

MUTUAL LEARNING PROGRAMME:

PEER COUNTRY COMMENTS PAPER - SLOVENIA

Extended or limited profiling of placement related services?

Peer Review on “Systematic Preventive Integration Approach (Support) for
Jobseekers and Unemployed”

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1 LABOUR MARKET SITUATION IN THE PEER COUNTRY

This paper has been prepared for a Peer Review within the framework of the Mutual Learning Programme. It provides information on Slovenia's comments on the policy example of the Host Country for the Peer Review. For information on the policy example, please refer to the Host Country Discussion Paper.

Since the onset of the economic crisis in October 2008, there has been a substantial year-to-year increase in the registered unemployment rate in Slovenia, as well as a decrease in employment figures. There was a 7.8% drop in GDP in 2009; this was accompanied by an increase of 0.2% in the labour force and a decrease of 2.8% in the number of people in paid employment. The latest labour market figures show no sign of recovery. In particular, in July 2010, the number of employed decreased an additional 0.2%, 2.3% below July 2009 figures. The registered unemployment rate in the 2nd quarter 2010 remained constant (10.5%). In August 2010, the number of registered unemployed persons increased yet again to 99,032, a 12.4% increase compared with August 2009 figures.¹

GDP in 2009 dropped by 8% compared to 2008. In the first half of 2010, GDP increased by 0.6 % y-to-y. In the second quarter of 2010, GDP growth continued, increasing by 2.2% compared with the second quarter of 2009. This positive GDP growth has followed six consecutive quarters of negative growth. Both economic and labour market trends forecast 0.9% GDP growth for 2010. The growth in economic activity is expected to be supported by resurgence in the international/global economy. Domestic impulses remain weak in light of the deepening crisis in the construction sector and the continuing decline in labour market trends.

The unemployment inflow to outflow ratio has shown a seasonal pattern of change. In 2010, this ratio remained between 0.47 and 0.69, showing that unemployment numbers are growing. From a low of 5,300 in the third quarter of 2008, the average quarterly unemployment inflow increased to over 8,300 in the third quarter of 2009. The unemployment inflow peaks were reached in last quarter of 2008 and 2009 with an average quarterly unemployment inflow of 8,400 (2008) and 11,100 persons (2009). Unemployment outflow has remained less volatile. The average quarterly outflow has slowly increased from 5,800 in the third quarter of 2008 to 7,700 in the third quarter of 2009, reaching a peak in the fourth quarter of 2009 with a monthly average of 8,300 persons. The outflow rate was falling from October 2008 (0.69) till January 2009 (0.60). In January 2010 it already grew back to 0.73, and continued its growth in the second quarter of 2010 to an average of 1.03. The monthly unemployment outflow to different active labour market policy (ALMP) programmes and measures has remained below 10%, with occasional peaks up to 12%. Significant unemployment outflow of between 30% and 40% on a monthly level, presents the outflow to non-employment. The job-to-job transitions ratio—defined as the ratio of monthly employment outflow less outflow to first employment to unemployment inflow less first-time jobseekers—varied quite significantly from 2008 onwards. From a low of 0.20 at the beginning of the economic crisis, it grew to 0.40 in 2009 (with a peak of 0.70 in September). In 2010, it varied between 0.44 and 0.70. There are no official data available on sectoral and/or occupational transitions.

A large inflow of newly unemployed in the first stages of the economic crisis lowered the long-term unemployment rate from 2.2% in 2007 to 1.9% in 2008 and 1.8% in 2009. In

¹ Statistical Office of the Republic of Slovenia portal data: <http://www.stat.si/index.asp> and The Institute of Macroeconomic Analysis and Development of the Republic of Slovenia reports: http://www.umar.gov.si/o_umar/zapisi/

2010, the average duration of unemployment² increased compared with 2009; the 2010 figures reflected unemployed inflow rates recorded in autumn 2008. As of the end of August 2010, the average time spent in the PES register was 1 year, 8 months and 15 days compared with 1 year, 8 months and 6 days in August 2009.

What are the types of individuals most likely to be affected by unemployment at one point or another in their career (i.e. what is the key client group of the PES – how has this been affected by the crisis)? Has the “core client group” of the PES suffered as a result of the crisis?

The demographic structure of registered unemployed, with the exception of gender, has not shown any drastic change over the past year-and-a-half. Men and young people have been most strongly affected by the crisis. As the economic crisis has mainly affected sectors with a predominately male workforce, the number of male unemployed surpassed the number of female unemployed in January 2009. During 2009, the number of unemployed men increased by 47.3%, while that of women increased only by 27.1%. The difference in growth rates between sexes remained unchanged throughout 2009 and 2010. However, current figures suggest that the gender difference is diminishing.³

The age structure and skill levels structure of those on the PES register have not changed a great deal. 2009 brought lower activity levels for those with lower or middle (finished secondary) education. Age segmentation remains a significant problem in the Slovenian labour market, with the youth (15–24 years) and the elderly experiencing disadvantages in the labour market most intensively. In 2009, the highest rate of unemployment increase was witnessed in the youth population. The activity level of the elderly (55–64 years) remains among the lowest in the European Union, although it increased throughout 2009.

The decline in economic activity has had an adverse impact on part-time employment in Slovenia. Companies first responded to the economic crisis by not extending temporary employment contracts. The number of foreign workers also decreased from 70,327 in September 2008 to 60,157 in March 2010. Considering employment sectors, the processing industry was the first to be affected by the crisis. From October 2008 to March 2010, the industry lost more than 31,000 jobs (–14.5 %), predominately in the areas of metal processing and clothing. The construction industry was the next to be hit by diminishing investments. Since November 2008, the employment in the construction sector has shrunk by more than 11,000 (–12.9 %). Agriculture, trade and transport have also been hit by the economic crisis.

In addition to statistically monitored disadvantaged labour market groups, the staff at PES observed a general worsening in the labour market situation for those living in disadvantaged (poor) social conditions. For them, the accumulation of various critical labour market attributes is evident. This social group tends to consist of poorly educated, long-term unemployed people who often have disabilities and live in poorest living and social conditions. The economic recession appears to be pushing increasing numbers of people into this group.

2 ASSESSMENT OF THE POLICY MEASURE

Does your country use an intensive case approach/individual action planning and when does this process start and end?

Responding to the modern doctrine of other OECD countries (rationalisation needs and aims of improved service quality standards) the Central PES agency in Slovenia has

² The average duration of unemployment is based on unemployment spells in process, computed as a sum of durations of all unemployed at some moment divided by the number of unemployed.

³ Central unemployment office portal: http://www.ess.gov.si/trg_dela/trg_dela_v_stevilkah/

gradually implemented a more intensive case approach and individual action planning for jobseekers and the unemployed. Compared to Germany, the system in Slovenia is less partitioned and less institutionalised as it is not legislatively bound. Since 2005 the central PES agency is gradually developing the placement-services model at the sub-statutory (not guided by a law) level. This model provides a common framework of reintegration services for jobseekers practised in all jobcentres and by all job counsellors. As in Germany, it is not a new agenda but a consolidation of older regulations and activities.

The process of placement-related services is outlined in the *Doctrine of working with unemployed and employers*. The process begins with the initial registration of a jobseeker. Each jobseeker is assigned a job counsellor (case manager). First the jobseekers are divided into two groups upon the results of standardised interview and criteria for determining the prospect of employability barriers: jobseekers without employability barriers and jobseekers with employability barriers. Following pre-existing categories of employability barriers are identified: disability, health problems, age over 40 years, extended inactivity spell, behavioural deviations and youth. Next all jobseekers, irrespective of the presence of employability barriers, take part in an *informative – motivational seminar*. Then the counselling process divides, leading to different procedural treatment of these two groups, differentiating the range and scope of available services. The treatment of jobseekers with different employment barriers varies slightly depending on the specific needs of individual subgroups.

Jobseekers without employment barriers are considered directly employable (i.e. job ready). The PES aims to get this group, which accounts for approximately 70% of all jobseekers, into active job searching and job placement as quickly as possible. Their first counselling is either individual or group one, depending on sources available at a jobcentre. The session ends with the preparation of an employment plan. When developing realistic labour market goal, an emphasis is put on the jobseekers strengths or his/hers last job. The employment plan includes explicit job-search activities. All jobseekers without employment barriers are automatically put forward for job-placement.

The first counselling session with jobseekers with employment barriers focuses on the identification of the type and scope of the barriers and on the client's support needs, which serve as the basis for further profiling. Jobseekers are then grouped according to the support activities they require. During employment planning, the jobseeker and the job counsellor determine the support activities (also among available ALMP measures) and their sequence. During this process, job counsellors can seek the assistance of specific experts, specialists, authorities and employers in order to provide group counselling, expert opinion or specialist consultations. Generally, the ALMP programmes and activities retain the logic of the formal statutory catalogue that defined the type, level and prerequisites for services.

Irrespective of the jobseeker's profile, each follow-up counselling session focuses primarily on the implementation of the employment plan and the identification of the causes of any deviation from the plan. The session also involves an examination of the agreed employment goal and a re-assessment of the client's need for supporting activities/services. At this stage, the support becomes more individualized, with certain groups receiving more intensive treatment. For example, jobseekers in need of constant support are offered additional counselling. Jobseekers in the youth category (up to age 24) also receive more intensive monitoring and counselling. As noted, the employment plan constitutes an important element and represents the end result of the counselling process. It is a written agreement between the jobseeker and the PES that encompasses all envisaged activities of the unemployed person regarding the job search and/or inclusion in ALMP activities. Changes resulting out of the counselling process as a rule, result in a new employment plan.

This system allows clients to switch between jobseekers' profiles. Additionally, if the jobseeker becomes long-term unemployed, the job counsellor and a specialist team undertake an additional assessment of the placement-related services process. For all clients that re-enter the jobseeker registry within 12 months, the counselling commences at

the stage of additional follow-up counselling.

The placement-related services process in Slovenia consists of similar elements as the German 4-phase model, although the third and fourth phases are integrated, rather than segregated elements. The Slovenian system also dwells upon a less differentiated set of (two major) client categories, making the level of initial differentiation rather low. However, this is compensated for by the branching of available services at a later stage based on the clients' occupational goals and specific needs. The system, thus, allows for differentiation according to client weaknesses and potential "action strategies" to address these. Another observable difference in comparison to the host country system might be the level of available ICT support during the placement-related services process. In Slovenia, people can register online as jobseekers; they can also register online for unemployment benefit and e-counselling, which is intended to help jobseekers determine an appropriate occupational path, set employment goals and improve job-search skills, in addition to providing relevant labour market information. Information on available jobs is also sent to jobseekers via SMS and e-mail.

What are the advantages and disadvantages perceived in your country of early intervention by the PES (do the advantages of the potential for early re-integration outweigh potential deadweight effects; have deadweight effects been estimates, etc.) Is a profiling approach used and what is the rationale for using it/not using it?

The described system and measures possess many elements of a preventive case approach, similar to Germany's system. Early intervention—besides preventive intervention with employers considering an early registration requirement for jobholders at risk—mainly consists of early and intensive involvement with jobseekers with employment barriers. Valid assessment of the early intervention principle is not yet possible, because of the absence of evaluation studies. Based on interviews with PES staff, early intervention seems to be associated with a number of advantages. Jobseekers at high risk of unemployment are identified quickly, thereby helping to combat long-term unemployment. Employers are not burdened by jobseekers that are not employable yet. However, despite the priority management by the PES, those 70% of jobseekers without employment barriers, whose treatment should require less effort and resources, frequently require as much time and effort as the group with employment barriers. Deadweight estimates have not yet been numerically assessed.

The principal aim of the placement-services system in Slovenia has not been the jobseekers profiling. Profiling resulted from the implementation of set goals that led to the development and implementation of the Doctrine of working with the unemployed and the employer. The goals of this document were to:

- develop expert approaches to, and processes for, uniform employment activities,
- ensure improved quality and accessibility of PES services via the development of new services and the use of modern technologies,
- ensure the transfer of good practices,
- put in place a foundation for determining the competencies of processes management,
- ensure the doctrine operationalization which would in turn enable more effective and efficient work.

What types of measures are available to case worker to be offered to job seekers (and how is the use of measures affected by profiling if this is used)?

Job counsellors in Slovenia possess a high level of autonomy for which the service guidelines provide norms. In everyday praxis their discretion is only limited by budget restrictions, available capacities and statutory pre-determined regulations on ALMP target

groups or for instance explicit regulations on employment subventions. They are autonomous in clients' referral to ALMP measures or specialist treatment and in determining the intensity of jobseeker's support they provide.

The following groups of support activities are available for jobseekers with employability barriers: active job search support, support in determining the employment goal, support to attain occupational skills and knowledge, as well as motivation and activation support, support in addressing health impediments and support in surmounting situational obstacles, such as spatial immobility, family obligations or poor social conditions. All current ALMP programmes and activities are also available and subject to statutory regulations. No external evaluations or systematic monitoring efforts have been done.

Jobseekers without employment barriers receive limited support, such as labour market information and guidance in self-service activities. As already noted, all jobseekers attend the informative – motivational seminar. The following services and activities are also available: monitoring of available job positions, placement procedures, EURES services, information and occupational counselling centre and an employment nook.

How frequent are meetings between job seekers and case workers and how many job seekers is one case worker responsible for? How has this ratio developed over the years (i.e. as a result of the crisis)?

Guidelines are provided about the frequency of counselling sessions. First, follow-up counselling should take place within 2 months after registration for jobseekers up to age 25, first-time jobseekers, jobseekers that finished schooling less than 2 years ago and for recipients of unemployment insurance benefit or other forms of financial social support. First, follow-up counselling for other groups of jobseekers should take place within 3-4 months after registration. The general upper time limit of 3 months is also foreseen for subsequent follow-up counselling sessions. On the average a case worker treats 500 jobseekers. This figure varies in respect to different job centre locations. It also depends upon whether the case worker is specialised in long term treatment. Such case workers take care of 400 jobseekers on the average. The number of case workers increased slightly since the beginning of the economic crisis. The official figures on meeting frequency and the development of case worker – jobseeker ratio are not known.

What do action plans contain and do advisers have control over the budget available for actions for individual job seekers? If yes, how effective is this measure and if not, why is this approach not used?

Financial assistance to jobseekers and the unemployed is statutorily regulated and is thus to a much lesser extent at the discretion of the job-counsellor/PES in comparison to Germany.

3 ASSESSMENT OF THE SUCCESS FACTORS AND TRANSFERABILITY

Slovenia has not conducted any systematic evaluations of the effectiveness or successfulness of current placement related services. Thus, the author's position relies solely upon the perceived deficiencies of Slovenia's system and possible transferability of elements outlined within the host country case. Given the general similarity between the Slovenian system and the German system, the transferability of certain elements to Slovenia should be feasible. However, before considering the transferability of any elements, the possible advantages of extended profiling vs. restricted, profiling need to be identified. In addition, the advantages of changing the focus of placement-related services from client needs to client employment goals, needs to be identified. If these two elements

are found to have an important influence on the effectiveness and efficiency of placement-related services, the PES agency in Slovenia may consider modifying some elements of the existing *Doctrine of Working With Unemployed and Employers*. Less effort, although more financial resources, will be needed when considering the transfer of the Verbis software solutions that might present enhancement in comparison to existing IT support offered to job-counsellors in Slovenia. The transfer of the Placement Budget principle is questionable, because of the time consuming administrative obstacles related with the disbursement of ESF funds.

4 QUESTIONS

The differences identified in Slovenia's placement-related services give rise to the following:

- 1 How do job counsellors view the role of the "Verbis" placement software in Germany?
- 2 How does the software contribute to the quality, effectiveness, efficiency and flexibility of the placement-services processes?
- 3 How does the extent of client differentiation relate to the number of PES staff (or number of job counsellors) employed at local PES units and the number of clients per counsellor?

ANNEX 1: SUMMARY TABLE

Labour market situation in the Peer Country
<ul style="list-style-type: none"> • Since the onset of the economic crisis in October 2008, there has been a substantial year-to-year increase in the registered unemployment rate in Slovenia, as well as a decrease in employment figures. • The latest labour market figures show no sign of recovery, despite the positive GDP growth experienced in the second quarter of 2010. • Most strongly affected by the crisis were men, young people and foreign workers.
Assessment of the policy measure
<ul style="list-style-type: none"> • Slovenia has implemented an intensive case approach and individual action planning for jobseekers and the unemployed - that is to some extent comparable to the German system. • Compared to Germany, the system in Slovenia is less partitioned, less institutionalised and to lesser extent supported by IT. • A valid assessment of Slovenia's system is not feasible due to the absence of evaluation studies and proper monitoring. • Slovenia does not have an activity/programme directly comparable to the Placement Budget. Financial assistance to jobseekers and unemployed in Slovenia is statutorily regulated and is thus to a much lesser extent at the discretion of the job-counsellor/PES.
Assessment of success factors and transferability

- Before considering the transferability of any elements, the possible advantages of extended profiling vs. restricted profiling needs to be identified. In addition, the advantages of changing the focus of placement-related services from client needs to client employment goals needs to be identified.
- The transfer of the Verbis software solutions might be considered, since it presents enhancement in comparison to existing IT support offered to job-counsellors in Slovenia.
- The transfer of the Placement Budget principle is questionable, because of time consuming administrative obstacles related with the disbursement of ESF funds.

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