NEET (not in employment, education or training) and could therefore potentially be priced into work through lower youth minimum wages. 120,000 16-17 year olds were not in education, employment or training, whilst around 540,000 18-21 year olds who were not in full-time education were either unemployed or inactive in 2006.

**5. Institutional Levels involved and respective functions (national, regional, local):**

The Department of Trade and Industry (DTI) has overall responsibility for the National Minimum Wage.

Recommendations for the rate are made each year by the Low Pay Commission, which comprises representatives of employers and unions, plus independent commissioners. The recommendations of the Low Pay Commission are not binding by law, but are generally accepted. Enforcement is undertaken by Her Majesty's Revenue and Customs.

**6. Access (description of the procedure):**

Individuals automatically receive the minimum wage by law. If their employer is not paying the minimum wage, individuals can complain by phone or online.

**7. Suppliers:**

Not relevant.

**8. Cost analysis:**

Not available

**B.Instruments**

**9. Instruments of the measure:** Not relevant

**C)Information about the context of the measure**

**10. Costs of the measure:**

Cost of meeting the Minimum Wage could be paid by consumers through higher prices, the workers through higher productivity requirements, or firms through reduced profits. The evidence suggests that the main impact has been to reduce firms' profits.

The national wage bill was estimated to rise by 0.25% when the National Minimum Wage was introduced in 1999 (0.35% if allowing for individuals earning above the minimum wage increasing their wages to maintain wage differentials) (Low Pay Commission, 2003)

**11. Complementary measures (if the case):**

Tax Credits, whereby the tax liability of individuals in lower paid work is reduced, have the same policy goal as the National Minimum Wage of trying to reduce in-work poverty. However, they do not have a direct impact on the youth labour market, as they are only paid to individuals aged 25 and above (unless they are responsible for children, or they have a disability).

**D)Information about the evaluation of the measure**

**12. Results and effects evaluations:**

Rice (2006) considers the impact of the National Minimum Wage on 16-17 year olds from a 'supply of labour' point of view. She simulates the effect of a minimum wage for 16-17 year olds set at the lowest decile of the observed distribution of hourly earnings for young people (which is close to the actual rate when it was introduced for this age group in 2004). She shows that the impact of the National Minimum Wage is greatest for low ability young males, but even for this group, the impacts are not large. Setting the National Minimum Wage at this level (rather than no minimum at all) is predicted to reduce the participation of this group in full-time education by 1.6 percentage points, whilst their unemployment rate rises by 1.3 percentage points.

Stewart (2004) considers the impact on the probability of being employed amongst 18-21 year olds of the initial introduction, and subsequent upratings, of the National Minimum Wage. He uses a difference-in-difference approach, comparing the outcomes for those affected by the minimum wage changes (those earning initially less than the proposed new minimum) and those unaffected by the minimum wage changes (those already earning just above the new minimum before it is introduced). For both the introduction and the upratings, no adverse effects on the employment of youths are observed; the estimated effects are actually positive, but statistically insignificant.

**13. Documentation** (concerning previous points):

▪ *Printed material*

Low Pay Commission (2001) *The National Minimum Wage: Making the Difference: Third Report (Volume 1) of the Low Pay Commission*, Department of Trade and Industry, Report Cm 5075 ([www.lowpay.gov.uk/lowpay/report/pdf/report3.pdf](http://www.lowpay.gov.uk/lowpay/report/pdf/report3.pdf))

Rice, P. (2006) *Wages and the Education and Employment Choices of Young People: Empirical Analysis for Great Britain*, University of Southampton Discussion Papers in Economics and Econometrics No 0612.

Stewart (2004) 'The Employment Effects of the National Minimum Wage' *Economic Journal*, Vol 114 (issue 494), pages C110-C116 ([www.socsci.soton.ac.uk/Economics/Research/Discussion\\_Papers/2006/0612.pdf](http://www.socsci.soton.ac.uk/Economics/Research/Discussion_Papers/2006/0612.pdf))

▪ *On line sources*

**14. Research (references):**

▪ *Printed material*

▪ *On line sources*

Department of Trade and Industry (2004) *A Detailed Guide to the National Minimum Wage (Revised)* [www.dti.gov.uk/files/file11671.pdf](http://www.dti.gov.uk/files/file11671.pdf)

The website of the Low Pay Commission at: [www.lowpay.gov.uk/](http://www.lowpay.gov.uk/)

**E)Information about the time frame of the measure**

**15. Situating the measure in the time frame:**

**A.General information about the measure**

**Name of Measure Nr 4:**

Education Maintenance Allowance (EMA)

**1. Main policy:**

**Policies involved**

Improving post-16 participation: the UK currently has one of the lowest post-16 participation rates in Europe. To the extent that this is due to a lack of family income, the Education Maintenance Allowance (EMA) is designed to improve this.

Giving greater access to education for people: the UK has a high level of income inequality. In addition, there is quite a high level of intergenerational immobility in terms of income, and this carries over into education too. Thus, post-compulsory education participation falls for young people with parents who have lower income or lower educational attainment. It is hoped the EMA will weaken this intergenerational link.

Improve retention on Further Education courses: there is a high level of drop-out amongst 17 and 18 year olds in full-time education, particularly from vocational courses. To the extent that this is caused by financial concerns, the EMA is designed to improve these drop-out rates. Rewards for staying with programmes and for reaching certain achievement points are explicitly built into the measure.

Reducing youth unemployment: persuading people to stay in education rather than enter the labour market should improve youth unemployment rates, whilst the acquisition of further qualifications should boost future employment likelihoods.

**2. Beneficiaries:**

In the first year of national roll-out, EMA was available to all 16-years-olds across England and to 17 and 18-years-olds in former pilot areas. In 2005-06 EMA roll-out continued and EMA was available to all 16 and 17-year-olds nationally. In 2006/07 EMA is available to all 16, 17 and 18-year-olds nationally.

Beneficiaries are aged 16-18, and from households earning less than £30,810 per year. Beneficiaries must be on full-time further education courses at college or school, an LSC-funded Entry to Employment (e2e) programme, or a Programme

Led Apprenticeship

**3. Abstract**

**3.1. Definition:**

The Education Maintenance Allowance is a means-tested payment to all eligible young people aged 16-18 who are in full-time education at a school or college, or on an Entry to Employment scheme. Means testing is conducted on the basis of family income.

Entry to Employment is a learning programme for low-achievers at the end of compulsory schooling.

**3.2.**

**Goals:**

- (i) To increase participation in post-compulsory education (both initial registration and retention).
- (ii) To reduce inequality in access to education
- (iii) To reduce youth unemployment

**3.3. Contents:**

Weekly payments to young people in full-time education are made according to household income:

up to £20,817 per year	£30 per week
£20,817 - £25,521 per year	£20 a week
£25,522 - £30,810 per year	£10 a week
More than £30,810 per year	No entitlement to EMA

Payments of £150 are made upon reaching set points of courses.  
There is a freedom of choice over type of learning taken up.

**3.4. Conditions of success:**

**4. Expected specific effects and outcomes:**

In 2005, 76% of 16-18 year olds in the UK were participating in some sort of education and training, which shows significant numbers not participating and so potentially could be influenced by the EMA, subject to satisfying the eligibility conditions.

In England alone in 2006-7, 406,319 young people received the £30 per week

payment, 49,863 the £20 payment and 43,993 the £10 payment (take-up of the benefit amongst eligible families is far higher amongst those eligible for the highest payment). These figures meant that 25% of all 16, 17 and 18 year olds in England were receiving the EMA.

**5. Institutional Levels involved and respective functions (national, regional, local):**

The EMA is administered by the Learning and Skills Council, which is a non-departmental public body of the Department for Education and Skills.

**6. Access (description of the procedure):**

There are a number of steps individuals need to take in order to apply for EMA:

- set up a bank account
- fill in an application form
- provide evidence of household income.

**7. Suppliers:**

The EMA is provided by the Learning and Skills Council. Its function is to improve the quality of and involvement in post-compulsory education and training.

**8. Cost analysis:**

Not available

**B.Instruments**

**9. Instruments of the measure:**

Finances: to pay the money to the recipients.

The availability of high quality academic and vocational courses to take the young people persuaded to continue their education by the EMA.

**C)Information about the context of the measure**

**10. Costs of the measure:**

- *Total amount per year*

2005/6, total costs were £443.5million, of which £396.8 million was specifically spent on student payments.

- *Total number of beneficiaries per year*

In 2005/6 429,627 young people in England enrolled and received one or more EMA payment.

**11. Complementary measures (if the case):**

High quality courses available for the marginal student who will be persuaded to continue their education by the EMA.

**D)Information about the evaluation of the measure**

**12. Results and effects evaluations:**

Middleton *et al.* (2005) use propensity score matching, matching individuals who received an EMA payment in pilot areas to individuals in non-pilot areas who therefore did not receive the EMA, but have the same observed characteristics. The results show that, on average, the EMA increased immediate post-compulsory participation by 5.9 percentage points. This impact was strongest for men, those from lower income families and this who were not high achievers at the end of compulsory schooling. Young people seem to have been drawn into education who would otherwise have entered work or training (-3.4 percentage points) or the NEET group (-2.4 percentage points). The results also show that young people, once entered, do not only spend a short period of time in education, with the participation rate increasing at ages 16, 17 and 18. However at age 19, when EMA payments are no longer made, then no significant impact on participation remains.

In terms of attainment, overall there is no significant impact of EMA on attainment observed. However, there is some suggestion in the results that there is an improvement in average attainment due to EMA amongst initially low-achievers, but that this is masked in the overall results by the lack of impact of EMA on attainment of already high-achievers, since the latter group form the majority of the post-compulsory participation group.

**13. Documentation (concerning previous points):**

32. *Printed material*

Middleton, S., Perren, K., Maguire, S., Rennison, J., Battistin, E., Emmerson, C. and Fitzsimons, E. (2005) *Evaluation of Education Maintenance Allowance Pilots: Young People Aged 16 to 19 Years. Final Report of the Quantitative Evaluation*, Department for Education and Skills Research Report RR678.  
[www.dfes.gov.uk/research/data/uploadfiles/RR678.pdf](http://www.dfes.gov.uk/research/data/uploadfiles/RR678.pdf)

33. *Online sources*

[www.dfes.gov.uk/financialhelp/ema/](http://www.dfes.gov.uk/financialhelp/ema/)

**14. Research (references):**

34. *Printed material*

35. *Online sources*

[www.dfes.gov.uk/financialhelp/ema/uploads/docs/Guide%20to%20EMA%20for%202007-08.pdf](http://www.dfes.gov.uk/financialhelp/ema/uploads/docs/Guide%20to%20EMA%20for%202007-08.pdf)  
[www.dfes.gov.uk/financialhelp/ema/](http://www.dfes.gov.uk/financialhelp/ema/)

***E)Information about the timeframe of the measure***

**15. Situating the measure in the timeframe:**