



ISMERI EUROPA



EUROPEAN JOB MOBILITY PARTNERSHIP

SMALL SCALE STUDY 1

MAKING TRANSITIONS PAY (ONWARDS AND UPWARDS MOBILITY)

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1 INTRODUCTION

Europe is confronted with long-term trends of globalisation, the greening of the economy, and technological change. Facing these challenges will involve managing rapidly changing and dynamic labour markets that are characterised by high rates of job destruction and job creation and more frequent transitions between different jobs, occupations, sectors, and employment statuses. At the same time, the progressive ageing of the population means that Europe will need to mobilise many of the groups that are currently not participating in the labour force in order to maintain a workforce that is both competitive and large enough to support increasing numbers of older dependents.

Support for people making transitions into the labour market or between different labour market situations may be provided by one or a combination of organisations including both public and private employment services, trade unions, employers and regional or local authorities. Individually and in partnership, these labour market actors will need to adapt and extend their existing service provision in order to fulfil the demands of modern, flexible labour markets, to reach out to new client groups, to support increased numbers of transitions and to promote positive outcomes. At the same time, it is necessary to ensure that minimum levels of social and employment security protection are guaranteed in line with the objectives of flexicurity policies.

Yet these demands for change come at a time when the workload of the public employment services (PES) and other actors has increased dramatically due to the rise in unemployment as a fall-out of the economic crisis. Moreover, if the recovery period is protracted there is a risk of unemployment becoming structural and of increasing exclusion from the labour market as escalating long-term unemployment reduces the employability of those affected and potentially discourages others from participating altogether.

The Commission's new strategy for Europe 2020¹ promotes smart, sustainable and inclusive growth and sets new targets for increasing employment, skills and mobility. Labour market actors have a key role to play in achieving these aims but there remain huge challenges both for policy makers and the different organisations involved – in particular, how to provide effective support for the increasing number of transitions and the expanding and diversifying client base. Increased co-operation between the different actors is crucial to ensuring a comprehensive and inclusive approach but the situation is complex because of the variety of services needed and the different institutional settings in each country.

One of the main objectives of flexicurity policy is to secure and ease transitions through a combination of active labour market policies and social security mechanisms. This study focuses on the active support for transitions provided by the various institutions involved in the provision of employment services. It considers the current labour market situation and the implications for the case-load of the employment services and the challenges presented by the need to support an increased number of transitions for an increasingly diverse client group. It also presents the first results of an innovative attempt to develop a typology of transitions and a mapping of the institutional arrangements to support the different transitions, which it is hoped can be developed to provide an overview of the situation in each country and a framework for further analysis and policy development. Finally, the study presents some examples from across Europe of services provided to support different types of transition.

¹ *Europe 2020 – A European strategy for smart, sustainable and inclusive growth*. European Commission, COM(2010) 2020, 3 March 2010. http://ec.europa.eu/growthandjobs/pdf/complet_en.pdf

2 CONCEPTUAL BACKGROUND

Transitions within paid employment as well as between employment and other relevant life domains are rapidly increasing as a result of long-term processes of globalisation and individualisation^{2,3}. Firms have to deal with greater competition and fast technological change, while the individuals affected by these changes not only have to adapt their skills to meet the demands of employers but also increasingly articulate diverse individual preferences in their working lives. Moves from education and training to work, from one job to another, from unemployment or inactivity to work have become much more frequent. These labour market transitions tend to happen at critical times in the life course and offer new opportunities for skills development and enhanced employability but also new risks, potentially leading to income loss and social exclusion.

The academic literature on labour market transitions rests on two basic assumptions. The first is that whilst risks to continuous employment such as involuntary unemployment and qualification loss (skills becoming outdated) are externally produced and can be said to be a direct result of the economic cycle, others are 'internal' or 'manufactured' and result from human intervention. Such risks include, *inter alia*, career breaks that result from childbirth, sickness, family breakdown^{2,4}. The second assumption is that inactivity can be socially and individually useful if spare time can be employed in other gainful activities, which are either self-rewarding or serve to build bridges to new labour market initiatives. The concept of 'full employment', in this view, must be revisited to take into account not only gainful employment positions, but also gainful transitions^{5,6}. Full employment, thus, should not necessarily imply standard and continuous full-time work: relevant experiences such as education, training and family care work are also considered economically and socially valuable.

'Transitional labour markets' (TLM)^{2,3} are presented as institutional arrangements able to support transitions from different non-employment statuses into employment as well as to secure those undergoing transitions from external and internal labour market risks. Yet not all transitions are positive. In the TLM literature a distinction is drawn between integrative, maintenance and exclusionary transitions⁷. Transitions are integrative when they enhance one's labour market position – for instance, unemployment to employment or temporary to open-ended employment – and maintenance if they preserve one's employability, such as transitions from one job to another. By contrast, transitions are labelled as exclusionary if they lead to downward spirals of long-term unemployment, poverty and social exclusion. It goes without saying that integrative and maintenance transitions should be encouraged and facilitated, whereas exclusionary transitions entail risks that should be carefully avoided. The section of the study dealing with the typology of transitions includes a mapping of all the main types of transitions that can occur.

² Schmid, G. (1998), 'Transitional Labour Markets: A New European Employment Strategy', Discussion Paper 206, WZB, Berlin.

³ Schmid, G. and Gazier, B. (eds.) (2002), *The Dynamics of Full Employment: Social Integration through Transitional Labour Markets*, Cheltenham: Edward Elgar.

⁴ Lassnigg, L. (2005), 'Lifelong Learning, School to Work and Labour Market Transitions', Position Paper, Institute for Advanced Studies, Vienna.

⁵ Gazier, B. (2007), 'Making Transitions Pay: The "Transitional Labour Markets" Approach to Flexicurity', in H. Jorgensen and P. K. Madsen (eds.), *Flexicurity and Beyond. Finding a New Agenda for the European Social Model*, DJOF Publishing: Copenhagen.

⁶ Gazier, B. and Gautié, J. (2009), 'The "Transitional Labour Markets" Approach: Theory, History and Future Research Agenda', CES Working Paper 2009/01.

⁷ Van Huizen, T. and Plantenga, J. (2009), 'Making Transitions Pay: An Assessment of the Dutch Life-Course Scheme', *Journal of Social Policy* 39(1): 35-52.

Four broad criteria can be derived from the literature as regards the conditions that labour market arrangements should meet in order to become TLM-friendly. These are effectively sets of recommendations as to how labour market policies and institutions should be redesigned in order to facilitate transitions or, in the literature's parlance, 'make transitions pay'^{7,8}.

First, TLM-friendly arrangements should 'empower' individuals. They should be encouraged to embark upon labour market transitions and take direct responsibility for career choices. At the same time, however, they should be offered more choices and new instruments to cope with risks^{2,4,6,7}. In order to do so, new social rights or entitlements, which are attached to the individual rather than the employment status, should be established⁹. Such entitlements should not only entail fiscal transfers (see below), but also services. Opportunities for professional change should be fostered through re-training, re-orientation and equipped junctions⁶ so that a set of mobility options are offered throughout the life course, allowing for choices to be made between different employment statuses depending on shifting individual preferences. These new individual entitlements, moreover, should be implemented through partnerships and contractual negotiations between employers and employees or between the parties of the industrial relations system⁷. Employers associations and trade unions, for instance, could jointly take charge of planning and delivering re-training services and job insertion schemes.

Second, a system of benefits and financial incentives should be put in place to support incomes during non-employment spells, while discouraging permanent exits from the labour market. Explicit reference is made here to the concept of 'flexicurity', combining labour market flexibility with income security for workers. The literature prescribes that policy arrangements should encourage transitions back into employment. This would entail a vigorous 'activation' of labour market expenditure into effective employment promotion. In particular, the central objective is to build a 'dynamic' form of employability based on adaptation and learning and to link employment policy more closely with education and training. In contrast with the OECD-generated motto 'make work pay', incentives should not be directed toward paid employment at all costs^{2,5}. Other life domains, such as education, training and care work, are acknowledged as economically and socially valuable, so long as they are temporary. Thus, again, the challenge here is not to 'make work pay', but rather to 'make transitions pay' in order to maintain or increase employability. The aim, in practice, is to offer a measure of income replacement during non-employment spells while, at the same time, avoiding the 'scarring' penalties that result from prolonged career discontinuities⁷.

Third, individuals, who are asked to take more responsibility in the management of transitions, should be offered strong social security 'safety nets' to offset the risks that they cannot deal with on their own (disability, sickness, long-term unemployment). Traditional social policy should be transformed into 'social risk management' and address the issues that arise from uncertainty and adverse selection in transition-intensive labour markets¹⁰. Individuals are not always able to assess the consequences of alternative courses of action and the risks involved in each. As a result, small risks with high probability are typically overestimated, while high risks with low subjective probability, such as long-term unemployment spells, tend to be underestimated⁶. Social policy should, thus, be charged with the task to compensate for the risks of individual responsibility. Benefit recipients should be offered structured opportunities and helping devices when facing important career choices. They should be

⁸ Schmid, G. (2002), 'Transitional Labour Markets and the European Social Model: Towards a New Employment Compact' in G. Schmid and B. Gazier (eds.), *The Dynamics of Full Employment: Social Integration through Transitional Labour Markets*, Cheltenham: Edward Elgar.

⁹ See also Supiot, A. (2001), *Changes in Work and the Future of Labour Law in Europe*, Oxford: Oxford University Press.

¹⁰ Schmid, G. (2006), 'Social Risk Management through Transitional Labour Markets', *Socio-Economic Review* 4(1): 1-33.

offered a range of re-insertion opportunities, including re-training and re-orientation services as well as trial periods and part-time work experiences⁶.

Fourth and finally, an effective governance system should be set up in order to avoid cheating and moral hazard. Entitlements and benefits, as mentioned above, should be made conditional on contractual negotiations between employers and employees or between industrial relations actors. A new balance should be established between centralised regulation and de-centralised decision-making, by delegating more power to individuals and local actors. Education and training decisions, for instance, should be made as close as possible to the individual, depending on local needs and resources⁴. Bottom-up initiatives and partnerships for implementation involving public, non-profit and private bodies should be actively encouraged⁶. Yet, even though public-private partnerships are commonly experimented throughout the EU, it is argued that public bodies must retain a significant degree of involvement in decision-making and the implementation of activities in order to avoid the risk of discrimination against the hard-to-place⁵.

'Making transitions pay' is a concept based on the notion and principles of flexicurity whereby individuals take responsibility and face the risks of career moves whilst public authorities facilitate and secure transitions by offering income support and re-training and re-orientation services. Decisions concerning work and training are decentralised to the level of the individual and local stakeholders and implementation is often entrusted to public-private partnerships. The following section provides a brief overview of the way transitions and mobility-related issues are addressed by EU policy and relevant policy documents.

3 POLICY CONTEXT

The freedom of movement of workers is one of the fundamental principles of the EU's Single Market. Article 45 of the Treaty on the Functioning of the European Union (ex Art. 39 TEC) provides that nationals of the Member States have the right to seek work, reside and provide and receive a service in any other Member State. Yet, although skills shortages and bottlenecks in high growth areas coexist with areas of persistent high unemployment on the Union's territory, worker mobility between and within Member States is still relatively limited. Realising the need for positive action in this field, in 2002 the Commission launched its 'Action Plan for Skills and Mobility'¹¹ and designated 2006 as the European Year of Worker Mobility. More recently, the 'Job Mobility Action Plan 2007-2010'¹² identified four main priorities for action: improving existing legislation and administrative practices, ensuring policy support for mobility from authorities at all levels, strengthening EURES, and fostering awareness of the advantages of mobility.

The Action Plan emphasised that, in order to be mobile across jobs, regions and Member States, workers need to be provided with the right skills and opportunities. This is the key objective of the commonly agreed principles of 'flexicurity', which aimed to help workers to manage employment transitions more successfully in times of rapid economic change. The 2007 Flexicurity Communication¹³, indeed, addressed mobility-related issues along the same lines as the literature

¹¹ *Action Plan for Skills and Mobility*, COM(2002)72 final, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2002:0072:FIN:EN:PDF>.

¹² *Mobility, an Instrument for More and Better Jobs: the European Mobility Action Plan (2007-2010)*, COM(2007)773 final, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2007:0773:FIN:EN:PDF>.

¹³ *Towards Common Principles of Flexicurity: More and Better Jobs through Flexibility and Security*, COM(2007)359 final, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2007:0359:FIN:EN:PDF>.

reviewed above. Flexibility, on the one hand, was not conceived of as allowing employers to recruit or dismiss workers at will, but rather as a tool to enable people to make successful transitions during their life course and find better jobs ('onward' and 'upward' mobility). Security, on the other hand, is not just about ensuring that workers keep their jobs, but also equipping them with the skills they need to advance in their careers.

Better transitions between jobs and into employment are also mentioned by the Employment Guidelines (2008-2010)¹⁴ as an integral part of the concept of flexicurity. They called for the removal of all obstacles to the mobility of workers across the Union (Guideline 20) and for support for transitions in occupational status, including training, self-employment and business creation (Guideline 21). The 2009 Spring European Council conclusions¹⁵ pointed to job mobility as an important element in combating unemployment and supporting economic growth in the throes of the present crisis. More recently, the Commission's 'EU 2020' consultation¹⁶ acknowledged that supporting and organising transitions can act as an effective adjustment tool to address the impact of the crisis on employment. In particular, it is argued that the more efficient use of energy resources and the application of green technologies, both of them necessary pre-conditions for Europe to keep its strong industrial base, will bring about the need for new skills in the manufacturing and services sectors. Transitions between jobs and between training and jobs will, thus, become more frequent as new jobs requiring new skills will be created.

Following the academic concepts of internal and external risks, policy tends to be framed in terms of voluntary or forced (involuntary) mobility. Forced mobility occurs as a result of involuntary unemployment and job loss and bears the threat of downward mobility, income loss and skills depletion – risks which are all externally produced. Voluntary mobility, by contrast, occurs when people voluntarily choose or accept transitions in their career paths, whether between jobs or between different labour market statuses. These transitions also entail risk but they are internally produced and the ongoing challenge is to ensure that these risks are mitigated as far as possible by the provision of lifetime opportunities to update skills and adequate income security through transition periods.

Indeed, securing and easing transitions is one of the main objectives of the four common principles of flexicurity¹⁷ and is the foundation for the concept of 'balanced labour mobility', which occurs when people voluntarily accept transitions in their career path with the support of active labour market measures (easing transitions) and social security mechanisms (securing transitions) aimed at helping them find appropriate job opportunities.

The goal for Member State governments and labour market institutions and actors ought to be the promotion of a balanced labour mobility policy that is founded on the common principles of flexicurity and combines elements of employment legislation, active labour market and education/training policies and modern social protection schemes. Public support in case of forced mobility is generally readily available but can still be improved, particularly in relation to access to retraining opportunities that can strongly influence the chances of finding alternative employment. Moreover, in modern, flexible labour markets there needs to be more support for voluntary mobility, through a combination of

¹⁴ Integrated Guidelines for Growth and Jobs (2008-2010), COM(2007)803 final, [http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=SPLIT_COM:2007:0803\(05\):FIN:en:PDF](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=SPLIT_COM:2007:0803(05):FIN:en:PDF).

¹⁵ Brussels European Council, Presidency Conclusions, 29 April 2009, http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/106809.pdf.

¹⁶ Commission Working Document. Consultation on the Future 'EU 2020' Strategy, COM(2009)647 final, http://ec.europa.eu/dgs/secretariat_general/eu2020/docs/com_2009_647_en.pdf.

¹⁷ *Towards Common Principles of Flexicurity: More and better jobs through flexibility and security*. European Commission COM(2007) 359 final, 27th June 2007. <http://ec.europa.eu/social/BlobServlet?docId=2756&langId=en>

active labour market policies and social security mechanisms that together give people the confidence that transitions are a normal part of a working career and can be made without undue risk to the well-being of their household. Job-search assistance, career guidance, re-training and up-skilling services should be accessible to everyone throughout their working career. Balanced labour mobility, has the potential to become a cross-cutting policy priority that can help to prevent labour market imbalances and limit structural unemployment in the context of the present economic crisis, fast technological change and the necessary 'greening' of the economy.

4 CURRENT LABOUR MARKET SITUATION AND TRENDS

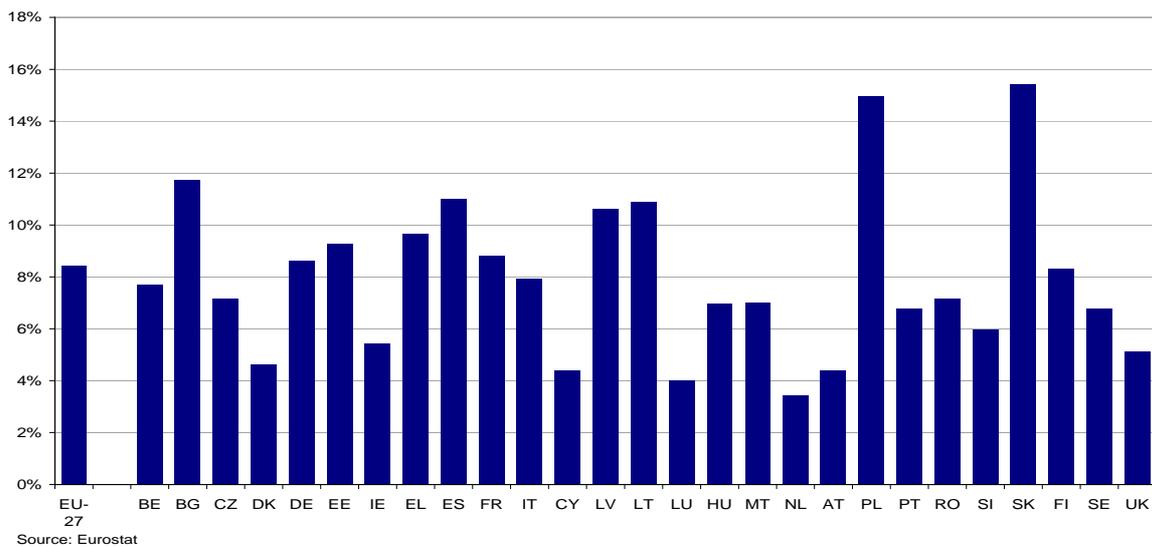
The objectives of flexicurity and mobility policies are to ensure adequate support for people undergoing transitions. The PES and other labour market actors already work extensively with the unemployed but the degree to which employment service are readily available for other groups – people already in work but looking to change job or inactive people who would like to work but are maybe constrained from actively seeking work (e.g. because of caring responsibilities) – varies between countries. Increasing the flexibility of labour markets implies increased rates of job turnover and therefore more transitions so that services for employed people will have to be expanded. Moreover, increasing the labour force by including groups that are currently not active in the labour market is crucial for the long-term well-being of the European economy and the capacity to support an ageing population.

This section looks at the current situation in the labour market in order to see the implications for employment services of all kinds in terms of the size of the current and future potential client base. The figures demonstrate how the recession has already dramatically impacted on the size of the regular client base of the PES, and therefore their workload, and how the expansion of services to cater for additional groups of inactive and employed people could take demand to another level still.

Persistent high levels of unemployment despite a period of growth

The strong economic growth enjoyed across Europe between 2004 and early 2008 supported a sustained period of job creation that resulted in the number of people in work rising by around 17 million. However, despite the high number of jobs available, the EU unemployment rate struggled to break below 7% and there remains evidence of significant and persistent structural unemployment in some areas. Over the last decade (2000 to 2009) the average rate of unemployment in the EU-27 countries was just below 8.5% meaning that for every ten people in work there was another person out of work, actively seeking work and potentially in need of public support both in terms of income and job-search. The extent of the problem varies considerably between countries (Figure 1). There were six countries where the average unemployment rate over the period exceeded 10% - Slovakia (15.4%), Poland (15%), Bulgaria (11.8%), Spain (11.0%), Lithuania (10.9%) and Latvia (10.6%) – whilst five others had an average rate of less than 5% - Denmark, Cyprus, Luxembourg, the Netherlands and Austria.

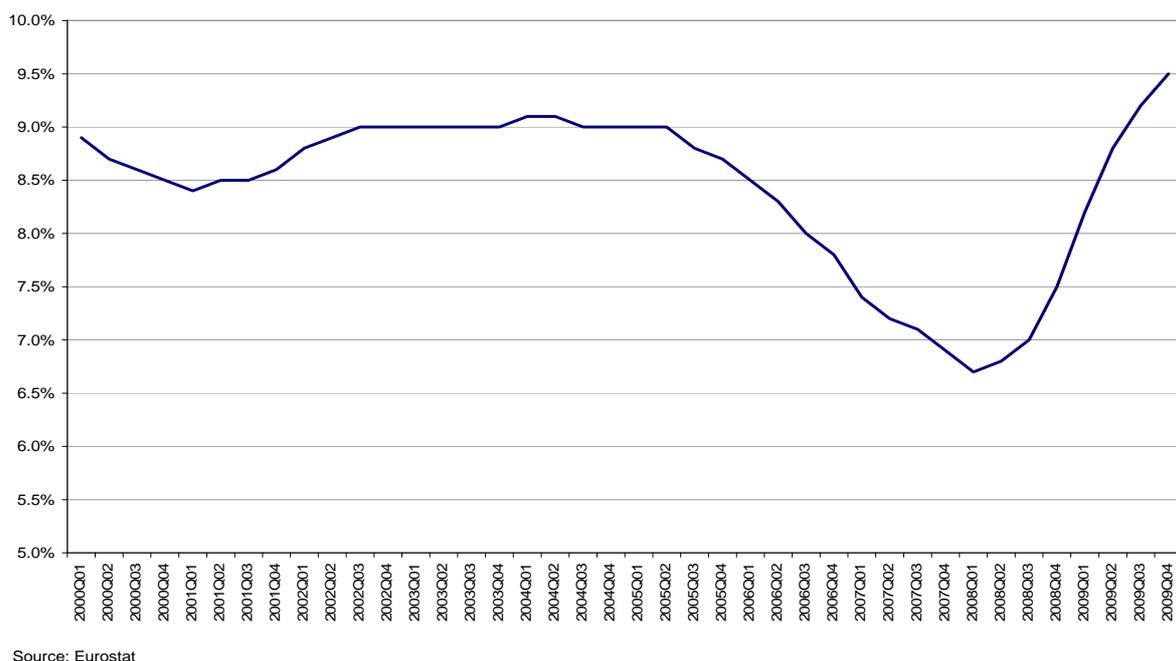
Figure 1: Average rate of unemployment, 2000-2009, EU-27



In terms of unemployment, the recession has more than undone the benefits of previous growth

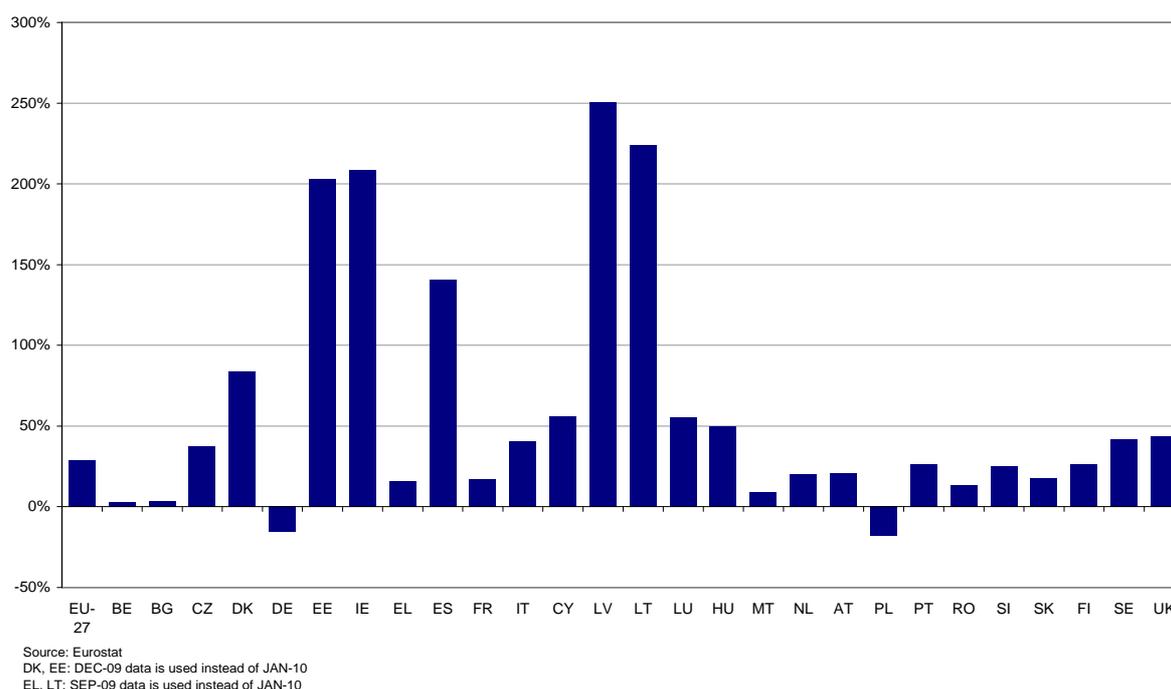
After a period of relatively stable, but high, unemployment between 2000 and 2004, the period of growth saw the rate of unemployment across the EU fall progressively from 9.0% in the second quarter of 2005 to 6.7% in the first quarter of 2008 (Figure 2). However, the scale of the job losses incurred during the economic downturn has more than reversed all of that improvement. Indeed, since the low in early 2008, the unemployment rate has risen in every subsequent quarter, reaching 9.4% in the fourth quarter of 2009 and although there appears to be a slowdown in the rate of increase (figures just released show the rate increased by just 0.1 percentage points to 9.5% in the first quarter of 2010) there is already the highest level since the millennium and there is as yet no evidence that the peak has been reached.

Figure 2: Unemployment rate, 2000-2009, EU-27



The impact of the recession has not been felt equally across countries. Between January 2007 and January 2010, harmonised data collected by Eurostat indicate that the actual numbers of people considered as unemployed in the EU rose from 17.8 million to just below 22 million – an increase of 29%. However, this dramatic increase is dwarfed by the rise in unemployment experienced in some countries (Figure 3). In Latvia, Lithuania, Ireland, and Estonia the numbers of unemployed at least tripled and in Spain they more than doubled (140%). On the other hand, although the numbers of unemployed rose generally across the European Union, there were actually two exceptions in Poland, where the numbers of unemployed fell by 18%, and Germany (decline of 15.6%).

Figure 3: Changes in the number of persons unemployed (harmonised data), Jan-2007 to Jan-2010, EU-27



More people seeking fewer opportunities

The rise in unemployment derives from the economic difficulties experienced by businesses across all areas of the economy which has led to large-scale redundancies and lay-offs. Moreover, manpower reductions enforced by the need to cut costs are unlikely to be reversed in the short term and the people that still have jobs may be more reluctant to take the risk of changing jobs in such uncertain times. As a result, the number of vacancies open to those losing their jobs is limited and there is increasing competition for those places.

Although they cover only part of the total job market, the PES in each country are an important job brokers and data on the number of vacancies reported by employers to the PES demonstrate the weak demand for labour. Apart from Portugal and Belgium, where there has been little change, the PES in all countries for which data are available reported a significant reduction in the number of vacancies advertised in 2009 compared to 2007 (Table 1). The most pronounced declines are seen in Latvia, the Czech Republic and Slovakia where the vacancies reported in 2009 were more than 70% down on the 2007 figures and in Estonia and Cyprus where the numbers roughly halved. On average, the number of vacancies notified to the PES in 2009 was 65% of the number two years earlier. Although it must be borne in mind that PES registered vacancies may not be fully representative of the market, this fall combined with a 26% increase in the numbers of unemployed over the same period suggests that across Europe the number of unemployed per vacancy has roughly doubled. However,

in more extreme cases the competition for vacancies will be even tougher – in Latvia the number of vacancies in 2009 was only a fifth of the level in 2009 whilst the number of unemployed more than tripled which implies more than fourteen times the number of unemployed per vacancy.

Table 1: Changes in number vacancies advertised by PES (%)

BE	-1	IT	:	PT	3
BG	:	CY	-48	RO	-43
CZ	-78	LV	-80	SI	-34
DK	:	LT	-32	SK	-74
DE	-22	LU	:	FI	-24
EE	-52	HU	-31	SE	-36
IE	-34	MT	-43	UK	-22
EL	:	NL	-19		
ES	:	AT	-29		
FR	-20	PL	-27		

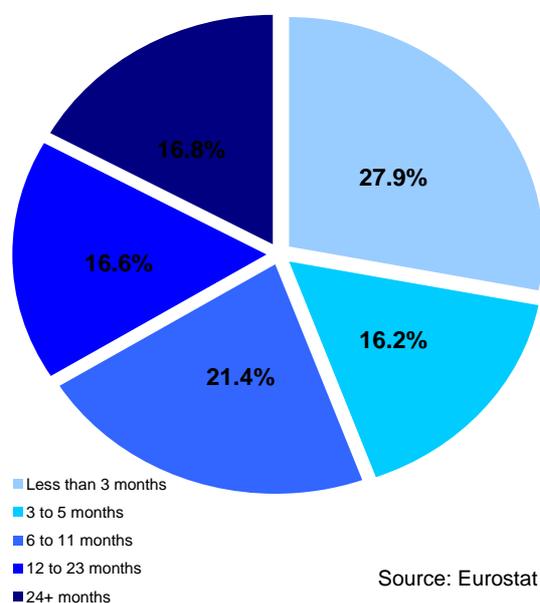
Source: Joint EC-OECD questionnaire on employment and social policy in the economic downturn, March 2010.

Risks of long-term unemployment and social exclusion

While economic recovery remains slow and uncertain many businesses will hesitate before bringing production back to previous levels or planning for growth it is likely that the effects of the crisis on the European labour market will persist for some time. With fewer jobs on offer, there is a real risk that a large slice of Europe's active population will remain unemployed for extended periods.

Unemployment, particularly when it is of long duration, is one of the main conduits of social exclusion because it prevents people from exchanging their labour services and their productive knowledge. Long-term unemployment is detrimental to employability through the erosion of human capital and people already unemployed before the downturn will be pushed even further away from the labour market as employers are presented with an increasingly talented pool of more employable people who have only recently lost their jobs. In a time when unemployment is high and demands on public employment services are unprecedented within recent history, the long-term unemployed need even more help than ever before if they are to escape from the trap of persistent unemployment and the risk of long-term social exclusion.

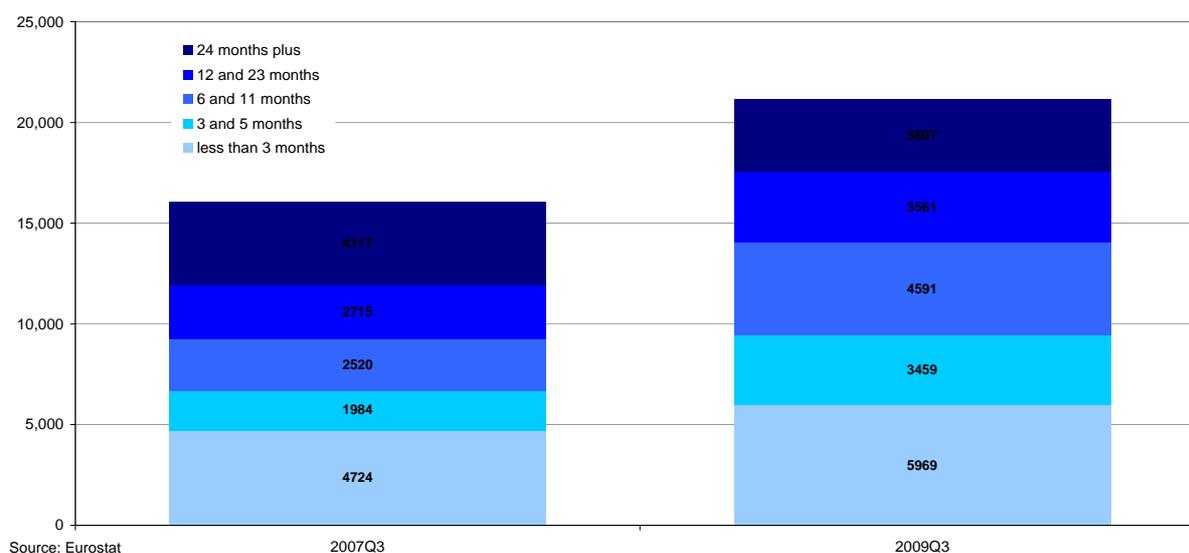
Figure 4: Composition of Unemployment by duration, EU-27, 2009Q3



In the third quarter of 2009, one third of all unemployed people in Europe had been out of work for at least a year (Figure 4). From a total of over twenty-one million unemployed that is around seven million people are long-term unemployed and at risk of being excluded from the labour market. Unfortunately, in the short term at least, it is likely that this number will increase before it falls.

A more detailed examination of the structure of unemployment comparing the third quarter of 2007 with the same quarter of 2009 (Figure 5) shows that the largest increases so far have been in the groups unemployed for 3 to 5 months (+74%) and for 6 to 11 months (+82%). So far, the numbers unemployed for longer have grown less rapidly, though inevitably as time progresses at least part of the populations currently in the expanding shorter-term groups will join the longer-term unemployed and shift the overall structure. According to the harmonised Eurostat data, the number unemployed for 12 to 23 months increased by 31% whilst the number unemployed for more than 2 years actually fell by 12%. Although at first sight this latter figure seems a surprising and even welcome result, it may in fact be even more worrying because it could reflect significant numbers of people giving up entirely on the chances of finding work and active participation in the labour force and drifting into a life on benefits and social exclusion.

Figure 5: Number of persons unemployed by duration (1000s), EU-27, 2007Q3 & 2009Q3



Not only is the substantial part of structural unemployment illustrated in the high proportion of long-term unemployment but it is also reflected in the socially selective incidence of unemployment. This is particularly evident when data is analysed by age. In the third quarter of 2009 25.4% of all unemployed persons in the EU were aged between 15 and 24 years, 57.8% between 25 and 49 years and the remaining 16.8% were between 50 and 74 years old.

On average, young people tend to be unemployed for shorter periods of time. In the third quarter of 2009 just over 40% of the population that had been unemployed for less than a month and just under 35% of the population that had been unemployed between 1 and 2 months was aged between 15 and 24. On the other hand, young people constitute a smaller share of those longer-term unemployed. This may be because they are more likely to find a job after a few months compared to older people, or because they tend to exit the labour force when they cannot find a job, opting to return to education to improve their future chances of employment. Nevertheless, the amount of youth unemployment of long-term duration is non-negligible and worrying - around 425 thousand young people aged between 15 and 24 have been unemployed for over 2 years.

At the other end of the age spectrum, persons aged over 50 represent a sizable share of the long- and very long-term unemployed in the European Union. Of the population that has been unemployed for over 2 years, just under 30% are over 50. This reflects the difficulty faced by this age group on the labour market after losing their jobs, with the risk of becoming more and more detached from the labour market.

Inactive people wanting to work – potential new clients for employment services

Standard measures of unemployment take into account the population fulfilling the ILO criteria of being out of work, actively seeking work and available for work. However, this significantly understates the potential labour force and misses many people who would like to work but who do not qualify as unemployed because they fail to meet one or more of the criteria and are therefore classified as being inactive. This group includes people who could not immediately take up a job if offered one because of caring responsibilities or because they are sick alongside people who want to work but are not actively seeking work, for example because they are discouraged by the situation in the local labour market and don't foresee any chance of success.

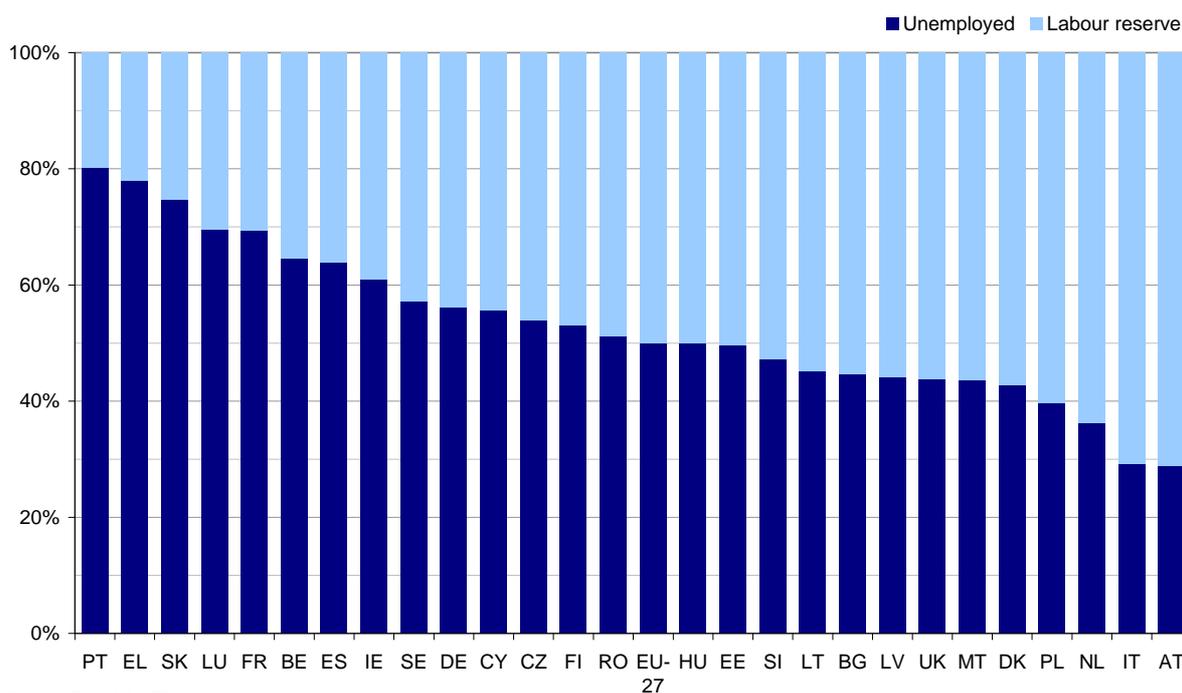
In general, people come into contact with employment services either because they are actively seeking work and want help or because they are obliged to do so in order to register for or maintain eligibility to unemployment or other social benefits. In countries where the PES has responsibility for administering social benefits for people of working age (e.g. JobCentre Plus in the UK) then they will, by default, have at least some form of contact with these groups, irrespective of whether they offer them further services. However, in countries where the PES does not work with social benefit recipients there may be no contact at all – if people are not actively looking for work then there would be no reason for them to contact the local PES office.

The population of people who are considered as inactive but who say that they would like to work is known as the labour reserve. When added with the population of unemployed, who must be already actively seeking work, it gives an indication of the total population wanting to work. In 2008, the total population wanting to work in the EU (restricted to those aged 15-64) comprised 16.5 million considered as unemployed and a further 16.5 million people considered as inactive but who would like to work given the opportunity. In other words, the unemployed represent only half of the potential client group for public services aimed at getting people into work. There are of course differences between countries – in Portugal and Greece the unemployed account for more than 75% of those wanting to work whilst in Austria and Italy they represent less than 30% (Figure 6). The scale of the labour reserve is a real issue because in many countries the employment services still focus on the unemployed and have very little contact with other groups so their access to support may be very limited.

There is also an important gender bias in the composition of the population wanting to work. In 2008, women represented 48% of the unemployed but nearly 63% of the labour reserve. It means that there is a large pool of women available to contribute to the labour force – indeed it has been suggested that exploiting this reserve is key to the future of the European economy^{18,19}. Many of these women will effectively be tied to the home by a lack of adequate child-care facilities and breaking down barriers such as this is crucial to support a transition to active participation in the labour market.

¹⁸ *Gender and sustainable development – Maximising the economic, social and environmental role of women*, OECD, 2008. <http://www.oecd.org/dataoecd/58/1/40881538.pdf>

¹⁹ *More women in senior positions - key to economic stability and growth*, European Commission, 2010. <http://ec.europa.eu/social/BlobServlet?docId=4746&langId=en>

Figure 6: Composition of the population wanting to work, EU-27, 2008

Precarious working arrangements

The flexicurity approach towards modern labour markets promotes the use of flexible forms of employment that can, on the one hand, allow more people participate in the labour market by giving them the possibility to balance work with other commitments and life choices and, on the other, allow employers to changing demands and production schedules. However, whilst social security systems and labour regulations in many countries still favour those in full-time employment, people in flexible employment – whether part-time or temporary jobs - are in a more precarious position than regular workers and are more likely to need public support. Indeed, almost by definition, any increase in the incidence of temporary contracts will mean a coincident increase in the number of transitions that might need to be supported. In an ideal world there will be smooth transitions from contract to contract that can be completed jointly by workers and employers without intervention but inevitably transitions will include spells of frictional unemployment where public support is necessary.

With the increased liberalisation of European labour markets, the proportion of the workforce working part-time or engaged on temporary (fixed-term) contracts has increased noticeably. In the period 1994-1999 the average share of the employed population working part-time or on a temporary contract across the EU was 15.9% and 11.6% respectively but by 2005-2008 these had risen to 18.1% (Figure 7) and 14.2% (Figure 8). In both cases there are countries where one or other share declined (points to the right of the mid line) but in general the incidence of flexible employment increased.

Temporary work is a particular issue in Spain, where nearly a third of all employed people work on a fixed term contract and the government has been taking steps to reduce this by offering incentives to employers (reductions in social contributions) if they recruit certain groups of unemployed people on an open-ended contract. In 2008, one such measure supported around 1.9 million employees and effectively cost the state 1.8 billion Euro in foregone revenue²⁰. Despite a slight decline from the peak

²⁰ Source: Eurostat LMP database; intervention ES-4 Incentives for open ended employment contracts (Incentivos a la contratación indefinida), 2008

of 6.7 million in 2006, there were still not far short of 6 million workers engaged on temporary contracts in Spain in 2008 – one fifth of the EU total²¹. Interestingly, the data also show a dramatic increase in the importance of temporary contracts in Poland where they accounted for less than 5% of employment in 1997 (the first year for which data is available) but 27% in 2008.

Similarly for part-time work, there is one stand-out case in the Netherlands where not far from half of the workforce are employed part-time (47% in 2008). Elsewhere, part-time work is important in Germany, Sweden and the United Kingdom (all around 26-27%) but is very infrequent in countries such as Bulgaria, Slovakia, Hungary and the Czech Republic (all below 5% of total employment).

Figure 7: Temporary employment as a share of total employment, EU-27, 1994-1999 and 2006-2008

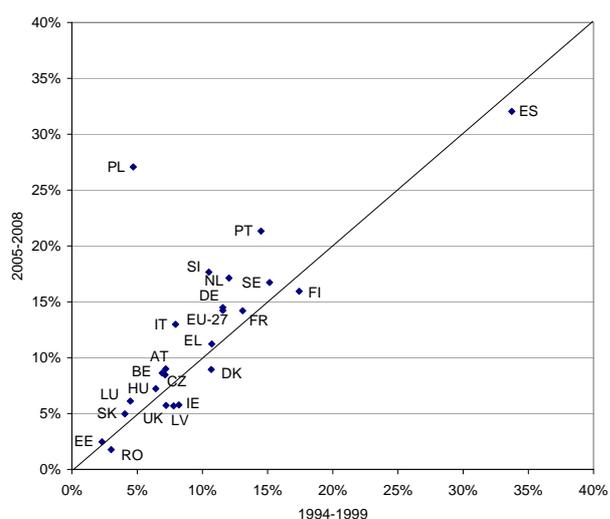
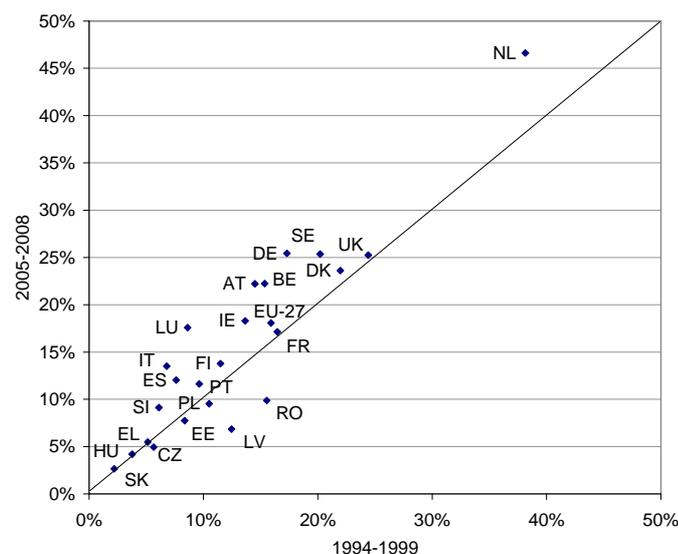


Figure 8: Part-time employment as a share of total employment, EU-27, 1994-1999 and 2006-2008



Returning migrants

The widening of European labour markets following the accession of countries from central and eastern Europe in May 2004 led to unprecedented numbers of migrant workers from these new Member States leaving their homeland to seek better opportunities and higher wages elsewhere. As national economies improved in the years following accession, increasing numbers began to return home but the recession seen has accelerated that process to the extent that the numbers of returning migrants is having an important impact on local labour markets and presenting a new challenge for the PES in affected countries.

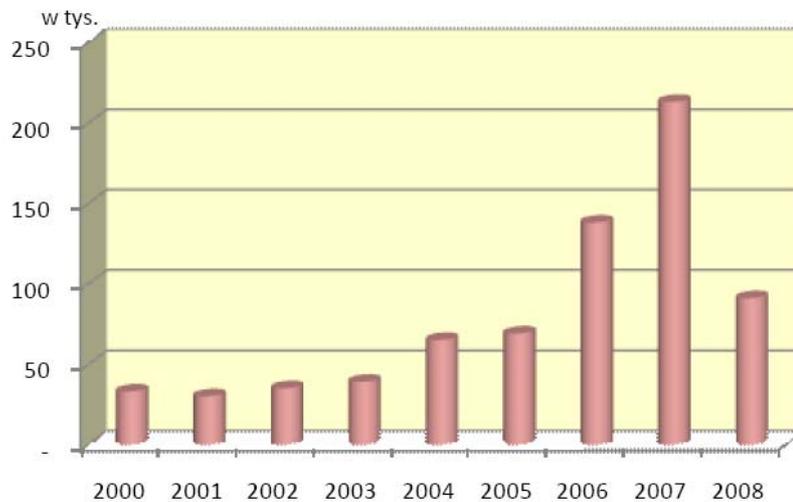
Case study: Poland

The situation of returning migrants in Poland illustrates the case. Since joining the EU, Polish people have exhibited high levels of geographic mobility compared to most other EU countries with large numbers of migrants derived from all different socio-demographic cohorts. According to calculations of the Polish Central Statistical Office over 2.2 million people were temporarily abroad in 2008 but as a result of the current global economic crisis there has been a significant increase in the flow of migrants returning home (Figure 9).

²¹ Source: Eurostat, LFS

Figure 9: Migrant workers returning to Poland between 2000 and 2008Q2

Numbers are in thousands, 2008 figure only covers the first half of the year.
Source: CSO 2008.



Research based on a sample of returning Polish migrants who are also clients of local labour offices found that many returnees are stuck in a kind of 'migratory trap'²². They tend to have lost their jobs abroad or were forced to return for family reasons and are unable to find jobs in the Polish labour market in line with their expectations, which are often high because they compare the level of remuneration with that received abroad, and this de-motivates them. Moreover, recent return migrants also experience a kind of 'homecomer-newcomer' dualism as they need to re-adjust, re-integrate with the local labour market and more problematically with the Polish society and its mentality²³.

The main reasons why those questioned were not working after returning to the domestic labour markets were²²: job search and shortage of job offers (25 per cent); shortage of jobs in their profession (19 per cent); education and training (18 per cent); seasonal work abroad (13 per cent); family circumstances: child or elderly care (8 per cent); offered remuneration is too low (9 per cent); shortage of job offers in line with their expectations (8 per cent); retirement (5 per cent); no will to work (4 per cent); health related reasons (3 per cent); no qualifications (1 per cent). Interestingly, evidence shows that returning migrants have much higher propensity to start new businesses than non-migrants of similar socio-demographic characteristics²³.

²² Iglicka 2010. *Powroty Polaków po 2004. W petli pułapki migracyjnej* [Post-accession return of migrants. In a migratory trap],

²³ Grabowska-Lusinska ed. 2009. *Poakcesyjne powroty Polaków* [Post-accession return of Poles], CMR WP Nr 22 (101); Warszawa: Ośrodek Badań nad Migracjami

5 CHALLENGES & ISSUES AT STAKE

The Commission's new strategy for Europe 2020²⁴ promotes smart, sustainable and inclusive growth and sets new targets for increasing employment, skills and mobility. Labour market actors have a key role to play in achieving these aims but there remain huge challenges both for policy makers and the different organisations involved – in particular, how to provide effective support for the increasing number of transitions and the expanding and diversifying client base and how to ensure that education and training opportunities are both all inclusive (available to all groups throughout the life course) and appropriately directed to provide the skills needed to satisfy demand in the labour market. Increased co-operation between a range of different actors - including public and private employment services, employers, training organisations, trade unions, NGOs and social benefit organisations - is crucial to ensuring a comprehensive and inclusive approach. However, the situation is complex because of the variety of services needed for a range of clients with diverse needs, the different institutional settings and labour market situation in each country, long and short-term economic and demographic changes and various other factors. This section considers some of the challenges that will confront policy makers and labour market institutions on the path towards the goal of supporting more secure transitions.

Role of labour market institutions

European labour market institutions will have to confront a mounting pressure to administer effective and timely responses to structural changes in labour markets that are likely to be characterised by increasing job turnover. In particular, the Public Employment Services (PES) are likely to play an increasingly vital and central role in the institutional setup that will provide individuals with the support to make positive labour market transitions throughout the life course. There will be an increasing need for employment services to provide not only measures which promote activation and inclusion in the labour market, as is commonly the case, but also to provide measures which better secure job to job transitions and maintain employment.

Public employment services are in the forefront of policy implementation. They are central to implementing the European Employment Strategy as well as national policy objectives. Their ability to match employment supply and demand, and to find rapid, flexible and effective solutions for jobseekers and employers looking for staff, positions them in a central role in the institutional framework that supports the implementation of flexicurity policies. By providing support and delivering services these institutions actively contribute to the implementation of the common principles of flexicurity²⁵. Their operations focus on organising and assisting successful labour market transitions, and their services help to ensure a balance between flexibility and fluidity of employment on the one hand and security during job changes and career development moves that may occur during the life cycle on the other.

Active labour market policies play an essential role in the framework for supporting positive transitions. Such policies can consist of assistance aimed at promoting employment, training, recruitment, entrepreneurship and self-employment, and geographical and professional mobility. In order to do this these policies provide various services, measures and support which guide participants throughout

²⁴ *Europe 2020 – A European strategy for smart, sustainable and inclusive growth*. European Commission, COM(2010) 2020, 3 March 2010. http://ec.europa.eu/growthandjobs/pdf/complet_en.pdf

²⁵ "Towards Common Principles of Flexicurity: More and better jobs through flexibility and security", EU Commission (2007), <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2007:0359:FIN:EN:PDF>

different stages of the transition process. The PES provide a critical contribution in this area by providing assistance such as job search support, skill analysis, vocational rehabilitation, activation, in-work assistance, labour market information services, recruitment support for employers, and special support for those with the greatest difficulties entering employment²⁶.

Despite the key role that European PES already have in the implementation of policies to facilitate and promote positive transitions, certain aspects of their activities are likely to need strengthening to address key challenges going forwards. It is expected that many public employment services will have to adapt their roles in order to do so. In the past the PES only provided general administrative treatment to unemployment spells but now they are required to provide timely, coordinated and effective responses to changing labour markets by providing helpful services to both jobseekers and employees²⁷ and they may also need to extend their reach to encourage and support people who are not yet actively seeking work.

5.1 LONG-TERM ECONOMIC AND DEMOGRAPHIC CHALLENGES

The main test for the future of Europe is how to implement and maintain a highly productive and inclusive labour market which can compete in a global economy and sustain high standards of living for its population. A number of longer term trends combine to increase the challenges faced in achieving this aim.

International economic integration and rapid technological change

The fast pace of international and economic integration and rapid technological change, particularly in the information and communication areas, brings the prospect of rapidly changing demands for labour and skills on a local, regional, national and pan-European basis to which the respective labour supplies will need to adapt in order to avoid increased risks of structural unemployment. Firms will be expected to rapidly adapt their production in response to competitive pressures and will require the support of effective education and training systems to quickly up-skill and re-skill their workforces in order to remain in the market. Furthermore, adapting to these competitive pressures is likely to involve significant restructuring and it is essential that affected workers are able to make a secure and positive transition to alternative employment. This is especially important for those who require re-skilling to ensure this transition as they are the most at risk of being distanced from the labour market. In order to combat the negative implications of rapidly changing labour markets, it will be increasingly important that intervention is made at an early stage and that effective education and training systems should be put in place to allow individuals to adapt their skills in response to demand and maintain their position in the labour market.

Labour force demographics

The ageing populations of European societies paired with low birth rates, relatively low average employment rates and high long-term unemployment present a serious risk to the European social model. The changing demographics, together with the fact that people are also living longer, will put an ever increasing strain on budgets for retirement pensions. The cohort of young people that will graduate from educational institutions will shrink and the only growth in the labour force is likely to be in the group aged over 50 years of age. The proportion of over-65s relative to those of working age (15-

²⁶ "European Network of Heads of Public Employment Services: The Contribution Of The Public Employment Services To Flexicurity", EU Commission (2009), <http://ec.europa.eu/social/BlobServlet?docId=1476&langId=en>

²⁷ "Labour Market Institutions in times of crisis: challenges and experiences" (Conference final report), EU Commission (2008), <http://ec.europa.eu/social/BlobServlet?docId=3043&langId=en>

64) is forecast to rise from 26 % in 2008 to 38 % by 2030²⁸. With such a dramatic increase in the old-age dependency ratio predicted, it is essential that the productivity of those in work is enhanced, people are encouraged to stay in work longer, and that the inclusion of all groups is effectively promoted including those that are more difficult to place. Policies will have to adopt an approach of active inclusion to ensure that disadvantaged individuals are not left on the precarious margins of employment. For the PES this may mean reaching out to groups that they are not currently in contact with, or used to working with, and increasing collaboration with other actors in the market to ensure an inclusive approach.

Reducing segmentation

Across Europe there remain segmented labour markets where relatively protected and unprotected workers coexist, which serves as a reminder that the increasing flexibility of labour markets leaves individuals open to new risks of insecurity that need to be addressed. The various forms of atypical employment contract that are becoming more prevalent should give more flexibility to both the employer and the employee but unless there is an improved protection from social security systems and better access to training opportunities the benefits are more apparent for employers and less so for employees.

Workers in flexible forms of employment are at higher risk of finding themselves in unemployment because of the flexibility it gives to employers. The insecurity they face is illustrated by the fact that people on precarious, short-term contracts are among those most affected by the recent increase in unemployment as a result of the recession in Europe. When a sector contracts, individuals on flexible contracts are the ones who tend to be the first to be dismissed. It is therefore vital to ensure that they have the skills necessary, or access to appropriate retraining, to secure transfer to alternative employment and adequate income security.

Furthermore, it is not clear whether these atypical forms of work allow employees flexibility whilst maintaining security and the quality of work and working conditions they would obtain in standard employment. Workers in flexible types of employment may be less well protected by social security systems. This is important because it gives workers the confidence to move freely between job types in a way that suits them and encourages more people to enter the workforce. If this security is not provided then flexible forms of employment may not be considered viable forms of employment for significant portions of the population. Additionally, those in flexible employment are more likely to face a disadvantage in terms of employment security. Training for employees in temporary contracts is likely to be less frequent because employers will have little reason to make long term investments in these employees. This lack of employer provided training may imply a reduced employment security and prevent career advancement. It is therefore important that policies provide services and measures such that individuals in precarious forms of employment can obtain training and have the possibility to make transitions into other forms of employment when they desire to do so.

5.2 UPSKILLING THE WORKFORCE FOR THE FUTURE

A key aspect of overcoming these challenges is to provide people with the skills needed to ensure their employability and to match these skills with appropriate jobs. To maximise the potential of the labour force, education and training systems will have to provide workers with the skills that are in demand and will be in demand in the future. A highly skilled workforce does not in itself guarantee the future competitiveness of the EU, but a highly skilled workforce with skills that are in demand will.

²⁸ "New Skills for New Jobs: Action Now", EU Commission (2010)
<http://ec.europa.eu/social/BlobServlet?docId=4508&langId=en>

Upgrading, adapting and widening the skills of individuals to create and fill the jobs of tomorrow is one of the greatest challenges facing European Member States.

According to a report by the Expert Group on “New Skills for New Jobs” prepared for the European Commission *“it is both lack of knowledge about and visibility of the current and future supply and demand of skills, and the inertia of education and training systems alongside labour market failures, that prevents a better match between supply and demand, i.e. between the skills we have available and those that are required by the labour market”*²⁸. A significant issue is that too many decisions concerning education and training are made without appropriate career guidance and counselling. Inappropriate training and career choices will arise in situations where there is a lack of understanding of people’s competences or of the real dimensions and opportunities of various careers, labour markets and employment prospects.

As highlighted in the EU policy initiative “New Skills for New Jobs”, stronger links between education and training and work are needed. This proposes a strategy to improve matches between skills and labour market needs and to organise a permanent on-going assessment of the European Union’s future skills and jobs requirements. The provision of skills should aim to bridge the quantitative as well as qualitative gap between the demand for skill and the supply of skills²⁹. All countries endeavour to meet their current and anticipated skill needs. The output of skills from formal and informal education and vocational training systems will need to match these needs. However, the organisation of this supply involves a number of challenges³⁰:

- Matching the supply of skills delivered by training systems with the types and levels of skills needed by industry in the immediate and longer term
- Matching the temporal and geographical supply of skills to that of the demand for skills
- Encouraging workers and employers to invest in skills that they anticipate that they will need in the future.
- Monitoring and anticipation of emerging skills needs and shortages

Future oriented labour-market information will be a vital aspect to surmounting the challenges faced by promoting positive transitions which encourage the maintenance of employment and inclusion in the workforce. This is especially the case during periods of economic downturn - knowing which jobs are at risk, where new jobs will emerge and which skills will be needed will be important to ensuring that labour market institutions are successful in supporting successful transitions. Education and training institutions will need to adopt a new approach to skill provision by supplying skills which will be required by the labour market in the long term rather than just the short term. This will require early identification of new and emerging skill needs.³¹ It is therefore important to build strong partnerships between providers and employers through institutions such as national tripartite bodies and Sector Skills Councils. These institutions, typically managed by the social partners in co-operation with governments, are becoming hubs of expertise in labour market and training. They fulfil activities such as research, consulting and mediation and are capable of assisting to adapt training to the needs of the economy and labour market.²⁸

²⁹ “Skill shortages”, Cedefop (2007)

http://www.cedefop.europa.eu/etv/Upload/Projects_Networks/Skillsnet/Publications/Striestka-skills_shortages.pdf

³⁰ “Matching supply of and demand for skills: International perspectives”, Keating (2008)

http://www.ncver.edu.au/research/proj/nr04022_pubs/nr04022_7.pdf

³¹ “Future skill supply in Europe”, Cedefop (2009)

http://www.cedefop.europa.eu/etv/Upload/Information_resources/Bookshop/546/4086_en.pdf

Improving monitoring to assess and anticipate skills requirement is crucial to address both the employment impact of the crisis and the long-term job prospects of the European Union's workforce.²⁸ The European Public Employment Services are likely to play a central role in this. They are positioned as natural moderators of labour market monitors as they have direct access to relevant labour market data on the local and national level and are also able to provide the IT-infrastructure needed. PES and the private sector should work together to share innovative strategies for analysing skill demands and matching workers and vacancies through Public Private Partnerships (e.g. in the fields of temporary labour, placement services).

5.3 IMPACT OF THE RECESSION

The recent economic downturn has resulted in the emergence of a number of further challenges to the path towards effective support for secure transitions. Indeed, in many ways, economic downturns test the extent of flexibility in the labour market and therefore highlight areas of weakness where additional support is needed. Effective support for those affected is essential to cushion the long-term impact of the recession and to ensure that individuals are prepared to make the most of new opportunities when growth returns and new jobs are created. Without adequate public support there is a risk that people lose contact with the labour market and that there is a significant loss of skills and productive capacity.

Caseloads of employment services

In any service industry the quality of service is closely linked to the resources that are put into it and it is necessary to continually monitor and adjust the balance between demand and resources to maintain quality results. This applies equally to employment services even if the final outcomes do not necessarily reflect the quality of services delivered because of external factors, particularly when demand for labour is low. The rise in unemployment that has occurred as a consequence of the contraction in demand and structural changes across Europe since mid 2008 has dramatically increased the number of clients requiring support from the PES and therefore placed a huge strain on their capacity to deliver quality services.

The change in staff caseload – the ratio of clients to employment counselling staff – is a possible indicator of the pressure on PES in countries hit by the contraction in employment. Data from the joint EC-OECD questionnaire on employment and social policy in the economic downturn issued in March 2010 indicates that between 2007 and 2009 the caseload of the PES more than doubled in Estonia and more than tripled in Latvia. Elsewhere the change in caseload was far less extreme but there was still a further five countries where the caseload increased by more than 25% (United Kingdom, Czech Republic, Ireland, Portugal, Slovakia).

The impact of the increased demand for PES services paired with a reduction in vacancies is likely to have had a significant impact on quality and effectiveness of support provided. The implementation of public services to combat unemployment in general largely depends on the capacity of relevant institutions as well as available funding. Both of these may be inflexible relative to the significant increase in individuals requiring support as a result of the downturn. A possible solution to this problem is flexible funding. For instance, in Denmark public funding for active labour market policies is automatically adjusted according to the government's official unemployment forecasts to ensure sufficient resources to support larger numbers of jobless. Furthermore, certain aspects of the services provided to clients are relatively more labour intensive than others and thus more likely to be adversely affected if resources are inflexible. Heightened caseload could limit frequent reporting and confirmation of unemployment status by jobseekers, as well as reducing the number of opportunities

for job counsellors to monitor and encourage job search of individual participants and deliver information to them³².

Flexibility of employment services will be vital to overcoming the challenges of increased caseload to ensure a consistent quality of service. Furthermore, it is important that employment services are flexible in terms of fostering education and training in time of reduced vacancies.

Increasing diversity of employment services clientele

The significant rise in caseloads of European PES also encompasses a change in the composition of the employment service's clients. As a result of the recession, the pool of newly unemployed expanded significantly and the number of unemployed people who are not what might be considered "typical" clients of PES services has increased.

In some countries, the services and measures provided by employment services may not be sufficient to cater for the needs of these new types of clients. In particular, many high skilled workers have been forced into unemployment from declining sectors. Such people can be difficult for the employment services to handle – as clients they may have high expectations in terms of the types of jobs and wages that they are prepared to accept, they may be reluctant to participate in basic counselling and guidance sessions because they feel that they already adequately equipped and most of the training that is routinely used by employment services will be at a lower level than their existing skills. Even those that are willing to take on jobs at a lower level than before may find that employers are reluctant to take them on in such positions and there is a real risk of such people becoming disconnected from the labour market. As a result, those with high skills are likely to be left to fend for themselves and may even be forced (in order to ensure eligibility to benefits) to participate in active labour market programmes which do not improve their situation during time that could more productively be spent searching for a job or pursuing other career advancing activities³³. A more diverse range of policy approaches is required to provide services and measures required by these individuals.

In many countries, different services are provided to individuals at specifically defined stages of the job-seeking spell. The initially-unemployed may be left to orchestrate their own re-insertion into the labour market and are not provided with comprehensive guidance and assistance by public employment services until they have been unemployed for a certain period. Given the recent rise in unemployment this is a cause for concern. It is important that those who are recently unemployed (or about to become unemployed) are supported to re-enter (or maintain a position in) the workforce as soon as possible to avoid the risk of longer-term unemployment and transitions to sub-optimal employment. During the recession several countries adopted new measures that aim to provide support to recently unemployed and those threatened by unemployment. As it is likely that labour markets are to become more volatile it is expected that these forms of intervention will become increasingly relevant.

Difficult to place individuals more at risk than other groups

The process of activating those who are more difficult to place is threatened by the increasing gap between the number of jobseekers and jobs on offer. In a situation where employment services are experiencing high case loads, public finances are tight, and there are few job opportunities, there is a danger that the quality and comprehensiveness of employment services for disadvantaged groups will

³² "Employment Services and Active Labour Market Programs in Eastern European and Central Asian Countries", Kuddo (2009) <http://siteresources.worldbank.org/SOCIALPROTECTION/Resources/SP-Discussion-papers/Labor-Market-DP/0918.pdf>

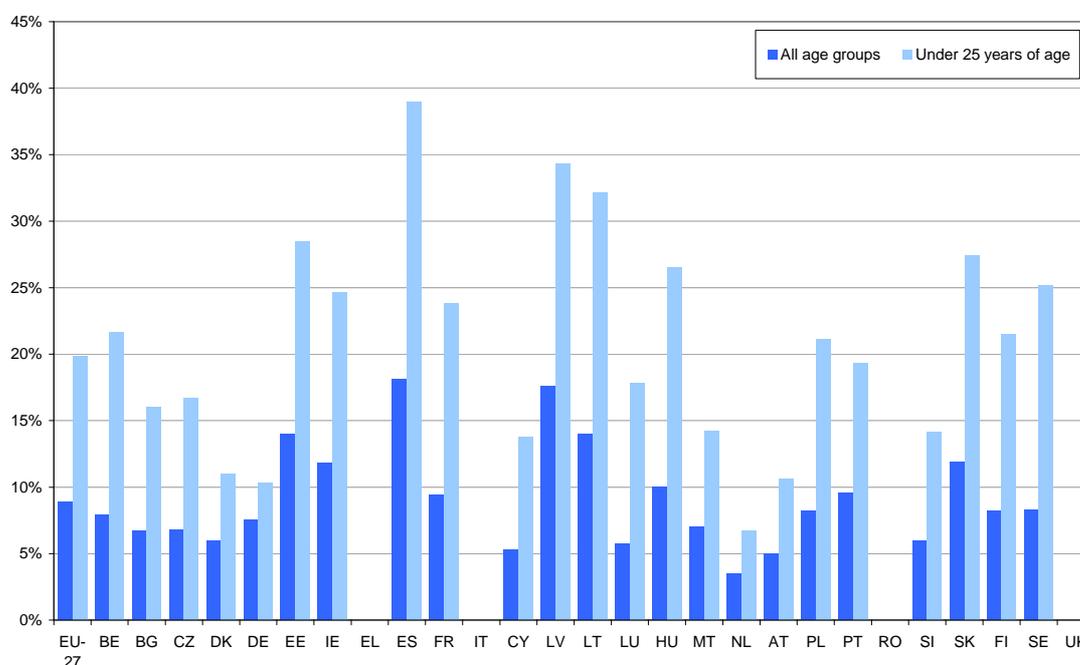
³³ <http://www.flexiblenewdeal.me.uk/newdeal/2009/dear-gordon-brown-new-deal-is-a-farce/>

suffer as priorities and resources shift to support for the newly unemployed.³⁴ Stemming the rise in unemployment by increasing rates of early retirement or take-up of disability or health benefits will only distance those most at risk from the labour market in the long term. To maintain a policy of activation, alternative outcomes need to be available for a transitory period – including training and retraining to prepare workers for better times³⁵. This will allow those at a disadvantage to be better positioned for inclusion in the labour market once the economic climate improves.

High levels of youth unemployment

Youth unemployment across Europe has risen sharply during the recession as their limited experience, sometimes inadequate training and the widespread use of short-term contracts have made young people some of the main victims of economic downturn. Across Europe one in five young people was unemployed in 2009 and youth unemployment rate was considerably higher than the overall rate in all Member States where the data is available (Figure 10), exceeding 30% in Spain, Latvia and Lithuania.

Figure 10: Unemployment rates, EU-27, 2009.



Moreover, the problem has not affected only those with few skills or qualifications - many countries have observed a significant increase in unemployment among young people with higher educational qualifications who would previously not have struggled to gain a foothold on the labour market³⁶.

There are various reasons why youth employment is particularly reliant on favourable economic conditions and has a propensity to be significantly and adversely affected by downturn. Reduced job

³⁴ "Invest in Employability", OECD Observer, Ross (2009)

http://www.oecdobserver.org/news/fullstory.php/aid/3062/Invest_in_employability.html

³⁵ "Sickness, Disability and Work: Addressing Policy Challenges In OECD Countries", OECD (2009)

<http://www.oecd.org/dataoecd/30/34/42662881.pdf>

³⁶ "Meeting Of The Network Of MISEP Correspondents: Mitigating the Effects of the Economic Crisis on the Labour Market" Meeting report, EU Commission (2009), <http://www.eu-employment-observatory.net/resources/meetings/MISEPSwedenMeetingReportOct2009.pdf>

growth and non-replacement of those who exit employment cause the entry level job market to shrink. The application of 'last-in, first-out' strategies by firms and a high incidence of short-term contracts among young workers means that they are typically the first to be eliminated in time of recession.³⁷

There is also a structural issue at stake in that there are widespread skill mismatches at entry into the labour market. Indeed, there is a paradox in the sense that European youths are increasingly educated but tend to find themselves in jobs which have no relation to their training³⁸. This is a costly waste of human resources. It is therefore necessary to improve the process of matching the skills and experiences of youth across the European Union with the skill requirements of firms'. This requires anticipation of demand and appropriate design of education and training systems which provide the skills required by firms as well as structured transitions to the labour market specifically geared towards the integration of youth³⁷.

For young people, prolonged unemployment at the very start of their career can bring the risk of becoming dependent on welfare, prevent them from gaining the work ethic or the work experience they need to develop and progress and potentially lead to long-term exclusion from the labour market. Failure to foster the integration of young people into the labour market therefore presents a significant obstacle to the future growth potential and competitiveness of Europe, which is so dependent on increasing participation, productivity and skills. Early experiences in the labour market can influence the whole of a working career and it is important that young people are given as much help as possible to smooth the transition from school to work. Too often young people find their first jobs are of a precarious nature and this is only likely to increase in times of economic downturn as employers are less ready to take on the risks of investing in people who are inexperienced, even if the potential is high. It is essential that reliable bridges are built between education and employment and that this should figure higher on the policy agenda.³⁷

5.4 STAGE OF PES DEVELOPMENT

The way that the PES are organised and the range of functions for which they are responsible varies between countries. The core functions of the PES are generally taken to be the provision of labour market information (collection of data on job vacancies and applicants, provision of information on possibilities for training or retraining), job brokerage (publicising job vacancies and providing a matching service) and market adjustment through the implementation of active labour market policies. Additionally, many – but not all - PES have responsibility for the administration of unemployment benefits and, in a few cases, other social benefits. Beyond these main functions there are a whole range of other functions that may be undertaken by the PES in some countries but not others, including legislative functions such as the administration of work permits and registration of foreign workers. Moreover, even within the common functions there are important differences in implementation methods. For example, some provide labour market training primarily through their own network of training centres whilst others will subcontract the majority of training to external providers.

The PES have an essential role to play in the implementation of employment policies and since 1998 the European Commission has been promoting a process of modernising PESs in order to support the European Employment Strategy and the challenges posed by changing labour markets³⁹. This process was reinforced in Guideline 20 of the 2005-2008 Employment Guidelines, which aimed to

³⁷ "Europe's Youth = Europe's Future", UTUI (2008), <http://www.etui.org/research/Media/Files/Bench/Bench-2008/Chapter-4>

³⁸ "EU struggles with mounting youth unemployment", EU business (2010), <http://www.eubusiness.com/news-eu/unemployment-youth.2qy>

³⁹ http://europa.eu/legislation_summaries/employment_and_social_policy/job_creation_measures/c10926_en.htm

*“Improve matching of labour market needs through: - the modernisation and strengthening of labour market institutions, especially employment services, also with a view to ensuring greater transparency of employment and training opportunities at national and European level”*⁴⁰. The process of modernisation includes improving access to job vacancies, ensuring an individualised and comprehensive approach for all jobseekers, improving collaboration with other actors (e.g. social partners, training institutions, local authorities), and promoting international labour mobility. The PES in many of the 27 EU Member States are still very much in the process of modernising` such that operational practice and service delivery standards that are almost taken for granted in more established PES may still be some way off in less developed PES. Clearly, the stage of development may have a significant impact on the capacity of individual PES to respond to policy changes and react to new challenges. The case study of Poland below demonstrates some of the basic issues that still confront workers in the local PES offices there.

The differences between countries in the way that the employment services are organised together with the different stages of development mean that although European PES may share common aims and objectives, there are not necessarily common solutions and progress towards those aims will inevitably be made at variable speed. These are issues that need to be borne in mind when considering policy at European level and setting goals for future service provision.

Case study: Dilemmas and challenges of the PES in Poland

A series of interviews with representatives of local labour offices in Poland demonstrates the extent to which staff working for a developing PES are still confronted with very basic challenges. The list below summarises points raised during interviews – they should be understood to be the views of individual respondents and not necessarily a reflection of the situation across Poland. Nevertheless, they indicate that at least some local offices are still struggling to make the step from an administrative benefits office to an active employment service.

Some of the issues are raised are clearly linked to the stage of development that the Polish PES has reached and will no doubt be addressed as modernisation continues. Certainly, from the observations of respondents, it would seem that there is a need for comprehensive training of staff and improved dissemination from national level of operational practice, standards and targets. However, there are also issues that are not exclusive to developing PES's and which will resonate also with more established operations. For example, the image of the PES as an institution supporting people on benefits or with low-end skills and job aspirations is by no means unique and needs to be addressed in many countries if the PES are to become the accepted focus point for employment services for all groups – in work or out of work, high or low skilled.

Observations from local labour offices

▪ **Liberalisation of labour market services**

- The Polish PES is still in a learning process and should be applying more positive practices from Europe but this is limited by legislation, which prevents the widespread adoption of certain types of projects (e.g. Centrum Plus in Rzeszow in eastern Poland based on the idea of the British JobCentre Plus).
- The liberalisation of labour market services has paved the way towards a more individualised service provision but local PES have found this difficult to apply. Many soft challenges such as

⁴⁰ http://europa.eu/legislation_summaries/employment_and_social_policy/community_employment_policies/c11323_en.htm

administration, employees' mentality, stereotyping of clients, and classification of clientele have stood in their way.

- Local labour offices are supposed to compete with each other in terms of effective intervention and thus for available funds (The Labour Fund; The European Social Fund). However, very few are able to do this effectively, especially at a local level.
- The level of cooperation with NGOs and use of outsourcing is low. Local labour offices tend to use their own resources.
- **Establishing a quality of service**
 - The perception of the local labour office is that it is still primarily a social benefits organisation rather than an employment service. Clients have a lack of trust and belief in the idea that the local labour offices can provide effective aid towards searching for jobs and matching clients' to positions.
 - There is a need to standardise the services supplied by local labour offices. Adopting a common logo and 'minimum' quality standards.
 - There are too many ways of interpreting the labour legislation which leads to differences in the way clients are dealt with between labour offices.
 - An order from the Minister of Labour and Social Policy on *Standards in Labour Market Services 2008/200* was recently implemented but has yet to have had an impact.
- **Service provision issues**
 - Caseloads of consultants/career advisors are too high.
 - Consultants and advisors are often too prescriptive in the way that they deliver their service, partly due to the excessive case load, and here is a strong need to provide a more individualised service.
 - The diversification of local employment services clientele is increasing but the PES services are too limited to properly address their needs (e.g.. more educated young people). A classification of different client groups is required and should be designed locally rather than strictly imposed on a national level.
 - Consultants and advisors are obliged to document every step taken with clients but this is perceived as a bureaucratic burden rather than as tool for monitoring progress.
 - Local PES have no 'follow up' methods and there is no legal obligation to provide it.
 - Local labour offices have limited scope for the comprehensive treatment of difficult clients as only some have the financial means or capacity for individual coaching and or psychological assistance.
 - Local labour offices are not child-friendly, which may discourage parents looking after children to come to the office and ask for information and advice.
 - The so called 'difficult client', who has no motivation to work and no skills, presents a significant challenge to the Polish PES. Tailor-made services are urgently needed to deal with this group, which is estimated to constitute 80 per cent of registered unemployed.

5.5 SUMMARY

The current situation in the European labour market and underlying economic and demographic trends imply demands for increased flexibility on both sides of the labour market, the enterprises and the individuals⁴¹. On the one hand, companies will have to transform in response to rising competition in widening and more dynamic markets. On the other, individuals will make more frequent labour market transitions over their lifetimes in response to economic and technological changes whilst also demanding more flexibility to combine or switch between different life domains and employment relationships. At the same time, the future of the European social model is dependent on increasing participation in the labour market to counteract the increasing burden anticipated from an ageing population.

Increased flexibility of the labour market and the workforce entails a shift from employment relationships characterised by internal labour markets with inflexible and robust career ladders and predefined entries and exits, to new employment relationships characterised by a network labour market with free entry and exit points reliant on professional expertise and discontinuous but flexible career paths of skill accumulation and work experience⁴².

This success of this model, which is founded in the principles of flexicurity, is dependent on workers having access to upskilling and retraining opportunities through the life course, support for the transition process and appropriate levels of income security. However, transitions bring risks and the main challenge to “making transitions pay” is to ensure adequate public support to counteract these risks and promote positive transitions for all groups.

The public employment services and other labour market actors will have to respond to increasing case-loads and work together with training and benefit organisations to improve support and services for a wider range of clients than before. It is crucial to build bridges between education and training and work and to improve the monitoring and anticipation of skill demands to ensure that training systems cater for immediate and future demands – an appropriately skilled and flexible workforce to which all groups contribute is fundamental to the future economic security of Europe.

6 TYPOLOGY OF TRANSITIONS, TARGET GROUPS AND SERVICES

6.1 RATIONALE

The current concept of mobility within the context of European employment policy extends beyond the traditional concepts of geographical and occupational mobility and encompasses all forms of transitions that individuals make within the labour market. This covers transitions between different labour market statuses – for example, from unemployment or inactivity into employment and vice-versa – as well as all transitions within employment, including simple job to job transitions as well as transitions that involve a change in employment status – for example from full-time to part-time work or from temporary to permanent contract.

⁴¹ “TLM Work package 4: Lifelong learning, school to work and labour market transitions” Lassnigg (2005)
http://www.siswo.uva.nl/tlm/root_files/LorenzLassnigg.pdf

⁴² Schmid, G. and B. Gazier (eds.) (2002), *The Dynamics of Full Employment: Social Integration Through Transitional Labour Markets*. Cheltenham, UK and Brookfield, US: Edward Elgar.

It is anticipated that the dynamic nature of modern labour markets will result in increasing turnover of jobs and constant demands for new skills, to which employers and workers alike will have to adapt, with the result that individual workers are likely to have to make more transitions during their working career than they would have done in the past. As an integral element of the flexicurity approach, the present policy thinking is targeted towards securing and easing transitions – in other words ensuring adequate support to help individuals make these transitions in a positive way and without hardship.

In order to assess the current situation regarding service provision and how it could be improved and to be in a position to make some comparisons across countries, it is necessary to have a standard framework as a reference point. A typology has been developed that combines the different types of transitions, the groups of people making these transitions (i.e. target groups for provision of support) and the types of services that are needed to support them. This matrix can then be used as a template for mapping the situation in any country, identifying the different institutions and different support services provided at each intersection.

6.2 DEVELOPMENT OF THE TYPOLOGY

The aim of the typology is to have a framework to assess the institutional support for helping people into work. The typology is developed in three stages. It starts from an overview of the main transitions between different labour market statuses, which is then expanded in detail to differentiate different types of transitions. From this point, the second stage takes each of the transitions that end with a person being in employment and links each of these to generalised target groups – i.e. the main groups of people that will need assistance with each type of transition. The matrix is then completed by crossing the list of transitions and target groups with categories of services that may be required to ensure secure and positive transitions.

The development of the typology exploits a number of different aspects of transitions that are widely used in the academic literature on transitional labour markets:

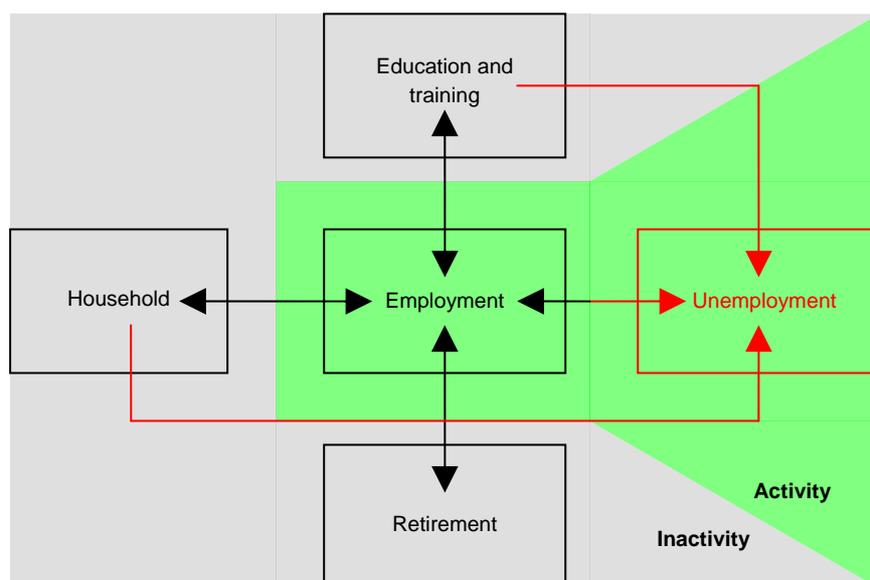
- The five main statuses in relation to the labour market:
 - Education and Training
 - Household
 - Employment
 - Unemployment
 - Retirement
- The distinction between maintenance, inclusionary and exclusionary transitions:
 - Maintenance: maintains inclusion in the labour market (job to job mobility)
 - Exclusionary transition: involves an exit from the labour market (activity to inactivity - e.g. retirement)
 - Inclusionary transition: involves an entry into the labour market (movement into work)
- The distinction between positive and negative transitions:
 - A negative transition: involves worsening working conditions (mainly from employment to unemployment but can also be from permanent to temporary contract or similar)
 - A positive transition: involves improving labour market attachment/career progress

The typology starts from an overview of the main transitions between the five different situations that people may be in with respect to the labour market (Figure 11). People who are currently active in the labour market may be in employment or unemployment, whilst those who are currently inactive may be in education and training, undertaking household duties, or in retirement. Each of these situations is represented by a box in the diagram, with arrows indicating the main transitions between the different statuses. Transitions are of course possible from each situation to any other, which would

mean arrows joining each box in the diagram to every other one, but the interest here is on labour market participation so that the focus is on transitions between inactivity and activity and not on transitions between different situations of inactivity. Although the main interest is in supporting moves into employment, it is important that people also have the freedom to move voluntarily out of employment at any time and such transitions can be seen as positive (arrows in black). On the other hand, people generally want to avoid being unemployed so that transitions from any status to unemployment can be considered as negative, hence these transitions are shown with red arrows in the diagram.

Although it is not critical to understanding the typology, it can also be considered that the vertical alignment of the boxes represents a career timeline, with people starting their working life after completing education, moving to a period where they may switch at different times between employment, unemployment and household activities, and then end their career with by retiring. Of course the reality is not this simple and since continuous training is key to ensuring secure transitions throughout a career, people may move at any point in their career between different statuses on a vertical plane (at least to education and training, if not retirement) as well as a horizontal one. However, it will still remain the case that the vertical plane, top to bottom, will tend to have an age balance moving from youth to old-age.

Figure 11 – Overview of the main transitions between different labour market statuses

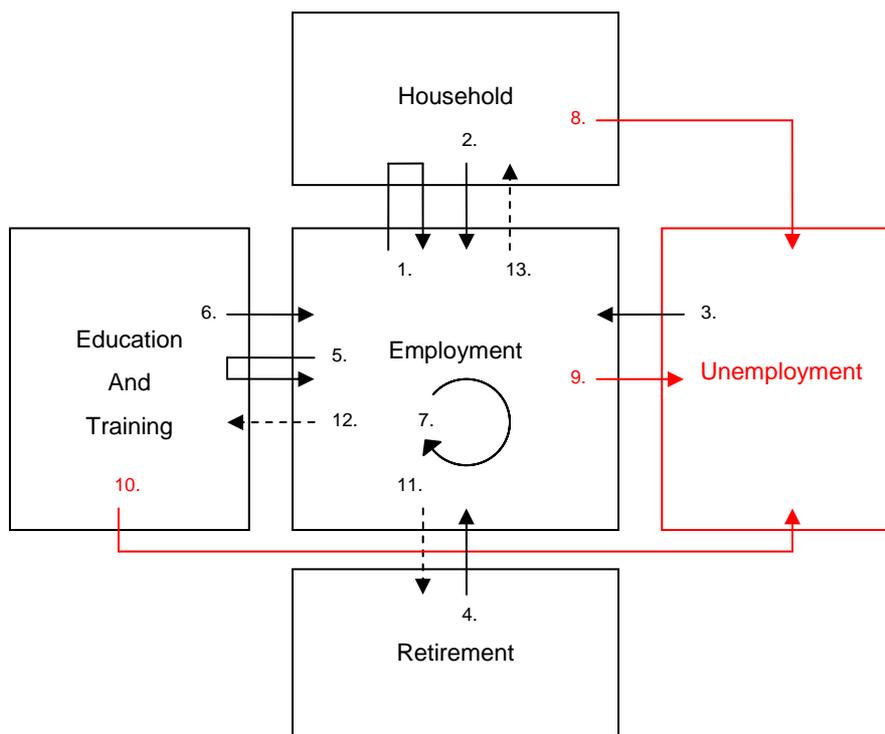


Detailed transitions

This overview of the main transitions conceals can then be expanded in terms of detail in order to take better account of the ways in which transitions are made, which are positive or negative and which are of most relevance to promoting active participation in the labour market. In the detailed view of transitions (Figure 12):

- Each direction of movement between statuses is treated separately so that each transition is represented by a single-headed arrow. Each transition therefore has a starting status (where an arrow begins) and an ending status (where the arrow ends).

- Using this model the map of transitions can be expanded to include circular transitions that involve the same starting and ending status via an intermediate status. However, note that only voluntary (planned) circular transitions are shown in this way. For example, a break from work to care for children during maternity/paternity leave can be considered as a voluntary change of status and, therefore, a planned transition from employment to household and back to employment. However, in the situation that a person is looking to change jobs but has to endure a spell of unemployment as part of that process then the spell of unemployment is not voluntary (i.e. people do not normally choose to be unemployed but would rather move directly from one job to another. This kind of transition is therefore not considered as a planned circular transition but as two separate transitions – a negative transition from employment to unemployment followed by a second, positive transition back from unemployment to employment.
- Black arrows numbered 1 to 7 represent voluntary transitions which are generally positive in nature.
- Red arrows numbered 8-10 represent involuntary and strictly negative transitions.
- Dashed arrows numbered 11-13 are transitions which are considered to be outside the main interest of this study because they represent a movement from employment to inactivity, though of course some of the people making such transitions may be of interest again later if their want to return to being active in the labour market.
- The main interest is in getting people into employment. Here the different transitions with ending status employment can be classified into two types:
 - **Maintenance transitions** (nos. 1, 5 and 7) are transitions where the starting status and ending status are employment. In these cases employment is maintained, though not necessarily the original job.
 - Transition 7 represents job to job mobility. This is probably the most important type of transition in terms of numbers and it encompasses a wide range of transitions including a simple change of job within a company or between companies, change of occupation, change from part-time to full-time work, change from temporary to permanent contract, etc.
 - Transitions 1 and 5 are circular transitions where individuals take full or part-time leave from employment to engage in household duties (e.g. maternity/paternity leave) or to undergo education/training (not necessarily job related). These are frequently associated with a return to the same employment position.
 - **Inclusionary transitions** (nos. 2, 3, 4 and 6) are all transitions into employment from some other status – i.e. the starting status is household, education and training, retirement or unemployment and the ending status is employment.

Figure 12 - Detailed transitions between different labour market statuses

Target groups for supporting transitions into employment

In terms of transitions that need institutional support, the interest is only in positive transitions where the ending status is employment – i.e. those transitions which are voluntary and which are considered as inclusionary or maintenance transitions. Of course, most people needing support to make such transitions will have come to their current situation as a result of a negative transition but these movements are generally involuntary and do not require support. All exclusionary transitions are therefore excluded from this stage onwards.

Support services are generally tailored to the groups that need the support so the next stage in the development of the typology is to identify the target groups for each of the types of transition. In order to avoid too much overlap with the similar target groups being applied to many transitions, the target groups are applied only in relation to transitions by starting and ending status (i.e. without differentiation of circular transitions). This leaves five broad types of transition which are listed below – four are inclusionary and one (employment to employment) is a maintenance transition.

1. **Household to Employment**
2. **Unemployment to Employment**
3. **Retirement to Employment**
4. **Education and Training to Employment**
5. **Employment to Employment**

For each of these types of transitions, broad target groups are identified in Table 2. Note that target groups are very general because priorities will vary considerably between countries and definitions of different target groups may differ across countries. The wide coverage of the target groups selected gives more flexibility such that it can be completed on a cross country basis. Furthermore, the broad priorities of employment services are not always mutually exclusive; this is therefore reflected in the target groups selected at this level of the transitions typology.

Table 2 - Target groups for the main types of transition

<u>Transition Type - Target group</u>	<u>Examples</u>
<p>1. Household to Employment:</p> <p>a. Carers/parents</p> <p>b. Individuals affected by health problems</p> <p><u>Comments:</u> The main distinction within this transition type (i.e. between target groups a and b) is between those who have a barrier to entry into activity resulting from an obligation to care for others (children and other dependants) and those who have a barrier resulting from their own health.</p>	<p>Lone parents, returning parents, carers</p> <p>Disabled (but not those already registered as unemployed), persons returning from long-term sickness</p>
<p>2. Unemployment to Employment</p> <p>a. Short term unemployed</p> <p>b. LTU</p> <p>c. Disabled</p> <p>d. Other priority groups</p> <p><u>Comments:</u> The target groups here are not all mutually exclusive. Target groups a. and b. are determined in terms of length of unemployment whilst c. and d. are both determined in terms of the jobseekers characteristics. Whether an individual is offered services based on a/b or c/d will depend on the priorities adopted by the service provider. The category of "Other priority groups" deals with groups which are considered important in the sense that they may require special help to facilitate integration in the labour market but generally represent only a small share of the potential workforce.</p>	<p>Unemployed less than 12 months (may need to distinguish 6 months for youth and 12 months adult)</p> <p>Unemployed for over 12 months (note comment on youth/adult distinction above)</p> <p>Persons with physical or mental disabilities</p> <p>Ethnic and other minority groups, migrant workers, ex-offenders, substance abusers, etc.</p>
<p>3. Retirement to Employment</p> <p>a. Old aged</p> <p><u>Comments:</u> The scope of this type of transition is already very narrow.</p>	<p>Persons retired but wanting to return to full or part-time work</p>
<p>4. Education and Training to Employment</p> <p>a. First time jobseekers</p> <p>b. Mature students</p> <p><u>Comments:</u> The main distinction within this transition type is between those leaving their initial formal education to enter the workforce and those who have already had experience in full-time employment before engaging in further education or training.</p>	<p>School leavers, further education graduates</p> <p>Vocational education graduates</p>
<p>5. Employment to Employment</p> <p>a. At risk of unemployment</p> <p>b. Career progression</p> <p>c. Change of occupation</p> <p>d. Change in working time / conditions</p> <p>e. Movement into self-employment</p> <p>f. Temporary leave</p> <p><u>Comments:</u> This is the only transition type which involves the maintenance and improvement of employment.</p>	<p>Persons threatened by redundancy</p> <p>Progression to the next professional level</p> <p>Skill conversion</p> <p>Movement from temporary to permanent, part-time to full-time, etc.</p> <p>Business start-up</p> <p>Parental leave, educational leave, other sabbatical leave</p>

Typology of services and measures to support transitions

The final stage in the development of the typology is to construct a list of the main services that are needed to support transitions that can then be crossed with the list of transitions and target groups to create the final matrix. A full list of the different services that exist to support each of the different target groups through each of the different transitions would be extremely long and impractical to

manage in any practical way when assessing the provision of support across countries and a balance between the level of detail and practical usability is needed.

The list presented below uses a two level structure that attempts to organise services into groups by phase of the transition process. The list of services at detailed level is not intended to be fully comprehensive but to cover what would appear to be the main types of service needed. Inevitably, the services listed are not comparable in terms of the costs to implement (time and resources of service providers) or in their coverage of target groups - some services are very general and may be used by most target groups whilst others are much more specific and relevant only to selected target groups. The detailed list should not, therefore, be seen as a list of equals.

Typology of services to support transitions

1. Identifying needs and objectives. Where to go and how?

- a. Basic information services
 - i. Basic profiling
 - ii. Advice on legal rights and entitlements
 - iii. Direction to brokerage services (jobs and training)
 - iv. Advice on local labour markets
- b. Personalised information and advice services
 - i. Enhanced profiling - skills assessment and career guidance

Comments: This category covers the types of services typically involved in the initial stages of a transition. This includes initial profiling to identify the type of individual and the direction the individual wants to and is able to take and to basic information services to guide them to more intensive supports that are available to him/her in order to support the transition process.

2. Basic preparations

- a. Advice on interview techniques, job applications and CV writing
- b. Basic skills training – language, numeracy and literacy

Comments: This category relates to the provision of the basic skills required to find or take up any job.

3. Making the links (Brokerage services)

- a. Job matching services
- b. Work trials (short-term test of suitability)
- c. Training and apprenticeship placement services

Comments: Services facilitating the matching of clients to appropriate jobs and/or training.

4. Preparing the way (Improving employability)

- a. Skills training (including apprenticeships)
- b. Work experience: internships, volunteering opportunities
- c. Socially useful work (direct job creation)
- d. Vocational rehabilitation services

Comments: For groups without the skills or experience needed to make the next progression in their career some further preparation may be necessary. This category covers services and measures designed to improve employability through training or work experience.

5. Removing barriers

- a. Child care services
- b. Caring services

Comments: People with responsibilities for dependents often find making arrangements for alternative care of their dependents a barrier to taking up jobs. This category covers services that aim to remove

barriers to entry into employment which are unrelated to the physical/mental capacity of the person seeking work.

6. Incentivising transitions

- a. Subsidised employment

Comments: This category covers measures that encourage employers to take on people from particular target groups through the provision of incentives.

7. Supporting transitions

- a. Supported employment
- b. Work place adaptation
- c. Work assistants, mentors
- d. Follow-up services

Comments: Services and measures provided once employment has been established to ensure integration into the workplace and that the position is sustainable. Such services are normally targeted at people with a reduced capacity to work due to a physical/mental disability or who need help to integrate socially.

6.3 APPLICATION OF THE TYPOLOGY – THE FINAL MATRIX

The typology of transitions and target groups and the typology of services can be combined into a matrix to provide a framework for analysis. With the matrix presented in a grid form, the boxes at each intersection can be filled with information regarding the particular services available for each type of transition and target group and the institutions responsible for their provision. By using colours to represent different institutions or partnerships the completed matrix can provide a visual representation of the transitional support system that can be compared between countries.

It is envisaged that the matrix be used in two ways. For a general overview of the available support and institutional responsibilities across countries the matrix should use only the first level of the typology of services – i.e. the seven categories by phase of transition (see Figure 13). For more specific studies – for example a study on support for a particular type of transition or for particular target groups then the matrix can be cut down to include only relevant sections of the transitions/target groups typology but expanded to show the full level of detail from the services typology. In this case it may be more practical to re-orientate the matrix such that the vertical axis shows the services list and the horizontal axis the transitions/target groups.

The final results from completing the matrix depend, inevitably, on the quality of information available to fill it. The framework of labour market institutions will be very different between countries and some will be more difficult to assess than others – services organised by centralised bodies will be easier to cover than highly localised provision. In general, coverage of services provided by the public employment services is liable to be more complete than other labour market actors simply because information on the PES is generally readily available and the main supports and services provided are typically geographically uniform. It may, therefore, be more difficult to assess the transitional support framework in countries where the public employment services have a lesser role in the market compared to those where the PES is dominant. Although every effort will be made to complete matrices as far as is possible, users will need to bear in mind that the results are an overview and may not always show the full picture.

Additionally, it is important to bear in mind that the groups most in need of assistance vary between countries so that sometimes services in the same category of the typology of transitions/target groups are not always directly comparable. Take, for example, the Household to Employment transition and

the Carers/parents target group. In the UK, there are high numbers of lone parents and they are an important target groups for services in this category but in other countries the numbers are low and services in the same category are unlikely to be targeted at this group.

Figure 13 - Matrix with top level of service typology

Labour market institutions providing transition support by target group and support type.

Country: (Insert country name here)	Identifying needs and objectives	Basic preparations	Making the links (Brokerage services)	Preparing the way (Improving employability)	Removing barriers	Incentivising Transitions	Supporting Transitions
Public employment services only							
Other public institutions (includes combination with PES)							
Trade Unions							
Employers							
Combination of different types of actors							
No support							
Not Applicable							
1. Household to Employment							
a. Parents/Carers							
b. Individuals affected by Health problems							
2. Unemployment to Employment							
a. Short term unemployed							
b. LTU							
c. Disabled							
d. Other priority groups							
3. Retirement to Employment							
a. Old aged							
4. Education to Employment							
a. First time jobseekers							
b. Mature students							
5. Employment to Employment							
a. At risk of unemployment							
b. Career progression							
c. Change of occupation							
d. Change in working time / conditions							
e. Movement into self-employment							
f. Temporary leave							

6.4 RESULTS OF APPLYING THE MATRIX IN SELECTED COUNTRIES

The matrix has been completed for four countries which were selected from country groupings based on an analysis of services provided by the PES and other actors for three broad groups of unemployed, employed and inactive clients (see Annex for the full grouping and information on how it was developed).

Note that the results included here represent the first attempts to complete the matrix. The four completed matrices are considered to give a reasonable reflection of the situation in each country but it is also recognised that the picture may not be complete. Whilst information on services provided by the PES and other public institutions is generally readily available, information on services provided by other actors may not be centralised and is, therefore, more difficult to collate. National correspondents are welcome to send suggestions for improvement.

The countries selected were:

Country	PES grouping
Ireland	Extensive range of services addressing all main target groups (employed, unemployed and inactive)
United Kingdom	Extensive range of services mainly addressing the unemployed and inactive groups
France	Extensive range of services mainly addressing the unemployed and the employed
Italy	Limited provision of services mainly addressing the unemployed

Ireland - Group I: Extensive range of services addressing all groups

- The PES provides all types of support necessary to make transitions. However, the provision of support for “Basic preparations” does not extend to transitions 3 and 4 and a large number of target groups associated with transition 5. Furthermore, there is no provision of support for “Incentivising transitions” and “supporting transitions” for transitions other than 1 and 2.
- The PES provides support for “Identifying needs and objectives”, “Basic preparations”, “making the links (brokerage services)”, “preparing the way” and “incentivising transitions” which is supplemented by support provided by other public institutions for the target groups with more complex barriers in transitions 1 and 2 (Parents/Carers, Individuals affected by health problems, LTU, Disabled and other priority groups).
- Generally support is provided by the PES to all target groups within all transition types. Additional support is provided by other public institutions to those with more complex barriers to employment.

Table 3 - Typology matrix: Ireland

	Identifying needs and objectives	Basic preparations	Making the links (Brokerage services)	Preparing the Way	Removing Barriers	Incentivising Transitions	Supporting Transitions
1. Household to Employment							
a. Parents/Carers	Green	Green	Green	Green	Grey	Green	Green
b. Individuals affected by Health problems	Green	Green	Green	Green	Grey	Green	Green
2. Unemployment to Employment							
a. Short term unemployed	Green	Green	Green	Green	Grey	Green	Green
b. LTU	Green	Green	Green	Green	Grey	Green	Green
c. Disabled	Green	Green	Green	Green	Grey	Green	Green
d. Other priority groups	Green	Green	Green	Green	Grey	Green	Green
3. Retirement to Employment							
a. Old aged	Green	Green	Green	Green	Grey	Green	Green
4. Education to Employment							
a. First time jobseekers	Green	Green	Green	Green	Grey	Green	Green
b. Mature students	Green	Green	Green	Green	Grey	Green	Green
5. Employment to Employment							
a. At risk of unemployment	Green	Green	Green	Green	Grey	Green	Green
b. Career progression	Green	Green	Green	Green	Grey	Green	Green
c. Change of occupation	Green	Green	Green	Green	Grey	Green	Green
d. Change in working time and conditions	Green	Green	Green	Green	Grey	Green	Green
e. Movement into self-employment	Green	Green	Green	Green	Grey	Green	Green
f. Temporary leave	Green	Green	Green	Green	Grey	Green	Green

United Kingdom - Group II: Extensive range of services mainly addressing the unemployed and inactive groups

- The PES is the only large provider of services for “Making the links (Brokerage services)”, “Incentivising Transitions” and “Supporting Transitions”. This is only extended to transitions 1, 2, 3 and 4 and mainly excludes those already in employment. However, support for “Making the links (Brokerage services)” for transition 5 is provided by other public institutions.
- The PES provides, alongside other public institutions, support for “Identifying needs and objectives”, “Basic preparations” and “Preparing the way” for transitions 1 to 2. However, this type of support for transitions 3 to 5 is only provided by other non-PES public institutions.
- Generally, there is wide ranging support for all transitions and target groups. The support provided by the PES is mainly focused on supporting inclusionary transitions 1 to 4 and plays only a very small role in assisting transitions from employment to employment.

Table 4 - Typology matrix: United Kingdom

	Identifying needs and objectives	Basic preparations	Making the links (Brokerage services)	Preparing the Way	Removing Barriers	Incentivising Transitions	Supporting Transitions
1. Household to Employment							
a. Parents/Carers	■	■	■	■	■	■	■
b. Individuals affected by Health problems	■	■	■	■	■	■	■
2. Unemployment to Employment							
a. Short term unemployed	■	■	■	■	■	■	■
b. LTU	■	■	■	■	■	■	■
c. Disabled	■	■	■	■	■	■	■
d. Other priority groups	■	■	■	■	■	■	■
3. Retirement to Employment							
a. Old aged	■	■	■	■	■	■	■
4. Education to Employment							
a. First time jobseekers	■	■	■	■	■	■	■
b. Mature students	■	■	■	■	■	■	■
5. Employment to Employment							
a. At risk of unemployment	■	■	■	■	■	■	■
b. Career progression	■	■	■	■	■	■	■
c. Change of occupation	■	■	■	■	■	■	■
d. Change in working time and conditions	■	■	■	■	■	■	■
e. Movement into self-employment	■	■	■	■	■	■	■
f. Temporary leave	■	■	■	■	■	■	■

France - Group III: Extensive range of services mainly addressing the unemployed and the employed

- The PES is the only large provider of support for “Identifying needs and objectives” and “Making the links (Brokerage services)” and its support extends to all transition types and target groups.
- The PES is an important provider of support for “incentivising transitions” and “supporting transitions” to certain groups within all transitions. However, coverage of target groups is not extensive. The support of the PES towards “incentivising transitions” and “supporting transitions” is supplemented with support by other public institutions for other target groups which may face more complex barriers in the labour market.

- The PES plays a limited direct role in the provision of support for “Basic preparations” and “Preparing the way”. This form of support is mainly provided by other public institutions (i.e. training institutions).
- Generally, services and supports are provided to facilitate all transition types for all target groups and the PES plays a significant role in facilitating all transition types, especially in terms of “Identifying needs and objectives” and “making the links (Brokerage services)”.

Table 5 - Typology matrix: France

	Identifying needs and objectives	Basic preparations	Making the links (Brokerage services)	Preparing the Way	Removing Barriers	Incentivising Transitions	Supporting Transitions
1. Household to Employment							
a. Parents/Carers							
b. Individuals affected by Health problems							
2. Unemployment to Employment							
a. Short term unemployed							
b. LTU							
c. Disabled							
d. Other priority groups							
3. Retirement to Employment							
a. Old aged							
4. Education to Employment							
a. First time jobseekers							
b. Mature students							
5. Employment to Employment							
a. At risk of unemployment							
b. Career progression							
c. Change of occupation							
d. Change in working time and conditions							
e. Movement into self-employment							
f. Temporary leave							

Italy - Group V: Limited provision of services mainly addressing the unemployed

- The PES is the main provider of support for “Identifying needs and objectives”, “Basic preparations” and “Making the links (Brokerage services)”. This is mainly focused on transition 2 but some limited support is provided to a limited selection of specific target groups for making transitions 1, 4 and 5.
- The PES also provides support, along side other public/non-public institutions, for “Preparing the way” for transitions 1, 2, 4 and 5.
- PES also plays a role, along side other public institutions, in the provision of support for “incentivising transitions and “supporting transitions”. However, this support is limited to individuals who are unemployed.
- Generally, support is limited for most transition types and target groups. That which is provided is focused on the unemployment to employment transition (transition 2). The PES plays a significant role in supporting this transition but it provides limited support to target groups other than the unemployed.

Table 6 - Typology matrix: Italy

	Identifying needs and objectives	Basic preparations	Making the links (Brokerage services)	Preparing the Way	Removing Barriers	Incentivising Transitions	Supporting Transitions
1. Household to Employment							
a. Parents/Carers							
b. Individuals affected by Health problems							
2. Unemployment to Employment							
a. Short term unemployed							
b. LTU							
c. Disabled							
d. Other priority groups							
3. Retirement to Employment							
a. Old aged							
4. Education to Employment							
a. First time jobseekers							
b. Mature students							
5. Employment to Employment							
a. At risk of unemployment							
b. Career progression							
c. Change of occupation							
d. Change in working time and conditions							
e. Movement into self-employment							
f. Temporary leave							

General observations

The results reveal a number of interesting observations concerning the involvement of the PES in the transitions support framework of the countries covered:

- The PES tend to play a central role in the phases of “Identifying needs and objectives” and “Making the links (Brokerage services)”. This highlights their role as the central orchestrator for guiding people throughout the transitions they make. They put individuals on the right path to the support they require and to appropriate employment opportunities.
- The PES also plays a central role in “Incentivising transitions” and “Supporting transitions”. As the main actor in linking individuals with employment, the PES tend to work closely with employers and are therefore best placed to organise the support which provides incentives to employers to take on their clients and to ensure that this employment is sustainable.
- In some countries the PES tends to work along side other public institutions in the provision of services to support the phases of “Basic preparation” and “Preparing the way”, particularly when dealing with more difficult to place groups.

Even with the limited number of countries covered to date, the matrix results show that the provision of services and support to the different groups making transitions varies considerably across countries and, so far, the results from applying the matrix supports the grouping of countries made on the analysis of PES functions. In Italy the role of the PES is mainly limited to dealing with the unemployed and their integration into employment but it is more extensive elsewhere covering also the inactive (UK, IE) and those already in employment (FR, IE).

7 GOOD PRACTICE: WHAT WORKS? HOW? WHERE? WHO IS INVOLVED?

Support for transitions of all types needs to be flexible and take into account the very different needs of individuals. In general support is targeted at specific groups but even within a group there will always be individuals with a wide range of skills, aspirations and personal circumstances that need to be taken into consideration alongside the unique situation of the local labour market when providing an individualised, tailored service. On top of that, the institutional structure varies enormously between countries so that there cannot and never will be any single solution that could be considered as best practice. Nevertheless, the experiences and lessons learnt in one country or region or even local office can be instructive for those confronted by similar situations. This section of the report looks at a number of examples of services implemented to support different groups and transitions from countries across Europe. The examples have been selected because they are innovative or are particularly relevant in the current labour market.

7.1 UNITED KINGDOM – RAPID RESPONSE SERVICE (RSS)

Transition covered:	Employment to Employment
Target group:	Employees at risk of unemployment
Main providers:	JobCentre Plus (JCP)
Reason for interest:	Since the start of the downturn, companies across Europe have been forced to implement redundancies that have left hundreds of thousands of workers unemployed. Large-scale redundancies, in particular, can have a massive impact on local economies and labour markets. The UK Rapid Response Service brings together a partnership of relevant actors to intervene before workers have actually lost their jobs and provide the support needed to facilitate transfer to alternative employment or training and thereby minimise the risk of long-term unemployment.

The Rapid Response Service (RRS) aims to support workers threatened by large-scale redundancies in making the transition to alternative employment, or to further training or education, as efficiently and effectively as possible. When large-scale redundancies are announced the affected workers are confronted, sometimes unexpectedly, with the prospect of unemployment and the challenge of finding another job and, therefore, a very uncertain future. At the present time, when demand for labour is low and there are high numbers of people competing for a limited number of vacancies this uncertainty is inevitably heightened. The Rapid Response Service springs into action before the redundancies actually take place, offering advice to affected companies on how to deal with the redundancy process and providing employees with access to enhanced Jobcentre Plus services including some that are normally not available to individual workers until they have been unemployed for some time. The early intervention means that the process of finding new employment can start immediately and reduces the risk of frictional unemployment.

Co-ordinated by JobCentre Plus, the RRS works in partnership with skills bodies, development agencies and local authorities in order to provide support that cannot be readily accessed by individuals acting on their own initiative. The services provided vary from case to case but can include on-site advice surgeries (i.e. advisory services provided on the employers' premises), links and referrals to other agencies providing services, information and advice about jobsearch, vacancies and training opportunities, skills assessments and early access to existing active labour market programmes.

The RRS is not a new service – it began life in 1998 when the UK government launched the Rapid Response Fund along with Rapid Response Teams at regional level in order to fast-track the provision of services in case of large-scale impending job losses. Following a pilot of a more flexible Job Transition Service in 2001, the RRS evolved more or less into its current form in April 2002 when the old Employment Service and Benefits Agency were merged to establish JobCentre Plus as the main government agency for working-age people in the UK.

In November 2008, the RRS was expanded and made much more flexible to enable the service to respond appropriately to local needs. Prior to this, the service required senior approval to access the resources needed to deliver the support required for each redundancy. In the recent reform, decision making was decentralised to give JobCentre Plus senior managers in regions and districts the flexibility to design the service most appropriate to their location and labour market needs, bringing in local partners and using the available funding to plug any gaps in skills and training provision. The embedding of a flexible policy and empowerment of operational staff in this way represented a significant cultural change within Jobcentre Plus and quarterly workshops are held to share good practice and address common problems and issues.

Since November 2008, almost 4,500 employers have taken up the offer of support from the RRS. The number of individuals benefitting from RRS support is not known because people are not tracked unless they actually make a claim for Jobseekers Allowance. However, economists estimate that as a result of the measures introduced to respond to the economic downturn in the UK, around 40,000 fewer people than expected have become unemployed.

Initiating the process

Intervention from the Rapid Response Service is initiated after companies that are planning to make redundancies contact JobCentre Plus for advice and assistance. JobCentre Plus will then advise the employer whether or not to put in a bid for support from the Rapid Response Service. Bids are handled by the Rapid Response Service manager from the appropriate region – managers are installed in each of the Jobcentre Plus regional offices in England as well as in Scotland and Wales. They deal with all the activities around these bids and will work with any partner organisations.

Eligibility to support from the Rapid Response Service is, in principle, dependent on three criteria, though how strictly these are applied is down to the judgement of RRS manager who is able to take into account the situation in the local labour market and the chances of affected workers finding new jobs without intervention:

- Firstly, the planned redundancy should be significant – guidelines specify that “significant” means more than 20 layoffs but the potential impact on the local labour market can also be taken into account so that the decision can be based on questions such as:
 - The importance of the employer in the local economy and whether there is likely to be a knock-on effect – i.e. how will cut-backs impact on local companies supplying the affected employer
 - Whether there are existing vacancies that match the skills of the workers being made redundant
 - The general strength of the local labour market
- Secondly, the workers affected should be actually “under threat” or already “under notice” of redundancy. The full range of services is provided only to employees who have been served a formal notice of redundancy and are within 12 weeks of reaching the specified date for termination of their employment. However, basic information, advice and guidance can be made available

before this point and the preparatory work to set up a partnership for the service provision can also be completed.

- Finally, the bid should demonstrate a partnership approach to the implementation of support. Partnerships would normally include the local Jobcentre/Jobcentre Plus manager, the employer and representatives from other organisations contributing services or resources.

On completion of the bid, the RRS manager liaises with JobCentre Plus co-ordinators at national level and a decision as to whether support will be made available is normally taken within three working days.

Cooperation between different labour market institutions

The ethos of the Rapid Response Service is based around a partnership approach to the provision of support in order to ensure that all workers are given access to the full range of advice and services that they might need. Each redundancy case is different and the partnerships established will reflect that but are likely to consist of representatives from: Jobcentre Plus, the employer, trade unions, Business Link, the local Regional Development Agency (RDA), the Skills Funding Agency (formerly the Learning and Skills Council), the Skills Development Scotland and Partnership Action for Continuing Employment (PACE), the Wales' Workforce Development Programme and Redundancy Action Team (ReAct), local authorities, the appropriate chamber of commerce, Members of Parliament, government offices and any other agencies or outplacement companies that are already working with the company (RRS aims to complement rather than replace any support that is already in place). It is not imperative for all of these organisations to be represented but the service cannot be offered without:

- Jobcentre Plus
- Regional Development Agency (RDA)
- the Skills Funding Agency in England or Skills Development Scotland and Partnership Action for Continuing Employment (PACE) in Scotland, or the Wales' Workforce Development Programme and Redundancy Action Team (ReAct) in Wales

Support and services

The Rapid Response Service provides support on a case by case basis – there is not a typical menu of services, rather a package of services and support is tailored to the circumstances of the affected workers and the local labour market situation. In addition to Jobcentre Plus's normal information, advice and guidance, the services that RRS can offer includes:

- On-site 'job-shop' – sometimes when many of the workers involved are on shift work these can be organised to open outside of normal JobCentre Plus office hours
- Advice about vacancies, job-search, writing a CV, and interview techniques. May even include advice about looking for jobs abroad.
- Advice about self-employment, benefits and pensions.
- Skills and Training Analysis - specialist advisers help workers identify their transferable skills and give advice about skills that are in demand locally.

- Where this analysis identifies a specific problem the Rapid Response Service can offer early access to programmes such as Work Based Learning for Adults or Programme Centres – programmes that are normally only open to people that have been unemployed for six months or more. Through RRS workers can be put onto a programme up to three months before they become unemployed.
- Translators for non-English speaking workers and specialist European employment advisers to provide advice and guidance where people are interesting in working in Europe.

In addition, the Rapid Response Service also has access to funds that offer extra help:

- 'RRS Job Focused Training' funds training for work in jobs where there are skills shortages and/or specific vacancies but where no existing government funded provision is available. These funds are often used to help people that have existing skills without any formal qualification to obtain some form of certification.
- 'Action funding' - a discretionary fund to pay for one-off support to address individual barriers to re-employment. In general money is made available to cover costs linked to specific job offers such as the purchase of new tools or work-clothes or the reimbursement of travel costs.
- Support is normally available to eligible workers over a period of 24 weeks - 12 before and 12 after the effective date of redundancy. However, it may be continued for up to 12 months after the redundancy depending on the type of support that has been offered.

£12 million per financial year is available to plug the gaps between supports delivered for free by partner organisations. In the 2009/10 financial year, 95% of this budget was spent on skills assessments and training. The remaining 5% was spent on overcoming barriers to finding and taking up work (i.e. travel expenses, childcare, and clothes)

7.2 DENMARK– “YOUNG PEOPLE – WELL STARTED” PROJECT (“UNGE – GODT I GANG”)

Transition covered:	Unemployment to Employment & Unemployment to Training
Target group:	Unemployed, low-skilled youth
Main providers:	Ministry of Employment - Arbejdsmarkedsstyrelsen (Public employment services)
Reason for interest:	The downturn has had a particularly severe impact on younger workers with significant increases in unemployment in most countries and limited job opportunities so that those without formal qualifications are faced with a real risk of long-term exclusion from the labour market. Yet nobody really knows the most effective way(s) to tackle the problem. This unique project in Denmark aims to make a quantitative assessment of the results from providing enhanced services.

In 2007 the Danish Minister for Employment introduced initiatives to reduce youth unemployment and to ensure that by 2015 at least 95 per cent of young people start and complete youth education leading to formal qualifications. At the time, it was estimated that 95% of young people continued with formal education after the compulsory school age but only 80% completed their course⁴³ leaving a large number of young people without formal competences and therefore at risk of unemployment in a competitive labour market. Much effort is now being invested in ensuring that the education system is more inclusionary in order to embrace the needs of those with low aspirations and levels of achievement and, therefore, most at risk of dropping out of the system. However, this will take time and currently there remains a significant problem of unemployment amongst young, unskilled people in Denmark, which has been exacerbated by the economic downturn.

The question is how to deal with this group effectively in order to get them off public support and into work or training. Accepting that there was a general lack of knowledge about which methods are the most effective for promoting training among unemployed young people, the “Young people – Well started” project was launched in November 2009 in an attempt to scientifically assess the effectiveness of different approaches. The project is essentially a twelve month study in which a control group of around 2,000 young people aged under 30 will be offered the standard job-centre services and support whilst a similar sized treatment group will benefit from more intensive, customised support and services.

The “Young people – Well started” project will target young people aged under 30 who are currently on either social assistance or unemployment benefits and has three main objectives::

- Active interventions to ensure that those without professional qualifications are placed in vocational training or a job
- Active interventions to ensure that those with qualifications but currently not working are inserted into employment as quickly as possible
- To gain knowledge about which types of intervention are most effective in getting this group of young people into education or jobs

⁴³ [Educational Policies that Address Social Inequality: Danish case study report 1 - Reaching 95 percent Successful Completion in Youth Education](#), Margareta Cederberg and Svante Lingärde, Malmö University, Sweden, January 2008

Target group

The 'Young people – Well started' project will target around 4,000 young people aged under 30 years who are not working and receiving unemployment or social assistance benefits. This group will be split between a control group of 2,000 that will receive standard services from job-centres and a treatment group of 2,000 that will benefit from enhanced services. Participants in the treatment group are categorised into four different groups, based on an assessment of skills by case workers, and are then allocated accordingly to four different targeted programmes:

- Group 1: Young people without an education or the capacity to take part in training - these individuals have no immediate capacity to engage in vocational training or take up job in an ordinary working environment and thus are to be introduced into regular education.
- Group 2: Young people without an education with the potential but not the immediate capacity to take part in training - these individuals do not have the prerequisite skills for a re-insertion. They have the potential to perform a regular job but need their basic skills to be upgraded before they are able to take part in vocational training.
- Group 3: Young people without an education but with the capacity to take part in training - these individuals have the prerequisite skills for a re-insertion. They have the potential to perform a regular job and are able to take part in vocational training.
- Group 4: Young people with a professional education

Implementation

The project, which was designed by the National Labour Market Authority of Denmark, will run from 2 November 2009 to 30 November 2010 in fourteen municipalities, each of which will trial the programme of intensive support for the treatment group with between 80 and 260 young people. The day-to-day implementation is undertaken by local job-centres which are committed to follow the programmes designed for the project but have a large degree of freedom in the way they organise their efforts to help the treatment group clients and may involve private contractors. The local offices are overseen by the four regional centres, which have responsibility for ensuring that the local actions conform to the programme design.

A custom IT system has been developed to allow each participating jobcentre to record the efforts made to support each participant and the outcomes. The system is managed by the National Labour Market Authority, which has responsibility for quantitative evaluation of the study.

Cooperation with other labour market institutions

One of the objectives of the project is to ensure that all relevant actors are involved in the process of supporting this vulnerable group of young people. This might include social workers and educational counsellors. The organisational structures to facilitate co-operation with social services and other relevant authorities have to be established before the start of the project and are the responsibility of managers in each of the local job-centres, which can be quite a challenge.

One important element in the project is the use of partnerships between job-centres and companies establishing "business centres". The idea of a "business centre", which was first trialled by AMS in 2006, is that local companies (public or private) should create at least four permanent places for young people in agreement with the local job-centre. Places are allocated to young unemployed in group 1 (i.e. those lacking even the most basic skills to support further training or employment) in

order to give them experience of working in a business environment with support from mentors whilst undertaking various activities to support their personal development and facilitate transition into the labour market.

The rationale behind the business centre concept is that the job-centre and the company enter into an agreement for a fixed number of places that are left open on a permanent basis. This gives a constant throughput in the company and job-centres can then concentrate on a smaller number of business contacts and a greater number of unemployed. Job-centres are responsible for the brokerage of participants to business centres and are required to follow up and support work in these centres whilst the company is responsible for operating the centre.

Support and Services

The control group receive the usual job centre services and support for young people which means a first interview at the job centre within one month of becoming unemployed and after that an interview every three months. Within the first three months of unemployment the job centre is also obliged to offer all young people an opportunity of activation lasting at least six months – this can be a job placement, training or some other form of active labour market programme.

The treatment group are given more intensive, customised support and services, with a specifically designed programme for each of the four groups of participants (Table 7). Within each programme a minimum set of services and support is provided to all participants but these may be supplement with additional services at the discretion of the case managers. In general, supports and services provided to those without a professional education (groups 2 to 4) differ from that provided to those with a professional education (group 1).

Mentors play a vital role for participants without a professional education (groups 1, 2 and 3). Mentors are allocated to participants engaged in education in order to encourage and support them on the road attaining formal qualifications. At the same time, mentors should offer general support to encourage independence and help their mentees build the self-confidence necessary to overcome small everyday problems as well as major crises. Mentors may be drawn from the employees in the participant's destination company, from an educational institution, external consultants or employees in the job centre.

Experiences to date

The "Young people – Well started" project is scheduled to run from November 2009 to November 2010. The very first provisional results indicate that slightly more of the treatment group (9%) have been placed in a job or in education compared to the control group (6%) but the data cover only the first four weeks of the project so not many placements would be expected and it is far too early to draw any conclusions.

One thing that has become apparent in the early evaluation is that the planned programmes for treatment groups are not always implemented according to plan by the local offices. For example, the aim to provide weekly interviews for those in the three categories of people without education is perhaps not always so practical. An implementation seminar bringing together representatives from the participating job centres, evaluators, regions and the labour market authority is being organized to consider such issues and develop ongoing solutions.

Table 7 - Programmes of customised support for the treatment group of the *Unge-godt I gang* project

	Program 4:	Program 3:	Program 2:	Program 1:
Timescale	Young people with a professional Education	Young people without education with assumptions to implement a Education	Young people without education and without the immediate ability to implement one, but can be upgraded to do so	Young people without education and without the immediate ability to implement a training
Week 1	<ul style="list-style-type: none"> ▪ Distribution of information letters ▪ Individual interview 			
Week 1/2		<ul style="list-style-type: none"> ▪ 1-2-day introduction program and clarification of the reading / spelling difficulties 		
Starting week 1	<ul style="list-style-type: none"> ▪ Individual conversations each or every other week for 13 weeks 	<ul style="list-style-type: none"> ▪ Individual interviews weekly until week 32 		
Within 3 weeks		<ul style="list-style-type: none"> ▪ FVU-course (if required) – basic skill training: reading, spelling, writing or arithmetic. 		
Within 6 weeks		<ul style="list-style-type: none"> ▪ Regular training and adult education ▪ Assignment of a mentor at the job centre 	<ul style="list-style-type: none"> ▪ Job placement with a training perspective ▪ Assignment of a mentor at the company 	<ul style="list-style-type: none"> ▪ Placement in business centre ▪ Assignment of a mentor within the business centre
Within 13 weeks	<ul style="list-style-type: none"> ▪ Work placement or wage subsidies 			
In parallel with efforts			<ul style="list-style-type: none"> ▪ Provision of information and advice by the job centre (possibly with other actors) – e.g. physical training, dietary advice, conversations with psychologist, etc...) ▪ Social services from other departments (support, detoxification pathways, treatment for depression or mental illness, help with housing, money management, etc...) 	
Within 32 weeks or 39 weeks	<ul style="list-style-type: none"> ▪ Follow-up 			

7.3 ITALY – FONDIDIRIGENTI

Transition covered:	Unemployment to Employment
Target group:	Unemployed managers (workers with high skill levels)
Main providers:	Fondirigenti (bipartite fund representing employers and managers)
Reason for interest:	The PES and labour market training programmes tend to focus on supporting the people at the lower end of the skills spectrum to the extent that people with higher levels of skills often find the services offered inappropriate to their needs. Given the significant number of managerial level employees made redundant in the recent downturn examples of initiatives taken by a private provider in Italy may provide ideas on the types of service needed to support this group.

There have been numerous reforms in the Italian welfare system since the nineties, that have revamped the setting, the mode of action and stakeholders involved, and at the same time transformed employment services based on five basic guidelines of decentralisation, service logic, integration of labour policies, training and social policies, and horizontal subsidiarity. Despite this, there is still no real system of welfare to work that can intervene in the labour market to the extent that is achieved in many other European countries.

In Italy the financial and economic crisis has hit all types of workers. However, a target group that is unable to take advantage of public labour market policies is that of managers. The structure of public employment services cannot guarantee the speed, complexity and efficiency needed to cater for this particular segment of the labour market. As a result it is up to private organisations, in this case the social partners, to take care of the matter.

Data for 2009 are alarming. According to Federmanager, the union of Italian executives of companies producing goods and services, 10,000 managers were expelled from the labour market last year. This population is small compared to other sectors of the labour market (total of 80,000 in early 2010), but in percentage terms this change is very important and is likely to become even more pronounced in the months to come.

Two organisations are involved in remedying this situation: on the side of the employers, Confindustria; and on the side of managers, Federmanager. These two organisations have given rise to Fondirigenti which is a national level bilateral fund for continuous training. The fund, which was granted the status of “Labour Agency” by the Italian Ministry of Labour in 2006, has focused on helping managers affected by redundancy on a local level, especially in central and northern Italy, using a number of different innovative methods, examples of which are discussed below.

Context

In Italy there is still no real system of welfare to work that can intervene in labour market quality standards in quantities comparable to those of other European countries. There is a large potential for a new kind of agency that can integrate, internally, different types of services to individuals and the enterprise and, externally, the action of various public and private sector bodies already active in various ways in employment and development.

The experience in recent years shows that the agencies involved in providing services to the labour market are very segmented and mostly limited to matching the demand and supply of labour. In particular, there is a very visible failure to integrate their services with the provision of social safety nets.

"Network Management" - Veneto

The objective of the "Network Management" initiative, aimed at 30 managers, is to stimulate the reactive, proactive and creative development of individuals, generate new sources of networking, and expand interpersonal and organisational support to enhance skills in additional areas. The rationale behind this intervention is that employment opportunities for individuals with high levels of experience are boosted by formal and informal networks of contacts rather than by the search for work through traditional means.

The project consists of an integrated range of actions, organised into three phases, which are intended to actively support participants to identify and design alternative career paths. This takes the form of active support initiatives aimed at the individual and activities with collegial and homogeneous subgroups, designed to broaden possible opportunities and the professional and managerial areas that could be pursued.

- First phase – “understanding”:
 - Personal interview with an experienced counsellor (half a day) to analyse the individual's application and construct a "work pact."
 - First collegial session with experts (one day) which outlines the work program and analyses the requirements and career paths of each participant, from a group perspective.
 - Skills assessment (collective and individual sessions, two days in total) to develop plans and programs to build capacity and emotional resources of individuals.
 - Individual counselling with an expert (half day) to share feedback that may be useful for improving effectiveness of intervention and to design and verify re-orientation and development plans.
- Second phase – “development”
 - A situation check-up (collegial session with experts lasting one day) during which groups of managers work to produce possible ways forward, considering the skills and expertise of those present.
 - Speech training and reinforcement training (three training modules lasting two days each) focusing on issues such as project management, management and organisation, innovation, and budgeting.
- Third phase – “monitoring”
 - Individual coaching with an expert (two half-day meetings) to implement the actions identified
 - Two "meetings in the afternoon" with experts (collective meetings) to sustain the network and maintain constant contact within the group
 - Final meeting concluding the route through the submission of activities, outcomes, personal and group acquisitions.

“Columbus” – Emilia Romagna

This project aims to implement temporary management positions in international marketing projects. It involves small and medium-sized enterprises in Emilia-Romagna who are considering an investment

in managerial resources to consolidate and expand their international presence, and managers who want to broaden their expertise. Working together, the managers provide partner companies with their existing skills in order to achieve planned growth abroad. From 45 companies and 50 unemployed executives involved in the screening, 14 SMEs were selected, and as many managers. Managers were required to have significant prior experience as a business executive and expertise in the corporate sector.

The scheme starts with an assessment phase which establishes the "coupling" between the participating companies and executives. This is assisted by mentors or professionals who will support businesses and executives in setting strategic plans, overseeing progress and offering their technical expertise in relevant areas.

There is then a specific training phase (180 hours per participant), which aims to align the competences of the participants and ensure that the managers are equipped to correctly interpret the objectives of the firms and how to approach the target markets. The subjects of training days include international issues related to selected specific geographic areas and the language of the destination country. Classroom lectures are accompanied by 4 individual coaching sessions.

Once completed, every manager will go to their target geographic area where they will initiate actions under the project, according to business needs of the firm and will make use of information and support provided by the tutor.

On site, managers will meet the economic agents operating on Italian territory, who hold collective and/or individual meetings with them to facilitate the work of the participants, and mediate with local contacts and logistics.

Back at home, there is a follow-up, at which each of the participants will exhibit their experience and make a common assessment. The overall outcome of the initiative is presented to the authorities, institutions, economic organisations and regional media at a final meeting in the presence of all parties involved. Once the training phase completed, executives leave for their destinations.

“Cabina di regia” - Rome

The project aims to combine the supply of leaders from big business who are out of work and seeking new positions with the needs of SMEs. The initiative aims to bridge the cultural gap between these corporate managers and the working practice of SMEs. Eighty executives were involved in this initiative.

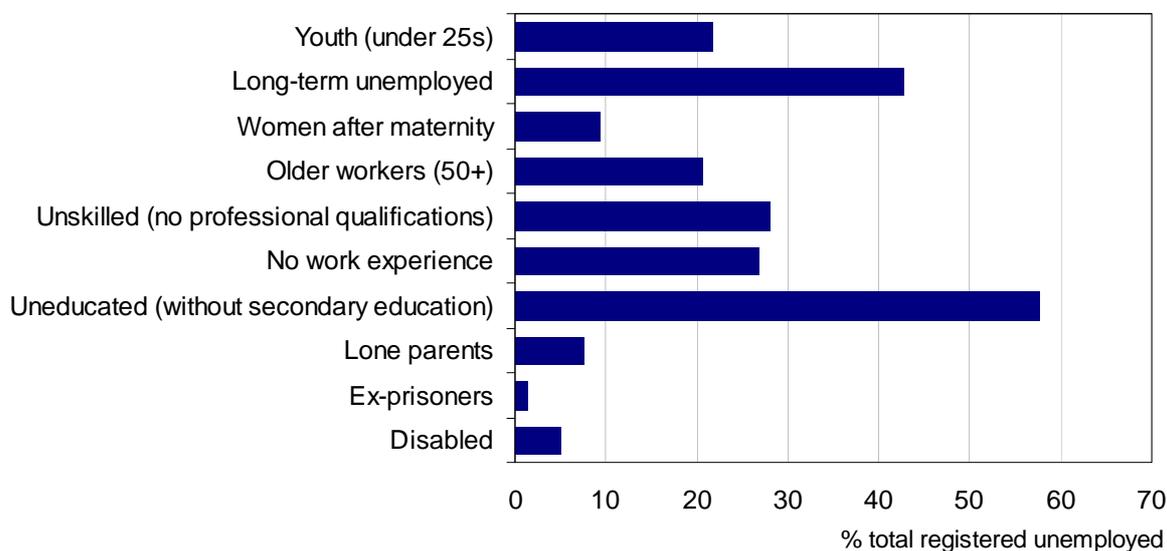
The training program is divided into several stages. The first macro-phase (pre-assessment in telephone interviews and individual interviews) concerns the selection of managers from different cultural and organisational background, motivated to change and possibly re-adjust to smaller companies than those they came from. The second phase consists of training (two modules of two days each) on motivation to change, the various organisational systems of large and small and medium-sized enterprises, developing managerial skills appropriate to SMEs, and the manner and timing of managerial work in SMEs. The third step consists of coaching (4 sessions of 2 hours for each manager) to support the manager in the process of integration into the world of SMEs.

7.4 POLAND – MEASURES IMPLEMENTED BY LOCAL PES OFFICES

Transition covered:	Unemployment to Employment
Target group:	Various groups of unemployed and inactive persons: - labourers without formal qualifications - hard-to-reach groups - people in rural areas - long-term unemployed women
Main providers:	PES
Reason for interest:	One of the main problems in activating some vulnerable groups is that they are difficult to reach in the first place (i.e. don't come to the job-centre on their own accord) and may be reluctant to take part in formalised training or other typical labour market programmes. These small-scale projects demonstrate some innovative approaches to working with these groups.

The population of unemployed in Poland is characterised by high proportions of people who are, for various reasons, considered as difficult to place. In the second half of 2009, more than half of the registered unemployed had not completed their secondary education, more than a quarter had no professional qualifications and a similar proportion had no prior work experience. Moreover, more than 40% were long-term unemployed (Figure 14). (Note that most of the groups shown in the figure are not mutually exclusive so should not be combined.)

Figure 14 - Disadvantaged groups amongst the registered unemployed in Poland, H2 2009



Source: Grabowska-Lusinska, based on data from the Central Statistical Office and the Ministry of Labour and Social Policy

The group of low-skilled/educated people is by some way the most important group numerically amongst the registered unemployed. However, it is far from homogeneous and four main categories of low-skilled unemployed have been identified:

- No real skills, no will to work and usually a lack of life skills – the most problematic group for the PES. Many are from areas that have suffered from post-communist decline of heavy industry or rural co-operatives and have a habitual reluctance to work that is passed down from generation to generation. People are usually long-term unemployed or inactive and do not come to the job-

centres on their own accord. They are immobile, have no aspirations to promote their own development and often report health problems.

- Outdated skills and therefore low or no skills relevant to the current job market. Mostly people from post-communist industrial areas with skills that are no longer in demand (coal miners, steel workers), Some are reluctant to find jobs or set up their own businesses and one of the major difficulties is that many are reluctant to retrain from their previous profession. Although there are no demands for their skills in the local market some may be transferable abroad (e.g. quarries in the UK).
- Registered as low-skilled with no professional qualifications. People in this group tend to have skills developed from manual labour in grey economy jobs (e.g. construction related) but these have no formal recognition and are of limited value when trying to find a regular job. Many will still be operating in the grey market and are open to working abroad.
- Occupational losers with a fragmented career in jobs with no skills requirements. Includes returning migrants, many of whom register as unemployed immediately on return and others who return to the labour market after a long break. People in this group may have skills but often these have degraded (out of practice / out of date) through time due to working in jobs where the skills are not needed or long breaks without work.

Low-skilled people represent the largest and most problematic group of clients for the local PES offices that have responsibility for trying to place unemployed into work, with many of them being reluctant to participate in the labour market. Traditional labour market measures may be ineffective for such people who are not particularly keen to participate in typical training programmes and often don't even bother to come to the local offices to seek help. In Poland, the decentralised approach of the public employment services means that local offices have the flexibility to design and develop programmes that are tailored to the needs of their clients and the local labour market. The remainder of this case study describes four such programmes that have been implemented by the local labour office in Nysa in the Opolskie region of Poland.

Training unemployed labourers during the construction of social housing

The idea of the project was born from observations of the limited effectiveness of professional training offered to construction workers by the local labour office. Despite a wide spectrum of training offers, it was difficult to see visible effects of such activities. Moreover the process was inefficient - sometimes the physical infrastructure installed for the purpose of training (e.g. scaffold sites) was not used or had to be deconstructed immediately after training when it might have been better left in place for further use. It was also very difficult to get a full simulation of an activity in the workplace. The undertaking of an initiative to build communal houses created an opportunity to develop programmes and real sites for trainings where unemployed people could learn and/ or certify their professions which they usually have 'to hand' but without formal qualifications. Moreover an ex-ante explorative reconnaissance showed that employers from the construction sector would be interested to take on 'alumni' of such a project.

Aims and organisation

The project was designed to support the following goals:

- Provide opportunities for unemployed to gain professional qualifications in construction that are in demand in the local labour market;
- Meet needs of the local labour market where there was a shortage of construction workers;
- Improve the effectiveness of spending for tailor-made activation of unemployed and at the same time generate benefits for the community.

It was established through cooperation of three main partner organisations:

- Local labour office in Nysa (PUP): selection and recruitment of candidates; funding of the training;
- The local Town Hall (Paczkow): legal, technical and construction preparation for the project; supply of construction materials;
- The Centre for Practical Education (Training)⁴⁴: organisation of training and technical supervision.

Results

The project lasted two years between 2006 and 2008 with two phases of unemployed builders being trained on the 'real site' to construct two-storey buildings for 12 families⁴⁵. A total of 139 people were trained on the site:

- bricklayer-concreter-steel-fixer - 24 persons;
- bricklayer-plasterer - 38 persons;
- bricklayer-wall painter - 7 persons;
- bricklayer-carpenter - 11 persons;
- bricklayer-roofer - 9 persons
- fitter of electric installation- 21 persons
- fitter of heating systems - 5 persons
- electrician- 9 persons
- finishing interiors- 19 persons.

A swallow - a herald of changes - labour market services

The project was designed to meet challenges of the local labour market and in a sense to diminish selectivity of clientele of labour office. The main goal of the project was to improve the dissemination of information via mobile consultants and *ad hoc* consulting centres that were closer to the real problems of people, especially those who are internet illiterate and those unable or unwilling (have no incentive) to attend the local labour office in Nysa. The project was also designed to reach people on the ground and make a diagnosis of real barriers of return and entry to the labour market.

The specific goals of the project were as follow:

- to facilitate access to up-to-date information about the local labour market (NUTS4);
- to diagnose the needs of unemployed in all different circumstances across the region;
- to reach and to deliver information to the widest group of local people;
- to bring unemployed to their 'daily working life';
- to facilitate and to expand co-operation between the local labour office and employers, local authorities, NGOs, labour market partners and other institutions interested in combating unemployment.

⁴⁴ The Centre for Practical Education (Training) is a state budget institution, independent from labour offices. Its main goal is to train and educate youth and adults in order to make their qualification recognisable in the labour market and also to meet labour market needs. The Center for Practical Education organises and conducts practical courses, professional exams, courses of excellence for teachers, courses for advancing qualifications, courses of professional excellence, organises shows, fairs, seminars, training.

⁴⁵ Picture of the houses built:

<http://www.ckp.nysa.pl/index.php?galeria=200&go=200&imgzoom=sajt/foto/S5004961.JPG&lpoz=1820&lin=#zdi>

The idea behind the project was also to make consultants and career advisors mobile in terms of reaching 'real' but also problematic, hardly accessible clientele. The consulting and advising centers called 'Swallows' were created *ad hoc* in small villages. Consultants informed local people about programmes, opportunities, helped in filling in applications for subsidies and subsidised jobs appropriate to certain clients, helped and facilitated in writing CVs and motivation letters.

The project started with external recruitment of 9 consultants based in the labour office and 9 mobile consultants. Initially all the recruits were trained on two subjects: (1) effectiveness of interpersonal communication, including crisis situations, services to physically and socially disadvantaged people and (2) legal regulations of the labour market but internal training relating to the *modus operandi* of the local labour office was also provided. This training was organized by an external institution specialised in training civil servants.

Results

The project has had a long-term impact in that half of the swallow centres that were created have been maintained as permanent centres. The project has been monitored on ongoing basis through an evaluation of the satisfaction with, and effectiveness of, services provided to clients as well as the reaction of employers and other labour market partners. Evaluation confirms the benefits of bringing counselors and advisors as close as possible to their target clients. It has also contributed to a better understanding of the barriers that these socially excluded groups face in re-entering the labour market, which can help to direct future activities. According to evaluation results, the main barriers are low qualifications, internet illiteracy, lack of abilities of self-presentation, transport infrastructure (lack of possibilities to get to a workplace) and lack of self-esteem which enhances de-motivation relating to employment activity. Moreover the low level of wages available locally may push people to go to work abroad.

In 2007 nearly 10,000 people used the services delivered by 'Swallows': 60 per cent of these were women and 60 per cent from rural areas. The effectiveness of the project was good with around 30 per cent (around 3,000) either taking up employment or going into training: of these, nearly 1500 were women and more than 1600 from rural areas.

Reactivation of disappearing crafts

The idea of the project was to enhance tourist attraction of the region along with unconventional activation of the local labour market and in a sense enhancement of 'the green economy' through starting own business in disappearing crafts, such as: lace-making, artistic smithery, glass-painting, basket-making, wood-carving, armoury, furriery and pottery-making. The project was addressed to farmers and housewives and other inhabitants of rural areas of the region, excluding retired people and people registered as unemployed. The target group counted 50 persons who were trained not only of the crafts themselves but also how to make a business out of this work and generate income from tourism.

One of the results of the project was that local artisans became motivated to develop their own businesses along similar lines and an Association of Local Artists of Hand-made Crafts was established, which some participants of the project joined. Further value added of the project was that the local labour office:

- expanded its range of clients to include farmers and members of their households and people working in agriculture;
- enhanced cooperation with institutions and organisations operating in rural areas;
- gained new experience in the management of projects of this kind
- benefitted from a high level of positive media coverage

NGO: The Association *Pro Publico Bono* 'Childcare - your chance for employment' (Lower Silesia Region)

This project aimed to help long-term unemployed women into work and at the same time increase the availability of child-care facilities in the local market. The project targeted fifty women with secondary education, particularly single mothers with children of kindergarten age (3-5), who had been unemployed for more than a year and trained them to be professional child minders, holiday camp teachers and leaders of after-school clubs. This training was combined with advice on how to set up a business connected to child care (e.g. home kindergarten, child care agency, after-school club).

The different phases of the project, which was implemented in partnership with local authorities, included an information campaign to raise awareness about the existence of the project; selection and recruitment (42 participants); training (32 graduates); and on-site training (100 hours in kindergartens, after-school clubs, on holiday camps). A quarter of the participants found jobs in the labour market.

Although the project had a narrow specialisation it represented an effective spending of the budget in that it met labour market needs and resulted in an increase of after-school clubs. The majority of participants were lone parents and the programme had very positive social effects, inducing relatively short-term changes in the attitudes of unemployed women to employment and labour market.

8 KEY MESSAGES AND POLICY POINTERS

In order to underpin the development of a flexible and skilled workforce that can adapt to constantly changing demands in the labour market, European policy is building on the principles of flexicurity to promote a policy of balanced labour mobility. This approach hinges on the idea that increased flexibility in the labour market will result in workers making more transitions, both within work and between different labour market statuses, and that these transitions should be made voluntarily (i.e. not forced by external factors) with access, for those that need it, to comprehensive public support to ease and secure transitions and counteract the risks associated with change.

At the same time, long-term demographic trends put the European social model at risk, with an ageing population putting an ever increasing burden social welfare budgets and the shrinking population that finances them. This means that efforts to increase participation in the labour market must be stepped up for all groups that are currently inactive, including those who are most vulnerable. However, it is not just a question of increasing the labour force - active inclusion or inclusion through employment, bringing people currently some way from the labour market into work, is an important means of combating poverty and social exclusion.

The objectives of supporting more transitions and increasing labour market participation demand changes in the way that employment services are organised and delivered. The range of clients will have to be broadened on the one hand to deal with job to job transitions for all workers, including those with high levels of skills, and on the other, to reach out to groups currently outside the labour market. Most public employment services cater well for the unemployed but less so for employed and inactive groups. There is a clear need for the PES to expand their client base, to provide more support for job changers and to reach out to inactive groups with which they currently have little or no contact.

The study shows the potential impact that working with inactive groups could have on demand for labour market services. Across Europe, the population of people who are currently considered as

inactive but would nonetheless like to work is almost identical in size to that of the unemployed people who are currently the main clients of public employment services. Add to this the large numbers of people in precarious forms of employment who are most likely to need support during transitions from job to job and the scale of potential demand becomes quite staggering.

Of course, not all of these people will need public support but some will and the question is how to ensure that it is readily available and effective. The situation is complex – although the public employment services are the key actors, the provision of labour market support involves a range of different types of organisation (e.g. social partners, education & training providers, benefit organisations, NGOs) whose roles vary from country to country so that there is no clear pattern as to who does what and for whom. As part of the study a first attempt to develop a framework for understanding the provision of transition support in each country has been developed. The matrix identifies the services and responsible institutions for the different phases of each of the main types of transitions and for different target groups. To date the matrix has been completed for Ireland, France, Italy and the United Kingdom and more countries will be studied in ongoing work. The results to date highlighted that PES are vital to orchestrating the support required during transitions but there are clear differences between countries in the extent to which different client groups are supported. The future policy agenda should promote a comprehensive strategy for the PES to cooperate with other labour market actors and orchestrate the support required throughout all stages of all types of transitions.

There will also have to be better directed and more widely accessible training that focuses on immediate and future demands for skills in the labour market in order to ensure that all workers have lifelong opportunities to update their skills and maintain employability. As the central brokers in the labour market, working with both employers and workers, the PES should be encouraged to further their key role in monitoring and anticipating the supply and demand for skills and liaising with learning institutions to ensure appropriate training provision for its clients.

On top of these challenges, at a time when new and enhanced services are needed, the fall-out from the recent recession has dramatically increased the case-load of the public employment services and put pressure on their existing capacity to deliver services. Modern, efficient PES may be able to cope with these twin demands but less well developed organisations, which are still undergoing a process of modernisation, may find it more difficult. European policy makers will need to bear in mind the different circumstances in each country in order to ensure a co-ordinated approach to implementing policy does not leave some behind.

The EU 2020 strategy that has evolved from the experiences of European growth and recession targets smart, sustainable and inclusive growth. Providing adequate support for workers making more transitions in increasingly flexible labour markets and ensuring that support is also accessible for people currently outside the labour market, including the most vulnerable, is a key element of this strategy and a major challenge. The public employment services will need to broaden their client base and adapt their service provision in order to support not only the unemployed but also job changers. More support is also needed for those currently some way from the labour market and here there is a need for better collaboration between all actors including public and private employment services, social services, NGOs, and local authorities. The challenge for policy makers is how to ensure adequate and co-ordinated capacity to support the demand for employment services that will be generated by the kinds of flexible and inclusive labour markets that are being promoted.