

# A Study on Policies for Involving the Social Partners in the Integration of People at a Disadvantage in the Labour Market

## Final Report

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## **EXECUTIVE SUMMARY**

### ***Introduction***

This study was commissioned by DG Employment, Social Affairs and Equal Opportunities of the European Commission in order to assess policies aimed at increasing the involvement of social partners in the integration of people at a disadvantage on the labour market.

Instruments that were taken into account for this study are either implemented by employers, trade unions, public authorities or jointly in the context of social concertation. For the purposes of this study disadvantaged groups are those mentioned in Guideline 7 of the European Employment Guidelines: early school leavers, low skilled workers, people with disabilities, immigrants, and ethnic minorities

The impetus for the study emerged from concerns regarding the persistently high number of individuals who drift into and remain in unemployment for a long period of time due to lack of skills, incentives or support to enter or re-enter the labour market. Long term unemployment represented around 40% of the total number of unemployed in 2002. It has become apparent that even in areas of economic growth and high investment marginalised communities often face considerable difficulties in accessing the opportunities offered by these developments.

At the same time both the European Commission Guidelines for Employment and the report of the Employment Task Force chaired by Wim Kok have emphasised the importance of improved governance in achieving the goals of the Lisbon strategy. One important element in the EU's approach to labour market governance is the strong involvement of social partner organisations not only in matters directly affecting the employment relationship, but throughout the policy cycle. Social partner involvement can contribute significantly to the success or otherwise of any policy measure because of the necessary buy-in and their crucial role in implementing any active labour market policy measures. However, traditionally, the disadvantaged groups covered by this study are not necessarily among the core constituency for social partner organisations, as they are often excluded from the labour market.

### ***Aims and objectives of the study***

This study therefore aimed to summarise some of the key characteristics of successful integration programmes, and illustrate ways in which social partners can play a part in these policies and enhance their effectiveness.

The objectives of this study were:

- To develop an appropriate conceptual framework of classification for policies and measures to increase the involvement of social partners to integrate disadvantaged groups into the labour market;
- To develop and apply an appropriate methodology to select cases from several Member States (EU-25) which can illustrate “what works in practice”.
- To identify the main strengths and weaknesses of current instruments and the main challenges to future policies.

- To conclude by highlighting the principal lessons emerging from the selected instruments and pinpoint the implications for policy development with a view to the Commission's future employment policy initiatives in relation to the integration of disadvantaged people.

## **Methodology**

Through a period of desk based research, this study gathered:

- Statistical data on the position of disadvantaged groups in the labour market.
- A review of the barriers marginalised groups face to employment.
- An overview of the different types of measures aimed at increasing the involvement of social partners in the integration of disadvantaged groups into the labour market.
- An analysis of the types of integration policies most dominant in the EU-25.
- Identification of good practice in relation to the involvement of social partners in the integration of disadvantaged people into the labour market. This exercise yielded information on nearly 500 different policies from across 25 Member States.

Based on a selection carried out in conjunction with the Commission and a steering group made up of European social partner organisations, the second phase of the study consisted of producing detailed case studies from eight Member States: Belgium, the Czech Republic, Denmark, Finland, Germany, Hungary, Ireland and the Netherlands (see below). Seven of the case studies were selected on the basis of previously defined criteria, including displaying best practice on the basis of existing robust evaluations and successful social partner involvement, and providing a balance of supply and demand side measures and disadvantaged groups addressed. The case studies also present a balance of public and private sector beneficiaries, both large and small. The following initiatives were selected for in-depth study.

**BELGIUM** - The Rosetta Plan was initiated in 2000 by the Belgian government to battle youth unemployment in Belgium through training and apprenticeship programmes.

**CZECH REPUBLIC** - Social Partnership in Vocational Education and Training (VET) was a two-year project financed by the Dutch Government to strengthen the influence of the Czech social partners in vocational education and training. The project was implemented by Dutch social partners in close collaboration with Czech partners.

**DENMARK** - The Danish Integration Agreement is an agreement between the Danish social partners, the government and municipalities on stronger measures to integrate immigrants and refugees on the labour market.

**FINLAND** - Noste Programme is an education and training measure aimed at raising skills of low-skilled older workers. The programme was initiated by one of the major trade confederations and implemented on a tripartite basis.

**GERMANY** - This case study is a detailed description of Metro's (large German retail company) involvement in employment of young people with disabilities as part of their corporate CSR policy.

**HUNGARY** - The Integrated Employment Programme for the Roma in the Pest County is a successful active labour market project aiming to make a real and permanent impact on the living conditions of the Romas.

**IRELAND** – Workway is an awareness raising programme promoting employment opportunities of people with disabilities and aiming to increase awareness among private sector employers. The project was initiated, led and implemented by the Irish employer and trade confederations with support from the government.

**NETHERLANDS** - The SME Minorities Covenant was a two-year agreement (2000-2002) between the Dutch government, the SME representative organisation (MKB) and the national employment service to improve the labour market position of ethnic minorities in the Netherlands.

### **Classification of measures and key characteristics of effective integration policies**

The first task of this research was to categorise the different types of measures available aimed at increasing the involvement of social partners in the integration of disadvantaged groups into the labour market. The table below presents conclusions regarding the prevalence and effectiveness of such measures as found in phases one and two of our research.

<b>Demand side measures</b>	<b>Supply side measures</b>
<p><i>Awareness raising campaigns</i> Used by both employer and trade union organisations as well as joint initiatives. Generally relate to items such as business case for employing particular target groups; setting out rights/obligations of particular groups and clarifying legislation.</p> <p>These can be effective, particularly when coupled with implementation measures (e.g. MKB covenant) and strong partnerships (e.g. Workway) but are non-binding and should therefore be linked with target setting.</p>	<p><i>Training and lifelong learning measures/validation or prior learning</i> Evidence shows importance of design and delivery of initial and continuing education involving social partners. This ensures training is linked to requirements of employers and the labour market. Targeted training measures often crucial to the integration of disadvantaged target groups.</p>
<p><i>Social auditing</i> Some evidence of CSR measures linked to the integration of disadvantaged groups (e.g. Metro group)</p> <p>Generally non-binding tool favoured by employers' organisations; can be effective when linked to target setting/monitoring.</p>	<p><i>Work-life balance measures</i> Provide a relevant background to integration measures, particularly for employees with caring responsibilities.</p>
<p><i>Financial incentives</i> Called for by both social partner organisations, but particularly employers' organisations; formulation should involve all</p>	<p><i>Legislation/watchdog</i> Often favoured by trade unions to underpin other integration measures, but insufficient by themselves.</p>

<b>Demand side measures</b>	<b>Supply side measures</b>
<p>relevant stakeholders to avoid creation of perverse incentives and lack of take-up. In some cases trade unions emphasise that such tools should not be used to shift cost of integration from employers to society.</p> <p>Case studies demonstrate that financial incentives can be successful, but must be linked to an assessment of possible deadweight effects, which is rarely the case.</p>	<p>Often rejected by employers and seen to act as hindrance to integration of disadvantaged groups as individual employers less likely to take “risk” to recruit from the target group.</p>
<p><i>Diversity plans</i> Diversity plans often used to underline business case of employing specific groups; generally aimed at gender equality, race or age.</p>	<p><i>Employment Service intervention</i> General and targeted PES provision acts as a relevant and often necessary background to integration measures.</p>
<p><i>Social clauses in public procurement</i> Little evidence was found of such measures, partly resulting from lack of clarity regarding their legality in procurement legislation.</p>	<p><i>Assistance with mobility</i> Provide a relevant background to integration measures.</p>
<p><i>Quotas</i> Generally not favoured by employers and in many cases not observed. In some countries trade unions also do not favour quotas as they are seen as discriminatory.</p>	
<p><i>Covenants with employers’ associations</i> Dutch case study shows that these can be successful if working in partnership. However, often a lack of trade union involvement.</p>	
<p><i>Social enterprises</i> Few examples found of such initiatives, partly as they are usually highly localised and small scale. Social enterprises are used in Germany to help to integrate disabled people with severely restricted capacity. Provide tailored employment opportunities, but little evidence of transfer to open labour market.</p>	

The study found that different types of integration measures predominate depending on the nature of the target group. Measures targeting low skilled workers and early school leavers tend to focus on the supply side and education and training initiatives. With regard to ethnic minorities and immigrants, awareness raising measures predominate, together with diversity

plans and active labour market policy interventions. In terms of assisting the integration of disabled individuals, awareness raising campaigns, financial incentives and quotas are among the most commonly utilised measures.

In relation to good practice characteristics of integration policies, one of the most successful characteristics was the process of *creating 'routes' to employment* for those faced with multiple disadvantage in the labour market. Those who experience a wide range of barriers to employment often suffer from low self esteem, poor educational background and social exclusion and these issues are most effectively addressed with a wholistic set of measures. Initiatives need to provide comprehensive re-integration packages covering work experience, training, confidence building and social and even health support, rather than just simply seeking to reinsert the individual into a job vacancy. For example, the Roma integration programme from Pest County, Hungary, showed how a holistic approach starting off with personal and social support leading to education and workplace training opportunities has the potential to produce sustainable, long term solutions.

From the basis of the case studies, another key success factor is a *tailored approach* to integration that takes into account the individual needs of beneficiaries. They illustrated that the use of personal advisers and 'learning agents' appear to be more effective than 'blanket' approaches. The Noste programme from Finland successfully developed a method to encourage 'hardest-to-help' groups to take up learning and training by building on tailor-made training courses and outreach mentoring. The outreach work is carried out by volunteer TU mentors trained by the programme who act as learning agents between educational establishments, the target group and businesses. They have played a decisive role in engaging individuals who would not normally enter mainstream education, perhaps due to low self-confidence or learning difficulties. A tailored approach is also at the heart of the implementation of the Metro pilot programme for the integration of young disabled people in Germany. Metro is working directly with specialised training providers to devise tailored curricula and experiences suitable to the requirements of their trainees.

Equally important is the integration of both supply and demand side considerations, for example the combination of improvements in the skills profile of job seekers with awareness raising, financial incentives of covenants with employers. Here, full consideration must be given to the legislative, active labour market policy and collective bargaining framework which can act to support – or indeed hinder – the effectiveness of such interventions.

In order to achieve an adequate balance between targeted measures and the policy framework, the active involvement of social partner in policy formulation, implementation and evaluation is crucial. The same applies to effective partnerships between different organisations such as social partner organisations, employers, training providers and government institutions such as Public Employment Services. Particular attention must be paid to the needs for SMEs if they are to be successfully integrated into policy initiatives.

From an operational perspective, the case studies clearly demonstrated the need for effective planning, realistic target setting, good communication and evaluation allowing the potential for the mainstreaming of good practice.



Finally, it must be noted that an integration process that is based on a flexible and tailored approach does not come cheap. However, many believe such projects achieve cost effectiveness in the long term due to the sustainability of the outputs.

### **Social partner involvement in policies dealing with integration of disadvantaged groups**

The research findings demonstrated that social partner organisations in many countries are already active developing and delivering successful integration programmes on their own, and they also play a substantial role in programmes developed on the basis of a wider partnership. Indeed, it is clear that social partner actions on their own cannot address the multiple factors affecting many disadvantaged groups which lead to their exclusion from the labour market. In fact the study illustrated when policies are designed and implemented by the State or other levels of government, the success of the measure can greatly depend on the degree of consultation and participation of other actors, in particular social partners. An early involvement of social partners in policy formulation is crucial to ensure coherence of measures and a degree of ownership (or 'buy-in') over a policy measure.

Traditions of social dialogue and consultation however vary significantly between the Member States. Such traditions have a clear implication to the level of social partners' involvement in integration policies and practices. Social partners are represented in all of the study countries in numerous tripartite working groups on labour market integration matters (policies and laws), often from local to national level. But the level of involvement in actual design, delivery and evaluation of policies demonstrates more significant differences between the study countries. In most of the EU countries, 'old' member states in particular, the social partner organisations also adopt very much 'hands-on' role in integration measures and have a longer tradition of being involved in policy delivery.

The role of social partners in the integration policies in some of the 'new' Member States (mainly but not exclusively) remains at the level of consultation; participation to actual policy delivery is still very marginal, if not non-existent in some countries. This is the case in Hungary, for example, where the Ministry of Labour has in fact recently launched a process aiming to develop methods that would enable social partner organisations to be more involved in the fight against discrimination. On the other hand, the introduction of European funded pilot programmes has increased the social partners' involvement in the delivery of integration programmes, for example in the Czech Republic.

These differences in the level of involvement of social partner organisations in the policy making process, particularly in relation to employment policy, are also demonstrated by the joint social partner reports on their involvement in the implementation of the National Action Plans for Employment.

Both external and internal factors also affect the level of social partner involvement in policy measures aimed at integration of disadvantaged groups. External factors relate to the overall economic and political situation, including collective bargaining structure and outcomes, as well as the policy environment. Economic downturn, for example, can have a detrimental impact on the employment opportunities of marginalised groups. In a number of the study countries national level bargaining in particular makes a contribution to the integration of disadvantaged groups. This can be through the conclusion of specific collective agreements addressing integration issues, but can also be through general collective bargaining

agreements. It was not within the scope of this research to address the question to which extent different collective bargaining arrangements (e.g. highly centralised versus highly decentralised) impact on the level of integration of disadvantaged groups. This question clearly merits further investigation. Similarly, there was little evidence that social partners had used their key role in collective bargaining to use such agreements to a significant extent to provide greater employment opportunities for disadvantaged groups through greater wage flexibility.

Internal factors refer to the level of social partner involvement in tripartite decision making, their perceived role as opinion and policy formers and their strength and organisational capacity. Many social partner organisations mainly in the Eastern European Member States are characterised by weak institutional and financial capacity. The funding from the European Community (e.g. PHARE, TEPs, EQUAL) can help these social partners to get more involved in the delivery side of the programmes. In addition, partnership projects with social partners from other European countries can provide lessons from experience, thus play a role in improving conditions for meaningful social dialogue.

In relation to policy approaches, training (and gender equality) measures aimed at low skilled workers were found to be some of the top priorities for social partners in many of the study countries.

## **Conclusions**

- With the prospect of an ageing and declining population, the integration of disadvantaged groups in the labour market is vital for economic development and social cohesion of Europe and each Member State. There is increasing awareness among employers of the impact of demographic change on the future availability of staff, which is serving as an impetus for measures aimed at encouraging the integration of more 'difficult to place' groups.
- Recent events in France and elsewhere have placed an increasing spotlight on the importance of finding sustainable solutions to the problems social exclusion (including from the labour market), particularly among young people.
- The groups considered for this study often face multiple disadvantage in the labour market, and this research has confirmed that both demand and supply side measures are often required to achieve integration.
- Integration initiatives implemented by social partner organisations can not be the sole answer to the integration problems especially in cases where national policy and institutional barriers (e.g. 'benefits traps') hinder the effectiveness of labour market interventions. However, it has been demonstrated that even in these cases social partner action has a significant potential to influence national policy.
- The success of the labour market policies and programmes aimed at disadvantaged groups can greatly depend on the degree of consultation and participation of social partners. An early involvement of social partners in policy formulation is crucial to ensure coherence of measures and necessary 'buy-in' over a project.

- The level and nature of social partner involvement depends on cultural and political traditions and processes as well as existing structures. Any European policy approaches seeking to encourage the further involvement of social partner organisations in integration policies need to be sensitive to these differences and allow for the tailoring of approaches to national circumstances. On the whole, while in many countries social partners are involved in the development of policy approaches through tripartite arrangements, employers tend to be more closely involved in the implementation of measures, unless trade unions have a particular statutory capacity at workplace level (e.g. within work councils or company bodies representing disabled employees, as is the case in Germany) or the financial and organisational capacity (often government funded, such as in the case of Noste) to provide additional services. This is largely a question of organisational capacity.
- The case studies have shown that despite the existence of different ideological approaches with regard to the achievement of greater labour market integration of disadvantaged groups, in many countries social partners have successfully worked together to implement innovative policies to target particular groups (and indeed employers) with information, advice and guidance, thus assisting their re-integration to the labour market. Nonetheless, differences in approach – with employer organisations generally favouring a voluntaristic approach based on policy measures providing financial encouragement to employers to support the integration of disadvantaged groups, while in many (though by no means all) cases, trade unions favour a more binding, punitive approach linked to rights for particular groups – can constitute an obstacle to effective joint working.
- It is recommended to utilise existing processes of the open method of co-ordination to enhance the involvement of social partners in integration policies. In the past the European Commission has regularly stressed the importance of inclusive models of governance in these processes. However, Commission and social partner monitoring in these areas has shown that social partner involvement continues to be patchy and often only takes place at the margins of policy making processes. The level of social partner involvement in the national action plans on social inclusion is indeed yet to be assessed. Further pressure needs to be brought to bear on Member States to improve consultative processes and existing structure for mutual learning should be enhance to integration social partner more effectively. A lot of work has already been done autonomously by social partners at the European level through the monitoring of involvement in the national action plans for employment and the reporting on initiatives in the area of lifelong learning as a follow up the joint Framework of Actions. These tools should be exploited further, as well as being better integrated to other European and national mutual learning processes in order to fully utilise the potential for learning and transferability of existing initiatives.

## **1. INTRODUCTION**

One of the main concerns of EU employment and social inclusion policy is the persistently high number of individuals who drift into and remain in unemployment for a long period of time due to a lack of skills, incentives or support to enter or re-enter the labour market. Long term unemployment represented around 40% of the total number of unemployed in 2002. Improving participation in the workforce therefore requires the key stakeholders in the EU and in the Member States to tackle the barriers facing disadvantaged people such as early school leavers, the low skilled, people with disabilities, ethnic minorities and non-EU nationals, particularly as these disadvantaged groups are more likely to be socially excluded, thus entering into a vicious cycle of deprivation.

This document provides the final report for the study for DG Employment, Social Affairs and Equal Opportunities on policies aimed at increasing the involvement of social partners in the integration of people at a disadvantage on the labour market. The aim of this study has been to review and assess the effectiveness of a range of instruments aimed at increasing the involvement of employers and trade unions in the integration of people at a disadvantage on the labour market. Instruments that have been taken into account for this study are either implemented by employers, trade unions, public authorities or jointly in the context of social concertation. For the purposes of this study disadvantaged groups are those mentioned in Guideline 7 of the European Employment Guidelines: early school leavers, low skilled workers, people with disabilities, immigrants, and ethnic minorities.

The objectives of this study have been:

- To develop an appropriate conceptual framework of classification for policies and measures to increase the involvement of social partners to integrate disadvantaged groups into the labour market;
- To develop and apply an appropriate methodology to select cases from several Member States (EU-25) or other non-EU countries;
  - a) Review existing evaluation material and provide details on experiences in order to illustrate “what works in practice”
  - b) Identify the main strengths and weaknesses or current instruments and the main challenges to future policies in order to favour these instruments
- To conclude by highlighting the principal lessons emerging from the selected instruments and pinpoint the implications for policy development with a view to the Commission’s future employment policy initiatives in relation to the integration of disadvantaged people into the labour market.

The report contains information on the adopted study methodology, available statistical data on the position of the disadvantaged groups in the labour market, and a review of the barriers marginalised groups face to employment. The report also provides an overview of the policies currently in place in relation to the classification framework and analyses the types of integration policies most dominant in the EU-25. Eight detailed case studies on integration policies that demonstrate particularly good practice have also been drafted from eight different Member States. Finally, the report includes an analysis of the key findings in relation to the best practice characteristics of integration policies and social partner involvement in the labour market integration measures.

The structure for this report was agreed at the inception meeting for this study, which took place on 9 December 2004. An interim meeting with the wider project steering group meeting (involving responsible officials from the European Commission, social partner organisations and ECOTEC team members) on 31 January 2005 provided further insights into direction of the study.

## **2. METHODOLOGY**

This section outlines the study methodology.

### **2.1. Identification of good practice examples**

A number of sources were used to identify good practice in relation to the involvement of social partners in the integration of disadvantaged people into the labour market. In order to identify the best examples, we took a dual approach:

- **Direct consultation**

We consulted national labour policy experts and network leaders to provide good practice examples known to them (top-down approach) and to provide key contacts for these good practice examples. This was done by submitting a request for information to EIRO and SYSDM experts and other regular collaborators of ECOTEC, all of which have particular expertise in the area of active labour market policy analysis.

- **Desk based research**

International and national research reports, social partner studies and databases were also reviewed to provide information on integration policies and measures in each of the study countries. These policies were then divided according to the policy type, country and the level of social partner involvement. Policy descriptions and where possible policy evaluations were also reviewed. Sources included:

Social partner sources:

- The report by ETUC, UNICE, UEAPME and CEEP on social partner involvement in the NAPs (2004)
- The report by ETUC, UNICE, UEAPME and CEEP on the follow up to the framework agreement on the lifelong development of competencies (2003, 2004)
- Other relevant outcomes from actions undertaken as part of the cross sectoral social partner work programme 2002-2005
- Outcomes of sectoral social dialogue
- Project databases: EQUAL, LEONARDO
- Other material published by European or national social partner organisations/research bodies, for example on websites
- Interviews with social partner bodies

European Commission documents:

- National Action Plans for Employment and Joint Employment Reports
- National Action Plans for Social Inclusion and Commission Assessment Report
- Database of the Peer Review project
- Reports on relevant European Commission funded research and policy evaluations
- Documents prepared by the European Employment Observatory
- Database of the European Industrial Relations Observatory
- EQUAL and LEONARDO databases

Evaluations funded by national governments:

- Policy evaluation material funded or conducted by or on behalf of national governments

Material prepared by international organisations/research bodies:

- EIRO
- ILO
- OECD
- RAXEN network reports
- Eurydice website
- Other transnational research bodies

## **2.2. Case study selection**

The first phase of the research yielded a wealth of information on measures aimed at disadvantaged groups (targeted as well as mainstream measures). This stage of the research provided ECOTEC with:

- 222 policies/measures aimed at immigrant and minority ethnic groups.
- 146 measures aimed at people with disabilities.
- 61 measures aimed at low skilled.
- 41 measures aimed at early school leavers.

However, in carrying out this work, it often proved difficult to establish the precise level and nature of social partner involvement. In the next phase we therefore concentrated on the measures for which it was possible to establish a significant level of social partner involvement. This list of measures is included in the Annex 1.

From the reduced list, a long list of potential case studies was generated and further information was gathered on these measures in order to allow for an informed case study selection of the potentially most innovative and successful measures. Some project managers were also briefly interviewed (by telephone) from the longer list of projects in order to acquire further information on the measures. These interviews enabled us to probe more deeply into the particular characteristics of the projects that were of interest. Information was also sought from various informants in social partner organisations, national governments or other relevant bodies on official evaluations on the measures selected. As anticipated in our proposal, this often proved difficult due to the lack of evaluation conducted in relation to many of these policies or their relatively recent inception.

An inception meeting was held in January 2005 with the wider steering committee consisting of social partner representatives and European Commission officials. ECOTEC presented a long list of potential case studies (32 case studies in total) in order to obtain their feedback on these measures and to make a selection of 8 in depth case studies to be pursued in the next phase.

The long list of case studies was selected on the basis of the following criteria:

- Display best practice on the basis of existing robust evaluations
- Display successful social partner involvement
- Provide a balance of supply and demand side measures or joined up policies
- Provide a geographical balance (north-south, east-west)
- Provide a balance of disadvantaged groups addressed
- Provide potential for transferability and wider policy lessons
- Balance of countries with good and poor track record of integrating disadvantaged groups
- Balance of large/small, public and private sector beneficiaries

On the basis of discussions and feedback from the steering committee, we made another proposal of 14 (see table below) different initiatives, which was sent to all steering committee members. ECOTEC together with the steering group members then made a decision on seven case studies to take forward. The eighth case study was decided during the steering committee meeting to focus on an integration measure implemented by a company, and it was decided that Uni Europa and EuroCommerce will identify this case study on the basis of their own work and studies to the topic.

**Table 1: Proposal, 14 possible case studies**

<b>POLICY NAME</b>	<b>COUNTRY</b>	<b>POLICY TYPE</b>	<b>SOCIAL PARTNER INVOLVEMENT</b>
<b>TARGET GROUP – ETHNIC MINORITIES</b>			
<b>MKB Minority Covenant</b>	The Netherlands	DEMAND – Covenant	Design and implementation (high)
<b>ACCEDER</b>	Spain	INTEGRATED - Awareness raising / training	Implementation (weak)
<b>Pest County Integrated employment programme</b>	Hungary	SUPPLY – Employment service intervention / training	Design (weak)
<b>TARGET GROUP – IMMIGRANTS</b>			
<b>Brussels TEP</b>	Belgium	INTEGRATED - Awareness raising / training	Design and implementation (high)
<b>Danish Integration Agreement</b>	Denmark	DEMAND - Agreement / legislation	Design and implementation (high)
<b>TARGET GROUP – PEOPLE WITH DISABILITIES</b>			
<b>Workway</b>	Ireland	DEMAND – Awareness raising / Diversity plans	Design and implementation (high)
<b>Work and Disability</b>	Austria	DEMAND – Awareness raising	Design and implementation (high)
<b>Employment quota and Occupational integration of severely</b>	Germany	DEMAND - Financial assistance / Employment Service Intervention	Implementation (high)



<b>disabled persons</b>			
<b>TARGET GROUP – EARLY SCHOOL LEAVERS</b>			
<b>Rosetta Recruitment Plan</b>	Belgium	DEMAND - Cross industry agreement / financial assistance	Design (initially weak, high in redesign) and implementation (high)
<b>Jop</b>	The Netherlands	DEMAND - Financial assistance	Design and implementation (high)
<b>Smash!</b>	The Netherlands	SUPPLY – Training initiative	Design and implementation (high)
<b>TARGET GROUP – LOW SKILLED</b>			
<b>Noste programme</b>	Finland	SUPPLY – Training initiative	Design and implementation (high)
<b>Learning voucher</b>	Austria	DEMAND - Financial incentive	Design and implementation (high)
<b>MATRA</b>	Czech Republic	DEMAND – Awareness raising	Design and implementation (high)

### **2.3. Carrying out case studies**

The eight chosen case studies were carried out mainly during summer 2005. Each case study visit was planned as to provide descriptive information on the policy itself as well as to evaluate the good practice elements by highlighting success factors in relation to the policy implementation framework. In addition, the case study visits were also geared to acquire further information on the general involvement of social partners in labour market integration policies in the country as well as to provide data on the policy approaches preferred by the social partners.

Where available, information was gathered on the chosen measure and overall national policy framework before the visit through desk based research. Case study interviews were set up at least with the project manager, government representative(s), employer and employee representatives and individual employer. The majority of the case visits also included meetings with other partners, stakeholders and project beneficiaries. They were regarded important to gain a wider and more realistic perspective on the strengths and successes of the project. The full list of interviewees is provided below.

#### Integrated Employment Programme for the Roma People in the Pest County – HUNGARY

- Erzsébet Berki, Head of Unit – Industrial Relations / Ministry of Employment and Labour
- Mr István Szirmai, Head of Unit – Employment Programmes for the Roma / Ministry of Employment and Labour
- Ágnes Kozma, Planning Officer – ESF Planning Unit / Ministry of Employment and Labour
- János Llengyel, Director - Pest County Labour Centre
- Klára Valdáné Pató, Head of the Statistical and Analyses Department - Pest County Labour Centre
- Andrea Kocsis, Programme Co-ordinator - Pest County Labour Centre

- Zsigmond Árpád, President – Roma Minority Government in the region of Örkény
- István Kovács, Mayor – City of Örkény (employer)
- Dr Pál Gyovai - Employers' Organisation for Agricultural Sector
- Füzési Endre, Roma Integration Programme manager in Örkény
- 3 project beneficiaries

#### Danish Integration Agreement – DENMARK

- Camilla Jørgense - Local Government Denmark (KL)
- Trine Schaldemose Roos, Integration Consultant – LO / The Danish Confederation of Trade Unions
- Berit Kjær Petersen, Consultant - The Confederation of Danish Employers
- Martin Isenbecker, Head of Division – Department for Integration / Danish Ministry of Refugee, Immigration and Integration Affairs
- Helene Morgenstjerne, Consultant - Danish Ministry of Refugee, Immigration and Integration Affairs
- Michala Mørup, Officer – Statistical Department / The Danish Ministry of Refugee, Immigration and Integration Affairs
- Kim Bang, Director – Megaflex (employer)

#### Workway – IRELAND

- Shira Mehlman, Director of Social Inclusion – FÁS / Training & Employment Authority of Ireland
- Leo Sheedy, Assistant Principal – Labour Force Development Division / Department of Enterprise, Trade and Employment
- Catherine Maguire, Workway Project Manager / Social Policy Executive – IBEC / Irish Business and Employers Confederation
- Paula Carey, Social Policy Officer – ICTU / Irish Congress of Trade Unions
- Jacinta Greene, Human Resources Manager - Supermac's (employer)

#### GERMANY

- Stephanie Reckmann, Metro AG
- Dr Jürgen Pfister, Metro AG
- Angela Rauch, Institut für Arbeitsmarkt und Berufsforschung der Bundesanstalt für Arbeit
- Burkhard von Seggern, Deutscher Gewerkschaftsbund
- Prof. Dr. Wolfgang Seyd, Institut für Berufs- und Wirtschaftspädagogik, Universität Hamburg
- Jens-Jean Berger, Projektleiter, IG Metall
- Dagmar Kossack, Projektmitarbeiterin, IG Metall
- Christine Dering, Ver.di

#### Rosetta Plan - First Job Agreement programme (FJA) for the young unemployed – BELGIUM

- Michèle Claus, advisor and Bart Buysse, advisor - Employer organisation VBO-FEB
- Chris Serroyen, advisor - Employee organisation ACV-CSC

- Marc van den Bergh, director general affairs, Else van Dalem, manager guichet starters and Jean-Pierre Watthy, manager département études – Participation Fund
- Lieven Marien, attaché and Luc Cuyt, attaché - Ministry of Employment and Labour, Board inclusion
- Christel Vereecken, human resource manager and Martine van Bever, salary administration – Colruyt

#### Noste – FINLAND

- Marja Pakaste, Project Manager of Noste - The State Provincial Office of Southern Finland
- Markku Liljeström, Education and Training Director – Central Organisation of Finnish Trade Unions (SAK)
- Tarja Tuominen, Consultant – Entrepreneurship and Education, Confederation of Finnish Industries (EK)
- Arja Hänninen, Director and Project Manager - Turku Vocational Adult Education Centre
- Jorma Ahola, Director – Adult Education, Ministry of Labour
- Heli Nieminen, Director – Kerttuli's Residential home for the elderly, City of Turku (employer)
- 1 project beneficiary

#### MKB-Minority Covenant – the Netherlands

- Ronald Horsman, National Project Leader SME-Minority Covenant – CWI/ Centre for Work and Income
- Elly van Kooten -Ministry of Social Affairs and Employment
- Alfred van Delft, Coordinator SME-Minority Covenant – SME/ SME representative organisation
- Ferry de Jong, Head of ICT and Pierre Wielders, Senior – International College Breda

#### Social Partnership in VET – the Czech Republic

- Vojtěch Šrámek, Director of Secondary and Tertiary Education, Ministry of Education, Youth and Sports
- Dušan Martinek, Director of the Education department, CMKOS (Czech-Moravian Confederation of Trade Unions)
- Dana Moree, Project Manager in the Department of Education, the Economic Chamber of the Czech Republic
- Alena Englichová, Employment Service Department, Ministry of Labour and Social Affairs
- Mirjam de Jong, Manager, VAPRO-OVP
- Lukas Franc, Department of Collective Bargaining, Ministry of Labour and Social Affairs

With relation to the content of the stakeholder interviews, the general interview guidelines are fully presented in the Annex 2. As a summary, the case interviews were held to identify the following:

- The size and labour market situation of the target group in the country, in addition to key barriers experienced to employment.

- Overview of the relevant national policy framework.
- Descriptive information on the measure (policy type; rationale behind the measure with links to other policies; project leadership and partnership and their roles in inception, implementation and evaluation stages; cost of the measure, especially in comparison with other integration programmes; funding structure and how the funding was obtained)
- Detailed information on the role of social partners in the design, implementation and/or evaluation of the measure and the reasons for getting involved.
- Outputs and outcomes (information on official evaluation of the measure; cost/benefit analysis; information on deadweight effect; the number and characteristics of project beneficiaries)
- An evaluation of the main strengths and weaknesses.
- Information on the main challenges experienced and how they were overcome.
- Identification of key success factors.

As regards to analysis of the general approaches of social partners to integration policies, the interviews aimed to assess whether social partners in the study countries considered integration of disadvantaged groups to be a priority for them. More importantly the visits aimed to recognise the reasons behind the degree of their involvement, and understand the types of integration measures that are more appreciated by employers and trade unions. It was also of interest to understand whether wider policy debates on the role of social partners in integration of marginalised groups existed in the study countries. Finally, the cases reviewed the possible impact of collective bargaining on labour market integration of the target groups.

### **3. THE POSITION OF DISADVANTAGED GROUPS IN THE LABOUR MARKET**

#### **3.1. Introduction**

Despite an improved employment performance since the inception of the European Employment Strategy in 1997, European employment rates still lag behind those of some of its key competitors. Considerable variations remain between the Member States and in the context of enlargement it is clear that further efforts are required to reduce unemployment and increase employment rates across the new European Union. In November 2003, the Employment Task Force chaired by Wim Kok underlined that the EU was currently far from reaching its employment targets and emphasised the following four areas where further action was of key significance if further progress was to be made:

- Increasing the adaptability of workers and enterprises
- Attracting more people to the labour market
- Investing more and more effectively in human capital
- Ensuring effective implementation of reforms through better governance.

One of the main concerns of EU employment and social inclusion policy is the persistently high number of individuals who drift into and remain in unemployment for a long period of time due to lack of skills, lack of incentives or support to enter or re-enter the labour market. Long-term unemployment represented around 40% of the total number of unemployed in 2002. Many of the new Member States also experienced increases in long-term unemployment in the late 1990s and early 2000s. Improving participation in the workforce therefore requires the key stakeholders in the EU and in the Member States to tackle the barriers facing disadvantaged people such as early school leavers, the low skilled, people with disabilities and non-EU nationals. This is addressed by Guideline 7 of the European Employment Guidelines.

#### **3.2. The labour market performance of disadvantaged groups in the European Union**

Using the definition utilised in Guideline 7, the tender focuses on measures to boost the employment performance and social inclusion of the following disadvantaged groups:

- Early school leavers
- Low skilled workers
- People with disabilities
- Immigrants
- Ethnic minorities

### *3.2.1. Low skilled workers*

The labour market situation of disadvantaged groups in general continues to be much *less favourable* than for the rest of the population. The level of educational attainment directly impacts on an individual's chances of finding a job. Table 2 shows that the employment rate of low skilled people stands at around 46%, compared to 83% for the high skilled and 62.9% for the total population of the EU-25. This situation is exacerbated in the new Member States, where the employment rates of low skilled workers are a particular concern. In the Slovak Republic, for example, the employment rate of low skilled workers is 13.9%, compared to an overall employment rate of 57.7%. In Poland and the Czech Republic the respective figures are 22.7% for the low skilled and 64.7% (PL) and 51.2% (CZ) for the total workforce. In the old Member States, the gap between the employment rates of the low skilled and the total workforce is greatest in Austria (23.6%), Germany (22.4%), the UK (21.4%) and Finland (20.8%). The smallest gap in their respective employment performance can be found in countries whose economy is largely characterised by low skilled sectors such as Portugal (1%), Spain (5.8%) and Greece (6.9%).

### *3.2.2. Early school leavers*

Low skill is linked with basic educational performance and early school leaving is one of the key factors beyond low skill. According to EU indicators early school leaving is measured by the percentage of 18-24 year olds having achieved lower secondary education or less not attending further education and training. Table 2 below shows an (old) EU average of 18.1% of early school leavers. The average for the EU-25 is 16%. Significant variations exist between Member States. The highest percentages of early school leavers can be found in Portugal and Malta with 40.4% and 48.2% respectively. In the EU-25, figures are also high in Spain (29.8%) and Italy (23.5). The level of early school leaving is under 10% in Slovenia (4.3%), Slovakia (4.9%), the Czech Republic (6%), Poland (6.3%), Austria and Sweden (both 9%). These figures indicate that the link between early school leaving and low skill can be an indicator, but cannot fully explain the employment rates of low skilled workers in different labour markets.

It is one of the goals of the EES to reduce the percentage of early school leavers not only to assist early integration in the labour market, but because of the demonstrable link with low educational attainment and low participation in lifelong learning, thus continuing to affect employment opportunities in later life.

### *3.2.3. People with disabilities*

Over 14% of the working age population have some form of disability and are vulnerable to exclusion from work. The employment rate of disabled people stands at 40% in the EU-15 with wide variations across the Member States. In many countries, their employment rate is significantly below 40%, including in Greece (32.7%), Estonia (26%), Hungary (11.5%) and Spain (29.5%). When looking at this data it must be borne in mind that this information is not

gathered systematically on a comparative basis due to national distinctions in the definition of disability.

#### *3.2.4. Immigrants*

In most Member States, there is also a striking gap between the employment rates of non-EU national and EU-nationals – on average 49.8% compared to 62.9% in the EU-25. Their unemployment rate is 16% compared to 7% for EU nationals. However, it must be noted, that in some countries, the employment rates of immigrants are higher than those of EU-national (available data relates to the EU-15). As Table 2 shows, this is the case in Cyprus, the Czech Republic, Greece, Hungary, Slovakia and Spain.

#### *3.2.5. Ethnic minorities*

No reliable, comparative data is currently available on the employment rates of ethnic minorities. Where relevant data is gathered at a national level it is often done on the basis of nationality rather than ethnic origin. Where data on ethnicity regarding labour market participation is gathered (in some countries this is indeed illegal) it indicates lower employment rates and high unemployment rates for individuals from ethnic minorities.

**Table 2: Labour market data on disadvantaged groups**

<i>Country</i>	<b>% of early school leavers<sup>1</sup></b>	<b>Employment rate of low educated workers<sup>2</sup></b>	<b>Employment rate of people with disabilities<sup>3</sup></b>	<b>Employment rate of immigrants<sup>4</sup></b>	<b>Unemployment rate of immigrants</b>	<b>Employment rate of ethnic minorities</b>	<b>Total employment rate %<sup>1</sup></b>
Austria	9.0	45.6	49.9 (ECHP)	58.5	13.2	-	69.2
Belgium	12.8	40.8	38.6 (ECHP)	29.6	29.3	-	59.6
Bulgaria	22.4	30.0	-	60.0 <sup>u</sup>	13.7	-	52.5
Cyprus	15.1	52.4	-	74.9	3.8 <sup>u</sup>	-	69.2
Czech Republic	6.0	22.7	-	65.3	6.2	-	64.7
Denmark	10.0	59.3	51.1 (ECHP)	45.6	18.7	-	75.1
Estonia	11.8	29.0	26.0	47.0	19.3	-	62.9
Finland	10.7	46.9	52.3 (ECHP)	43.6	28.3	-	67.7
France	13.7	47.1	53.0 (ECHP)	40.7	23.1	-	63.2
Germany	12.8	42.6	57.6 (ECHP)	47.2	19.5	-	65.0
Greece	15.3	50.9	32.7 (ECHP)	66.0	9.3	-	57.8
Hungary	11.8	27.3	11.5	59.9	-	-	57.0
Ireland	12.1	47.8	40.0	56.3	6.4 <sup>u</sup>	-	65.4
Italy	23.5	45.8	55.0	-	-	-	56.1
Latvia	18.1	34.1	35.0	36.3	12.0	-	61.8

<sup>1</sup> Eurostat 2003 (December): EU Labour Force Survey (Early school leavers refers to the percentage of the population aged 18-24 with at most lower secondary education and not in further education or training)

<sup>2</sup> Pre-primary, primary and lower secondary education (levels 0-2) (ISCED 1997), population aged between 15-64 years, 2003-2004

<sup>3</sup> EIRO and ECHP (1996)

<sup>4</sup> Immigrants defined here as EU Foreigners (EU-15), Source: Eurostat, EU Labour Force Survey. Figures from 2003-2004

<sup>u</sup> Unreliable data



<i>Country</i>	<b>% of early school leavers<sup>1</sup></b>	<b>Employment rate of low educated workers<sup>2</sup></b>	<b>Employment rate of people with disabilities<sup>3</sup></b>	<b>Employment rate of immigrants<sup>4</sup></b>	<b>Unemployment rate of immigrants</b>	<b>Employment rate of ethnic minorities</b>	<b>Total employment rate %<sup>1</sup></b>
Lithuania	11.8	27.8	-	54	40.5	-	61.1
Luxembourg	17.0	50.8	-	55.4	10.6 <sup>u</sup>	-	62.7
Malta	48.2	46.9	-	35.1	5.6	-	54.2
Netherlands	15.0	61.6	46.0	43.6	13.6	-	73.5
Poland	6.3	22.7	-	38.2 <sup>u</sup>	-	-	51.2
Portugal	40.4	66.2	43.0	64	13.6	-	67.2
Romania	23.2	37.8	-	38.5	14	-	57.6
Slovak Republic	4.9	13.9	-	69.9	-	-	57.7
Slovenia	4.3	41.2	-	44.6 <sup>u</sup>	6.9	-	62.6
Spain	29.8	53.9	29.5 (ECHP)	66.8	14.1	-	59.7
Sweden	9.0	54.6	60.1	43.7	23.4	-	72.9
UK	16.7	50.4	48.1 (dec'03)	57.5	8.1	-	71.8
EU-15	18.1	49.0	-	49.8	17.1	-	64.4
EU-25	16.0	46.0	-	49.8	16.8	-	62.9

#### **4. BARRIERS TO INTEGRATION FACING DISADVANTAGED GROUPS**

In the context of this study, it is important to bear in mind the variety of barriers facing different disadvantaged groups in entering the labour market and the areas of potential multiple disadvantage, an understanding of which must inform policy approaches. These barriers can include a combination of the following:

- **Poor basic skills**

The importance of basic skills (literacy and numeracy) has long been recognised. They are central to economic advancement and the implications of poor basic skills on people's lives can be enormous; marginalisation and social exclusion are just the tip of the ice-berg. People with poor basic skills are more likely to have low-paid, unskilled jobs; they are more likely to be made redundant and are four times as likely to be long-term unemployed as those with good numeracy and literacy skills. Furthermore, basic skill deficiencies can hinder job performance and limit an employee's ability to profit from further training. Provision of key skills training can break the cycle of problems both at community and individual levels.

- **Low skill**

With the process of globalisation the European economy is increasingly dependant on high skilled labour force. At the same time though some may not have an opportunity, resources or motivation to finish school or continue studying, and therefore may have become polarised in the labour market. Low skill may also be a question of not having the right skills for available jobs, rather than not having any previous experience or training. The problem may also arise from the lack of references from previous employment.

- **Cultural or language barriers**

Another considerable obstacle for effective labour market integration is poor language skills. For example in Denmark nearly forty per cent of unemployed immigrants do not speak Danish. In many cities immigrants also tend to live in segregated neighbourhoods where they may not have an opportunity to learn the language of their new country very quickly. Cultural traditions may also be a barrier to employment.

- **Discrimination**

While people with disabilities, ethnic groups and immigrants experience a number of personal barriers to the labour market, the market itself can also provide significant barriers to integration. One such barrier is prejudice and discrimination by employers (and colleagues). But it must also be kept in mind that in some cases employers may have a lack of knowledge and information, in relation to the relevance of qualifications and experience gained in other countries or the influence of a form of disability on work performance.

- **Requirements for workplace adaptations**

Many employers lack information and have concerns over the employment of people with disabilities. Employers are not aware whether they can discuss performance and what kind of adaptations to the workplace they are required to make.

- **Mobility and geographical factors**

Due to family, historical, language or financial reasons people may not be able to move and relocate from areas with high unemployment to more prosperous and economically dynamic regions to find employment.

- **Isolation and Access**

Disadvantaged groups often lack access to information about courses, trainings and employment. In additions, employers may not be aware of what type of financial or other assistance is available to them when taking on people from marginalised groups.

- **Lack of affordable childcare**

The high cost of childcare can be a major barrier for those from lower income groups, especially in countries where lower-income families end up paying a higher proportion of their income for childcare services than higher income families. Childcare services for children under 3 tend to be even more expensive for parents than pre-school services for older children.

- **Dependency on the welfare system**

The national welfare systems may include ‘benefits trap’ where the social security system does not encourage working for low wages due to loss of eligibility for social benefits.

- **Other barriers:**

- Aspirations and attitudes to work
- Mental and physical health concerns
- Substance abuse
- Lack of adequate methodologies and resources for validation of prior learning and competences acquired in employment.

These factors affect different groups to varying degrees and there can clearly be differences between the factors affecting men and women.

## **5. THE POLICY CLASSIFICATION FRAMEWORK**

In order to achieve the aims and objectives of this study, it is important to bear in mind the factors outlined above regarding the common barriers to labour market participation affecting these disadvantaged groups, but also the specificities of different groups and individuals. The disadvantaged groups to be considered for this study often face multiple disadvantage in the labour market and both demand and supply side measures are often required to achieve (re-) integration.

### **5.1. The classification of policy measures**

There are essentially two categories of measure, which can assist the integration of disadvantaged groups in the labour market: demand and supply side measures. As well as providing for a beneficial overall economic climate, which provides the basis for employment creation, demand side measures aim to increase labour market opportunities for disadvantaged groups by encouraging employers to recruit individuals from specific target groups. This can be achieved by providing financial incentives (such as subsidies), legislation (such as quotas or social clauses in public procurement), initiatives to underline obligations regarding non-discrimination or stating the business case for employing a diverse workforce (such as anti-discrimination campaign and diversity plans) and other measures and agreements aimed at increasing employment opportunities for disadvantaged groups such as social enterprises or covenants.

Supply side measures are designed to assist individuals in overcoming some of the above mentioned barriers to entering the labour market by providing labour market relevant training, childcare facilities or assisting with mobility. Many of these interventions can be found under the umbrella of active labour market policies and attendant measures and can either be focussed on specific target groups or mainstreamed.

All measures can be distinguished by (geographical) policy origin, being conceived either at European, national, regional, local or company level. Similarly, it is interesting to understand the origin of measures in relation to its initiators (government, social partners, NGOs, other or indeed a mix of these actors). Furthermore, and linked to the above, a measure can have different bases (legislation, collective agreement, active labour market policy etc.). Finally, different policy tools can either be targeted at specific groups or mainstreamed.

Policy evaluation shows that often a mix of measures is required to successfully achieve the reintegration of disadvantaged groups into the labour market. This policy environment should certainly be taken into account in the case studies.

In addition, as well as identifying the level of social partner involvement (geographical and whether unilateral, bi-partite or tripartite) the level of social partner involvement in initiatives is important, as this can have a significant impact on the success or failure of particular measures.

Our proposal identified the following possible policy measures aimed at involving social partners in the integration of disadvantaged groups into the labour market, targeted at the supply and demand side:

<b>DEMAND SIDE MEASURES</b>	<b>SUPPLY SIDE MEASURES</b>
<i>Awareness raising campaigns</i> (this could be in relation to the benefits of employing a diverse workforce, or raising awareness of support available for the employment of certain target groups)	<i>Training and lifelong learning measures/validation or prior learning</i> (national, local and company level initiatives, as well as European funded programmes e.g. EQUAL, LEONARDO, PHARE, ESF Article 6, B3-4000)
<i>Social auditing</i> (such as the preparation – voluntary or otherwise – of annual Corporate Social Responsibility or Equality Reports by companies)	<i>Work-life balance measures</i> (such as measures to enhance flexible working or provide childcare facilities)
<i>Financial incentives</i> (such as subsidies encouraging the employment of certain disadvantaged groups, assistance with training costs or workplace adaptations)	<i>Legislation/watchdog</i> (such as anti-discrimination legislation or the existence of an anti-discrimination ombudsman)
<i>Diversity plans</i> (national, local or company level initiatives aimed at integrating disadvantaged groups to increase the diversity of the workforce. Establishment of business case for greater diversity)	<i>Employment Service intervention</i> (other measures to enhance employability including assistance with job search)
<i>Social clauses in public procurement</i> (such as the use of such clauses by public authorities when tendering to ensure that certain equality or other standards are adhered to)	<i>Assistance with mobility</i>
<i>Quotas</i> (national or company level targets – voluntary or otherwise – to increase the employment of certain target groups)	
<i>Covenants with employers' associations</i> (agreements to enhance the employment of certain target groups to be implemented by employers' organisations and their members)	
<i>Social enterprises</i> (such as the establishment of third sector organisations aimed at easing the integration of certain disadvantaged groups to the labour market by offering work experience or training to enhance employability)	

## **5.2. Analysis of the existing measures**

When carrying out the research on existing measures in the field under study, the following became apparent. The majority of supply side measures are mainstream measures rather than aimed at one specific target groups, and in very few cases are detailed evaluations accessible providing information about the nature of beneficiaries, thus making analysis difficult. Although many active labour market policy measures aimed at the supply side involve social partners in their implementation, where these are initiated by national, regional or local government, little can be said about the precise involvement of social partners. Where education and training or lifelong learning measures, as well as work life balance measures are initiated by the social partners, these tend to be mainstream measures, again providing little information about their impact in relation to the integration of disadvantaged groups.

Different types of measures predominate depending on the nature of the target group. Thus, unsurprisingly, measures targeting low skilled workers and early school leavers tend to focus on the supply side and education and training initiatives. Significantly fewer measures are aimed at awareness raising or providing subsidies for the employment of these groups. With regard to ethnic minorities and immigrants, awareness raising measures predominate, together with diversity plans and active labour market policy interventions. In terms of assisting the integration of disabled individuals, awareness raising campaigns, financial incentives and quotas are among the most commonly utilised measures.

It was difficult to find evidence of the use of a number of supply side measure identified in our original proposal (and the terms of reference). While there are some examples of social enterprises, we found no documented examples of the use of social clauses in public procurement aimed at encouraging the employment of disadvantaged groups.

Current integration measures in the study countries tend to be concentrated on either immigrants or people with disabilities, while there seem to be significantly fewer policies in place to address employment integration of low skilled and early school leavers in particular. In addition, measures aimed at immigrants often have a dual purpose, to integrate immigrants as well as ethnic minorities; these often seemed to be overlapping concepts or are viewed as 'complementary groups' that can be addressed under one policy.

Although we found numerous interesting examples from the 'new' Member States, most projects which were characterised by high social partner involvement came from the EU-15. Therefore the long list of case studies we had originally developed became substantially shorter when looked at through the lens of significant social partner involvement.

The largest number of awareness raising campaigns were focussed on tackling discrimination among employers on the basis of race, country of origin or disability.

## **6. INTRODUCTION TO THE CASE STUDIES**

This section gives a short introduction to the case studies which were selected for in-depth analysis from the first long list of project examples. This is followed by a table which summarises the key characteristics of these case examples.

### **Integration of young people with disabilities as part of corporate CSR policy, Metro AG – Germany**

The first case study is from Germany and is based on a detailed description of individual company's close involvement in employment of young people with disabilities. The company is a large German company in the field of commerce, Metro AG.

### **Noste Programme – Finland**

The second case study, Noste, is an education and training measure from Finland that is aimed at raising skills of low-skilled older workers (aged between 30 and 59). The programme was initiated by one of the major trade confederations and implemented on a tripartite basis.

### **Integration Agreement – Denmark**

The Danish Integration Agreement is an agreement between the Danish social partners, the government and municipalities on stronger measures to integrate immigrants and refugees on the labour market. The agreement provides overall policy framework for integration in Denmark and outlines a range of instruments which provide newly arrived refugees and immigrants with access to language and vocational training and/or practical work experience.

### **Workway – Ireland**

Workway is an Irish awareness raising programme promoting employment opportunities of people with disabilities and aiming to increase awareness among private sector employers. The project was initiated, led and implemented by the Irish employer and trade confederations with support from the government and public employment service.

### **The Integrated Employment Programme for the Roma in the Pest County – Hungary**

This Roma integration programme is an active labour market project aiming to make a real and permanent impact on the living conditions of the Roma in the Hungarian county surrounding Budapest.

### **The SME Minorities Covenant – the Netherlands**

The Small and Medium-sized (SME) Minorities Covenant was a two-year agreement (2000-2002) between the Dutch government, the SME representative organisation (MKB) and the national employment service to improve the labour market position of ethnic minorities in the Netherlands. The approach was to mediate job-seeking ethnic minorities into employment with an SME-employer through a high-profile media campaign, one-to-one approach and closer collaboration with employers.

### **The Rosetta Plan – Belgium**

The Rosetta Plan was initiated in 2000 by the Belgian government to battle youth unemployment in Belgium. The First Job Agreement (FJA) forms a central part of the Plan and its objective is to offer young jobseekers training or an apprenticeship contract. Employers are incentivised to hire young jobseekers through an obligation to hire a certain number of young people and the reduction of social security contributions when they hire young people from specific target groups (low educated, disabled or minority ethnic groups).

### **Social Partnership in VET (MATRA) – the Czech Republic**

Social Partnership in Vocational Education and Training (VET) was a two-year project financed by the Dutch Government through the Matra Pre-Accession Programme. The objective of the project was to strengthen the influence of the Czech social partners in vocational education and training. The project was implemented by the Dutch social partners in close collaboration with their Czech partners.

CASE STUDY	POLICY TYPE	KEY ACTIVITIES	SOCIAL PARTNER INVOLVEMENT		
			Design	Imple.	Evalua
Metro AG – GERMANY	Supply	Vocational and on-the-job training	x	x	(x)
Noste – FINLAND	Supply	Vocational training, short courses, upskilling	x	x	n.a
Integration Agreement – DENMARK	Integrated	Tripartite agreement, language learning, workplace training, vocational training	x	x	x
Workway – IRELAND	Demand	Awareness raising, identification of policy gaps and barriers to employment	x	x	x
Roma Employment Programme – HUNGARY	Supply	Personal development, basic skills training, vocational training, on-the-job training	x	-	-
SME Minorities-Covenant – the NETHERLANDS	Integrated	Agreement to mediate ethnic minority jobseekers into employment (SMEs)	x	x	x
Rosetta Plan – BELGIUM	Demand	Activation of employers to hire young (low skilled) jobseekers	(x)	-	x
Social Partnership in VET – CZECH REPUBLIC	Demand	Awareness raising, increasing involvement of social partners	x	x	x



## **7. INTEGRATION OF YOUNG PEOPLE WITH DISABILITIES AS PART OF CORPORATE CSR POLICY AT METRO AG– GERMANY**

This case study looks at a project on the “*Integration of young people with disabilities as part of corporate CSR policy*” initiated by Metro AG in Germany. The case study was nominated by the sectoral social partners in the commerce sector (Uni Europa and EuroCommerce) and has also been mentioned in several publications by the German government on the integration of young disabled people into the labour market, including the 2005 report by the German government on the situation of disabled and severely disabled women and men seeking to access initial vocational training (*Bericht der Bundesregierung über die Situation behinderter und schwerbehinderter Frauen und Männer auf dem Ausbildungsstellenmarkt*). The current model project entitled “*Verzahnte Ausbildung Metro Berufsbildungswerke*” (V.A.M.B – “Joined up initial vocational training Metro – Vocational training foundation) started in 2004 and is due to run until 2007. However, even prior to this project, Metro AG was engaged in initiatives aiming to offer vocational training opportunities to young disabled people.

This chapter explores the background with regard to the labour market situation of young disabled individuals on the German labour market as well as the relevant policy context. It then goes on to outline the inception and operation of this project. As the evaluation is not yet complete, only the process for conducting evaluation can be set out at this stage. The role of the social partners not only in the implementation of this project, but also in the wider debate on the integration of disabled individuals into the labour market is assessed. Finally, conclusions are drawn on the level of social partner involvement in this policy area, as well as the impact of such involvement.

### **7.1. Policy background**

#### *7.1.1. The situation of disabled individuals on the German labour market*

Figures from 1999 show that there were approximately 8.2 million registered disabled people in Germany. Of these, 6.7 million were considered to be severely disabled (interpreted as an impairment of more than 50% with regards to their capacity to work) or 8% of the total population. Over half of these individuals are aged 65 or above; 22% are aged between 55 and 65 and only 2% are under 18. Only 5% of all disabled individuals were born with their disability, others have resulted from accidents and illnesses. Around 67% of all registered disabled individuals suffer from physical impairments.

Because of the government’s legal obligations with regard to assisting severely disabled individuals, significantly more data is available describing the situation of this group on the labour market. This shows that in 2002, in the Federal States of the former West Germany, the unemployment rate among severely disabled individuals was 13%, while the general unemployment rate stood at 7.7%. In the new Federal States of the former GDR 18.9% of severely disabled individuals were unemployed, with the general unemployment rate standing at 16.9%. However, the figures also show that unemployment among this group has been declining since 1999. More significantly, it has declined at a more rapid rate than general unemployment

between 1999 and 2002. Nonetheless, the unemployment rate among severely disabled individuals, particularly in West Germany, remains at almost double the level of general unemployment. This has a significant impact, not only on the financial situation of disabled individuals, but also increases the risk of further social exclusion.

Every year, approximately 35,000 young disabled people seek the assistance of the Public Employment Services (Bundesagentur für Arbeit) in placing them in vocational training or employment after completing their education. Education and vocational training play an important role in facilitating a successful transition from school to the labour market for all young people. This is arguably even more true for disabled young people who face more significant barriers in seeking to access employment. The extent and nature of these barriers differ and clearly relate to the nature and severity of each individual's disability.

#### *7.1.2. Key characteristics of the German system of vocational education and training*

The German labour market and vocational training systems are characterised by a detailed and well-regulated system of recognised vocational qualifications for 345 distinct occupations generally acquired in the so-called “dual system” (*duales System*). Young school leavers do not generally enter the labour market directly, but complete a period of two or three years' vocational training. This combines formal training in recognised vocational education establishments with periods of employer-based work experience.

In general, the vocational training placements tend to be offered by employers, who cover the cost of training either in in-house and external vocational training establishments and pay an “apprenticeship salary”. As a result, the annual availability of employer-based vocational training placements (*Ausbildungsplätze*) is the subject of a highly charged political debate, with politicians regularly calling on employers to fulfil their “societal duty” to offer more young people the opportunity to enter vocational education and training placements. The current labour market situation, characterised by high unemployment (9.6% overall unemployment and 11.1% youth unemployment in 2003) makes this debate all the more relevant, particularly in East Germany, where unemployment is significantly higher than the average.

#### *7.1.3. The “pact for vocational training and the supply of skilled staff in Germany”*

Although there are special measures available to support access to employment and vocational training for disabled young people, their situation cannot be regarded in isolation from the general position regarding the availability of vocational training opportunities on the German labour market. In order to counteract the downward trends in the availability of employer based vocational training placements (linked to Germany's poor overall labour market performance), the German government and the representative bodies of employers' organisations<sup>5</sup> concluded a “pact for vocational training and the supply of skilled staff in Germany” (*Pakt für Ausbildung und Fachkräftenachwuchs in Deutschland*) in June 2004, which is due to operate for a period of three years. In the pact, the partners commit themselves to offering vocational training opportunities to

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<sup>5</sup> Deutscher Industrie- und Handelskammertag; Bundesvereinigung für deutsche Arbeitgeberverbände; Zentralverband des deutschen Handwerks; Bundesverband der deutschen Industrie.

all young people willing and able to work. This also includes a specific commitment to provide suitable vocational training opportunities to “difficult to place” young people, which includes individuals with disabilities. The Government has repeatedly emphasised that employer based training is to be seen as the preferred option for all young people, as this has been shown as a more successful route into sustainable employment than entirely college based vocational education.

The pact commits employers to providing an additional 30,000 vocational training placements, as well as an additional 25,000 training opportunities to obtain “entry-level qualifications” per annum. These “entry-level qualifications” were first offered in 2004/2005 and allow young people to obtain a certificate issued by a chamber of trade or commerce, which can later count towards a vocational qualification. It is aimed at those young people who have been unable to find vocational training places through the usual route and leads to the conclusion of an “insertion contract” between the young person and an employer. These insertion contracts are subsidised by the government to the tune of 192 Euros per month, as well as through lower employer social insurance contributions. Insertion contracts can be concluded for a period of between 6-12 months. This programme of entry qualifications for young people (*EQJ - Einstiegsqualifizierung Jugendlicher*) runs for 3 years starting from 1 October 2004 and has a total budget of 270 million Euro. The employers’ organisations and other economic actors represented in the pact have undertaken to recruit an additional 800 staff dedicated to acquiring new vocational training placements among their members.

In addition, the central and regional (*Länder*) governments have committed themselves to creating an additional 14,000 initial vocational training opportunities for school leavers in East Germany. These measures are in addition to other active labour market policy measures available through the German Public Employment Services (*Bundesagentur für Arbeit*).

#### *7.1.4. Tripartite “vocational training offensive”*

In addition to the pact between the government and employers’ organisation, 2004 saw the launch of a tripartite “vocational training offensive” agreed by social partners and the Federal government. The initiative aimed at creating more opportunities for young people, and disadvantaged young people in particular, to enter into the dual system of vocational education and training. Particular emphasis was placed on encouraging more employers to offer initial vocational training placements to disadvantaged young people and in particular regions and sectors. In order to support this initiative, the government brought together five programmes run by the ministry of education and research aimed at improving vocational training structures:

- *STARegio* (support for training partnerships, networks and external vocational training management in west Germany);
- *KAUSA* (a programme aimed at encouraging foreign owned businesses to offer more initial vocational training opportunities);
- *Regio-Kompetenz Ost* (support for training partnerships and networks in east Germany); and
- a programme to foster the availability of training in the voluntary sector.

The overarching aim of these programmes is to encourage enterprises, which no longer train, or have never trained young people to offer vocational training placements. All measures are supported by initiatives at regional and local level.

According to statistics published by the German government, the initiatives launched in 2004 have already had an impact. The number of vocational training contracts concluded by 30 September 2004 rose by 2.8% (or 15.300 placements). This is the first increase in the number of these contracts since 1999. Even more significant is the increase (by 4.5%) in employer-based contracts (rather than entirely college based vocational training).

In addition to these more general, time limited measures, the German public policy framework offers a range of different options for the vocational integration of young disabled people depending on their specific needs and requirements.

#### *7.1.5. Vocational integration of young disabled people*

Good preparation for working life and suitable vocational guidance is particularly significant for young disabled individuals. Elements of vocational training are offered in the final years of schooling together with periods of practical work experience/placements. In 2004, the ministers for culture and education from all German Länder and the German Public Employment Services concluded a framework agreement to support the improved co-operation between schools and vocational guidance services. This stipulates that pupils should have access to vocational guidance two years prior to leaving school, enabling them to gain some relevant practical work experience prior to completing their schooling. This agreement entered into force from 2004/2005 and its impact has therefore not yet been evaluated.

The Public Employment Services are responsible for offering vocational counselling, guidance and placement services for young disabled individuals, either through the “dual system” or through the entirely college based route. As far as possible, precedence is given to employer based vocational training, as research has repeatedly shown that exposure to the workplace environment increases social, occupational as well as problem solving skills and therefore eases the transition into regular employment following the completion of vocational training. In doing so, the PES is responsible for assessing the individual’s needs and capabilities and for finding tailored solutions where required, for example through the offer of more modular or part-time training, specifically designed for disabled individuals. The official emphasis is on individual support and tailored measures under the heading “as normal as possible – as specialised as necessary”. This includes the goal of offering greater access for young disabled women into sectors and occupations where they are currently underrepresented. A reform of the law on vocational training passed on 1 April 2005 calls for disabled individuals to be covered by the same vocational training regulations as their able bodied counterparts. It states that where possible they should attend same vocational colleges, but where necessary specially adapted facilities should be made available.

The PES is supported by specialist integration services (Integrationsfachdienste) in offering these services for disabled individuals.

The key support structures available are both financial and practical and include:

- Financial support for employers offering vocational training placements for young disabled people
- Employment quotas
- Local rehabilitation services
- Integration projects and “workshops”
- Vocational training centres

These various options are explained in further detail below.

- *Financial support to employers offering vocational training placements for young unemployed people and employment quotas*

German social legislation (*§102 Abs. 3 S.1 Nr 2a SGB IX i.v.m. §26 SchwaBV*) entitles employers to financial assistance to contribute towards any workplace adaptations required to recruit and train a disabled individual. Funding is also available to adapt training centres and/or specific workstations. Financial support is similarly provided to employers offering training to severely disabled young people, provided this workplace is set aside for a severely disabled individual upon qualification. Salary subsidies are available to support the training of young disabled individuals who would otherwise not have had access to vocational training opportunities (*§236 SGBIII, §34 SGBIX*). The level of subsidy available cannot exceed 60% of the allowance paid in the final year of training. In the case of a severely disabled young people, support of up to 80% of the final training years’ salary is available (in specific cases this can be increased to 100%). Should the disabled individual be offered permanent employment upon completion of their training, a 70% salary subsidy can be granted for a further period of up to one year (*§235a abs3 SGBIII*). These funds are available from the Public Employment Services. Further support can be accessed through the integration services (particularly with regarding to training placements for young people with learning difficulties who have not yet been officially classified as severely disabled).

In Germany, a quota system applies for the employment of severely disabled individuals. All employers with 20 or more staff are required to employ 5% severely disabled individuals. Employers who train young disabled individuals are entitled to replace the requirement of two so-called “quota jobs” with one trainee (this is increased to three if the young person’s disability is particularly severe).

Where a “regular” employer based vocational training placement through the dual system is not suitable because of the nature or severity of a young person’s disability, a number of alternative options are available. These are outlined below.

There are a number of other legal obligations relevant to the involvement of social partners in the integration of disadvantaged individuals at workplace level. German co-determination legislation requires employers above a certain size to establish a Works Council. Employee representatives from the works council are entitled to representation on the board responsible for human resource management as well as on the supervisory board of a company. In addition, the Social Code (§95 SGBIX) requires undertakings above a certain size to hold elections to establish a representative council for severely disabled individuals (*Schwerbehindertenvertretung*). The responsibilities of this council are to:

- Ensure that any regulations intended to protect severely disabled employees are respected;
- To apply for special measures for severely disabled individuals from external or internal bodies;
- To receive and seek responses to complaints from severely disabled individuals regarding their treatment.

The Social Code (§95 SGBIX) requires employers to negotiate with the staff council for severely disabled individuals and with the works council regarding the conclusion of an “integration agreement” (*Integrationsvereinbarung*). Such agreements can include provisions regarding personnel planning, workplace design and work organisation for disabled individuals. It can also include provisions regarding a desirable percentage of vacancies to be offered to disabled individuals and health promotion and sickness prevention measures. The right of initiative to request the conclusion of such an agreement rests with the staff council for severely disabled individuals. Where no such council is present, the right of initiatives reverts to the works council. Further information on the operation of such agreements can be found below in the sector on trade union activities relating to the integration of disabled individuals.

- Local vocational rehabilitation services (*Wohnortnahe berufliche Rehabilitationseinrichtungen*), integration projects and Workshops (*Werkstätten*)

So-called local vocational rehabilitation centres have been growing in importance in recent years and are particularly aimed at the needs of young people with learning difficulties. They have close links with local employers and allow for training and practical work experience, which is targeted to the specific requirements of each individual.

Integration projects (or enterprises) are enterprises, which employ a particularly high proportion of severely disabled individuals (25-50%). In 2004, there were 500 such projects in Germany providing vocational training for 100 particularly severely disabled individuals (40% women, 60% men). The government aims to increase placements in integration projects to 500.

Workshops are mainly targeted at mentally impaired individuals. They have to be accredited and aim to prepare individuals for the open labour market. In 2004, 13,162 young people received training in such workshops.

- *Vocational training centres - Berufsbildungswerke (BBW)*

Vocational training centres (BBWs) are aimed at young disabled people who cannot access training in the dual system and are too severely disabled to work in local vocational rehabilitation centres. There are currently 52 such BBWs located throughout Germany who provide training for 160 recognised qualifications and offer 13,000 training placements annually within their own training centres. Different BBWs tend to specialise in assisting young people with different disabilities. Data from the Federal government show that 48% of trainees in BBWs have learning difficulties, 30% are physically disabled, 14% have sensory impairments and 8% mentally disabled.

Trainees at BBWs also have to access periods of targeted work experience with selected employers. This element of work experience is to be given increasing relevance in the future through a greater linkage (*Verzahnung, see §35 Abs 2 SGBIX*) of vocational education in training centres with employer based placements. The desire to create these linkages is based on the results of a study by the Federal Institute of Vocational Training (*Bundesinstitut für Berufsbildung*), which showed that employer-based work experience was crucial to increase trainees' sense of responsibility, occupational and social skills and therefore improve their employment opportunities post-vocational training. The creation of a workable system to achieve these linkages is indeed the subject matter of the model project initiated by Metro AG (see below). It is believed that the success of such projects is crucial to improve routes for young disabled people into employment.

#### *7.1.6. Access of young disabled individuals to vocational training*

The 2005 report by the Federal government on the situation of disabled individuals regarding access to vocational training placements paints the following picture:

In 2003/2004, 37,771 (23,969 men and 13,802 women) disabled young people requested assistance with the PES (out of a total of 740,165); in the previous year, this figure was 35,831 (22,622 men and 13,209 women out of a total of 719,571) – a year on year increase of 5.4% (see Table 1). In 2002/2003, 25,843 (72.1%) of these young people were placed in vocational education and training in the dual system. In 2003/2004, this figure increased to 27,526 (72.9%) – an increase of 6.5% (see Table 2). In 2002/2003, 3.2% of disabled individuals accessed vocational education through insertion contracts (3.3% in 2003/2004, see Table 3) and 5.3% (5.6%) of young disabled people entered directly into employment (see Table 4). This means that only 2.6% of disabled young people were not placed in 2003/2004 (2.8% in 2002/2003).

**However, while 90% of able-bodied young people received vocational training through a direct employer placement, this was only the case for 50% disabled young people.**

7.1.7. Law on the “support for training and employment for severely disabled individuals”

In order to address this issue, the Federal government passed new legislation on “support for training and employment of severely disabled individuals” (*Gesetz zur Förderung der Ausbildung und Beschäftigung schwerbehinderter Menschen*) on 23 April 2004. One of the key goals of this legislation is to improve the opportunities for young disabled people to enter employer based initial vocational training. This is supported through a package of measures offering additional financial incentives and strengthening vocational guidance services. Furthermore, the law seeks to improve linkages between college based vocational training and the workplace by increasing opportunities for short term work placements during the period of college based vocational training (*verzahnte Ausbildung*). Another aspect of the law is increased co-operation between employers and colleges offering training for young disabled individuals in sharing information and continuously improving quality of facilities and training.

Another programme entitled JOB (*Jobs ohne Barrieren – jobs without barriers*) was initiated simultaneously to raise awareness of the support available to employers. This programme was initiated by the Ministry of Health and Social Security. It specifically aims to encourage more employers to offer training for young disabled people; improve employment opportunities for disabled people in general; and to support preventive measures to avoid long term absences through sickness. The programme offers financial support as well as publicity through a brochure, events and a website showcasing the support available as well as good practice examples. A number of national social partner organisations including the Confederation of German Trade Union (DGB - Deutscher Gewerkschaftsbund), the Confederation of German Employers (BDA – Bundesvereinigung deutscher Arbeitgeber), the Metalworkers’ Union (IGM – Industriegewerkschaft Metall) and other key stakeholders are represented on the steering group as well as on working groups of the JOB initiative.

It is currently too early to assess the impact of these new measures. The government is required to prepare a first report on the effectiveness of these measures on 30 June 2007.

**Table 4 Registered applicants for initial vocational training places**

	Oct. 2002 – Sept. 2003				Oct. 2003 – Sept. 2004				Comparison previous year	
	Total	%	Male	Female	Total	%	Male	Female	Total	%
Disabled	35,831	100	22,622	13,209	37,771	100	23,969	13,802	+1,940	+5.4
Not disabled	683,740	100	359,686	324,054	702,394	100	371,815	330,597	+18,645	+2.7%
Total	719,571	100	382,308	337,263	740,165	100	395,784	344,381	+20,594	+2.9%



**Table 5 Applicants referred into vocational training placement**

	Oct. 2002 – Sept. 2003				Oct. 2003 – Sept. 2004				Comparison previous year	
	Total	%	Male	Female	Total	%	Male	Female	Total	%
Disabled	25,843	72.1	16,572	9,271	27,562	72.9	17,743	9,783	+1683	+6.5
Not disabled	312,681	45.7	168,390	144,291	337,594	48.1	181,594	156,000	+24,931	+8.0
Total	338,524	47.0	184,962	153,562	365,120	49.3	199,337	165,783	+26,596	+7.9

**Table 6 Applicants referred to insertion contracts**

	Oct. 2002 – Sept. 2003				Oct. 2003 – Sept. 2004				Comparison previous year	
	Total	%	Male	Female	Total	%	Male	Female	Total	%
Disabled	1,138	3.2	684	454	1245	3.3	763	482	+107	+9.4
Not disabled	30,627	4.5	16,254	14,373	33,349	4.7	17,859	15,490	+2,722	+8.9
Total	31,765	4.4	16,938	14,827	34,594	4.7	18,622	15,972	+2829	+8.9

**Table 7 Applicants entering employment directly**

	Oct. 2002 – Sept. 2003				Oct. 2003 – Sept. 2004				Comparison previous year	
	Total	%	Male	Female	Total	%	Male	Female	Total	%
Disabled	1,893	5.3	1,192	701	2114	5.6	1,278	736	+221	+11.7
Not disabled	71,186	10.4	37,911	33,275	75,179	10.7	40,330	34,849	+3,993	+5.6
Total	73,079	10.2	39,103	39,103	77,293	10.4	41,708	35,585	+4,214	+5.8

**Table 8 Applicants remaining in full time education**

	Oct. 2002 – Sept. 2003				Oct. 2003 – Sept. 2004				Comparison previous year	
	Total	%	Male	Female	Total	%	Male	Female	Total	%
Disabled	1,294	3.5	744	550	1,402	3.7	823	579	+108	+8.3
Not disabled	138,554	20.2	67,517	71,037	134,690	19.2	67,373	67,317	-3864	-2.8
Total	139,848	19.4	68,261	71,587	136,092	18.4	67,196	67,896	-3756	-2.7

## **7.2. The project “Integration of young people with disabilities as part of corporate CSR policy”**

This project was initiated by the Metro AG Group of companies and the current model initiative for linked training with vocational training centres “Verzahnte Ausbildung mit Berufsbildungswerken” (V.A.M.B)) is run in collaboration with the Federation Association of Vocational Training Centres (*Bundesarbeitsgemeinschaft Berufsbildungswerke (BAG BBW)*). This particular initiative started in 2004 and is due to complete in 2007. However, even prior to this particular initiative, the Metro Group had a strong commitment to offer training to young disabled individuals.

### 7.2.1. The company

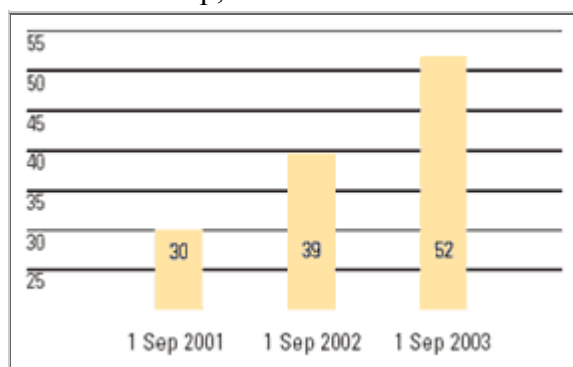
The Metro Group is a transnational enterprise active in the sector of commerce. It runs hypermarkets, smaller supermarkets, department stores and other non-food specialised hypermarkets. It is the largest company in the commerce sector in Germany. Its brands include: Metro, Macro, Real, Extra, Media Markt, Saturn, Praktiker and Galleria Kaufhof. The company has 250,000 employees, half of whom are based on Germany. It is represented in 30 other countries and in 2004 had an annual turnover of 56.4 billion Euro. The Metro Group places significant emphasis on its social and environmental engagement through its Corporate Social Responsibility policy. As required by German co-determination legislation, the company has a Works Council and trade unions are represented on the supervisory board. The company also has a European Works Council, established in 1999.

### 7.2.2. Employment and training for disabled individuals

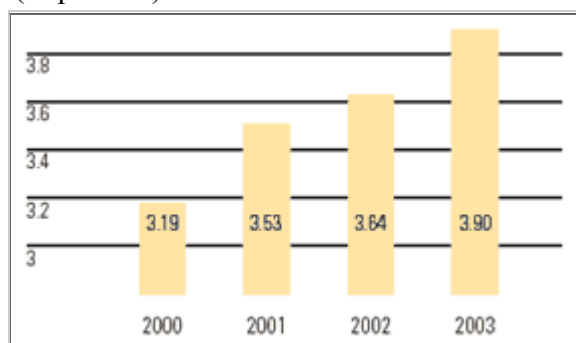
In 2004, the Metro Group employed over 3700 severely disabled individuals and had 50 young disabled individuals completing training and internships in various stages of completion in Germany alone (Sustainability Report 2004, Metro Group). This means the company employs around 4% severely disabled staff. Special measures to support the employment and training of disabled individuals are available throughout the group of companies. They aim at removing technical, spatial and mental barriers to the employment of this target group. The company aims to offer jobs to applicants qualified for the job, irrespective of any disability.

**Table 9: Severely handicapped/equivalent trainees**

METRO Group, total



**Table 10: Quota of severely handicapped persons at the METRO Group (in percent)**



### *7.2.3. Project inception*

The Metro Group is a significant provider of vocational training placements for young people in Germany and has a long standing commitment towards offering training opportunities to young disabled people. The Law on the Promotion of Training and Employment of Disabled People passed in 2004 placed strong emphasis on the co-operation between public organisations and private enterprises in order to increase the amount of young disabled people accessing employer-based vocational training and/or their ability to spend longer periods in employer-based work experience. It is felt that this will not only increase their opportunities of finding employment post-qualification, but will also remove barriers present in the minds of many employers who are reluctant to recruit disabled individuals.

The company agreed to co-operate on a project supported by the Federal Ministry of Health and Social Security as a result of the following factors:

- The company's size and importance in the German labour market;
- The Metro Group's commitment to corporate social responsibility;
- An awareness of challenges of demographic change which require companies to work harder to recruit, as younger workers are becoming more scarce.

This collaboration also involves the Federal Working Party of Vocational Training Centres as part of a public private partnership.

### *7.2.4. Aims and objectives of the project*

The aim of the project is to increase the number of disabled young people in training with the Metro group (in 2004, 65 out of 8829 trainees were disabled). In order to achieve this, it is crucial to work with Vocational Training Centres to achieve a better linkage between external and in-company training and work experience. Training is initially offered for sales functions. The vocational training programme is funded by the Public Employment Services and leads to the award of a certificate of proficiency issued by the relevant chamber of commerce or trade.

#### *7.2.5. Implementation*

A pilot project was run in 2004 involving 20 disabled young people in North-Rhine-Westphalia. Young people suitable for in-house training were selected by trainers from a number of vocational training centres in the region and Metro-internal trainers. These young people were placed in different Metro sales outlets for 12 months (participating companies were real, extra, Kaufhof and Cash&Carry). Vocational training remained the responsibility of the respective vocational training centres while Metro was responsible for the practical part of their training. Both sets of trainers worked closely together throughout this period.

In 2005, training placements were offered to a further 60 young disabled people and this will increase to 80 in 2006. For all trainees initial vocational training continues to take place in the vocational training centres, but the final year of their training is largely spent working on site in different companies of the Metro group. The model project now involves 8 of the 52 vocational training centres in Germany: Brakel, Dortmund, Essen, Moers in North-Rhine-Westphalia and Augsburg, Dürrlauingen, Waiblingen, Worms in in Southern Germany.

While training opportunities are originally concentrated on sales functions, the option of offering training for other functions is also being considered. Special attention is being given to offering opportunities to severely disabled young people and women.

The Vocational Training Centres and the Metro Group are jointly working on a vocational training schedule. In addition, there is an individual training and support plan for each participant.

The steering group for the project includes 3 members of the METRO group; a representative from the Ministry for Health and Social Security; a representative of the integration service; a representative of the Public Employment Services; a representative of the Federal Working Group for Vocational Training Centres (BAG BBW); and two representatives from Vocational Training Centres involved in the project. The company's Works Council is also involved in the project.

The project is being scientifically evaluated by the Institut für Berufs- und Wirtschaftspädagogik at the University of Hamburg. This evaluation has been commissioned by the Ministry of Health and Social Security. By 2007, the scientific evaluation aims to answer the following questions:

- What kind of individuals are suited to this model and which occupations are suitable for such programmes;
- What kind of qualifications should staff members involved in such programmes have (trainers in Metro group, vocational trainers etc)
- What support is required for trainees
- How can co-operation between employers and vocational training centres be improved
- What policy framework must be in place for model to succeed?
- Under what circumstances is this model transferable to other companies and SMEs?

### **7.3. Social partner involvement**

#### *7.3.1. General social partner involvement in policy making and at company level*

The social partners have been actively involved in the national debate regarding the integration of disabled individuals into the labour market. Germany has a tradition of tripartite consultations regarding key legislative and policy proposals and peak social partner organisations therefore regularly comment on legislative changes and policy initiatives affecting the labour market position of disabled individuals. As has been pointed out above, this regulatory and policy framework has changed significantly since 1998 with an emphasis on the active involvement of disabled people in mainstream vocational and training and employment wherever possible, and the provision of high quality tailored support services wherever necessary.

Another key feature of the German system of social partnership is that of “co-determination” (*Mitbestimmung*) at company level, which provides employee representatives rights to representation and co-determination in works councils, boards of personnel management and supervisory boards.

#### *7.3.2. Employers’ approach to the integration of disabled individuals*

Perhaps unsurprisingly, the respective social partner confederations at national level, BDA and DGB (and its largest constituent trade unions) have significantly differing views regarding the best way of achieving a more successful integration of disabled individuals (and young people in particular) into the labour market.

While the employers’ organisation BDA strongly supports the equal participation of disabled individuals on the labour market, it favours a more voluntary approach towards achieving this goal and rejects the extension of quota systems and the introduction of further rights or obligations through legislation. The BDA argues that the commitment of its members towards the integration particularly of severely disabled individuals into working life is demonstrated by the fact that 800,000 such individual are currently in employment. It sees disabled individuals as particularly valued and motivated parts of teams within enterprises. The BDA rejected changes to the legislation covering the rights of severely disabled persons, particularly with regard to introduction of compensation in cases of disability discrimination, the extension of employer obligations and the extension of rights for bodies representing severely disabled individuals. It is argued that this leads to legal uncertainty and higher cost to employers, which they argue would prove counterproductive to efforts aimed at increasing employment opportunities for this target group. The BDA is indeed calling for special employment protection provisions for severely disabled individuals to be removed to encourage more employers to recruit among this group and to remove the stigma which the BDA feels often arises from this “over-regulation”.

The organisation instead prefers more voluntary initiatives like the JOB programme (see above) linked to subsidies and support services for employers.

### *7.3.3. Trade unions' approach to the integration of disabled individuals*

The DGB, on the other hand, regards current regulations as being insufficient to protect the rights of disabled individuals and to work towards an effective system of prevention of long-term disability. In its 2004 publication "*Wir wollen ins Boot*" ("We want to get on the boat"), the DGB argues that it is unacceptable for existing legislation to limit its provisions to severely disabled individuals and argues that current provision offer insufficient protection and penalties in the case of a contravention of rights or discrimination. It analyses in detail the proposed provision which were to be included in the Law to support vocational training and the employment of severely disabled individuals. It is argued that the new law originally sought to significantly improve opportunities to enter vocational training for disabled young people and to create "true co-determination" for councils representing disabled people at company level in relation to integration agreements and a strengthening of the rights of these councils in general. However, following what is argued to have been a significant policy U-turn, the trade unions argue that the original legislative draft was weakened in the following ways:

- Additional support for disabled young people is limited to training subsidies (rather than having access to the full array of support available to severely disabled individuals);
- There is still no right to demand the proper implementation of integration agreements at company level.

Instead it is argued that the new legislation allows employers to generalise and pass the risks of employing disabled individuals on to the taxpayer and society in general.

The trade unions, many of whom employ specialist advisors dealing with questions relating to the integration of disabled individuals, essentially use two ways to assist in this goal:

- The general lobbying function vis a vis the government when it comes to influencing legislation and relevant policies;
- The role of interest representation at company level, where the DGB argues, their remit is not limited to supporting and protecting the rights and interests of disabled individuals in the workplace, but also to foster the creation of better employment opportunities for disabled people currently outside the labour market. This role can be exercised both through trade union representatives on works councils and on councils for severely disabled people.

As part of the works council's representation on the board of personnel management of larger companies, the DGB encourages trade union members to raise a number of key questions with management regarding the integration of disabled individuals:

- How many vocational training placements should be earmarked for disabled young people?
- How many disabled people is the company willing/able to recruit?
- What needs to be changed in relation to workplace design and work organisation to allow more disabled individuals to enter employment?
- How can this target group be involved in co-determination bodies?
- What form of external financial assistance is available to improve integration?

As well as in the works council and the personnel management board, these questions should be addressed with the council for severely disabled individuals (where this has been elected) with the aim of reaching an integration agreement with the company which sets targets for the recruitment and employment of disabled people and implements policies aimed at workplace adaptation not only to support integration but also the prevention of long term sickness which often leads to disability.

A first assessment of the effectiveness of such integration agreements has been analysed as part of a project funded by the JOB initiative (see above) which is carried out as a co-operation between Germany's two largest unions representing metalworkers and public sector workers (IG Metall and Ver.di) as well as the ISO Institute for Social Research. This assessment reaches the following conclusions:

- Integration agreements are primarily concluded in very large companies. There are few examples of such agreements being reached in SMEs
- The lack of legal enforceability of such agreements poses a problem in practice;
- A successful integration agreement must include an analysis of the current situation in relation to integration of disabled people and the number of available jobs which could be undertaken by disabled staff;
- Strong co-operation between trade unions, works councils and councils for severely disabled individuals is a key factor in the successful negotiation of integration agreements;
- The greatest challenges are the actual implementation after an agreement has been reached. It is therefore crucial to allocate responsibilities, get management buy in, disseminate the agreement widely, set timescales and discuss the accessibility of funding as part of the agreement. In particular, the business case for such agreements must be stressed.
- The overall economic situation has a significant impact on the conclusion and implementation of integration agreements. If the overall labour market situation is poor, it is less likely that such negotiations will succeed;
- It is crucial for integration agreements to tap into the wider legislative and policy framework addressed at disabled individuals to make proper use of financial and other resources.

An initial assessment by the DGB shows that three years after the introduction of the provision relating to the conclusion of integration agreements only 1400 such agreements have so far been concluded in Germany. This would amount to only 1% of companies. However, the DGB estimates the actual figure to be somewhat higher, as not all agreements

are reported to the integration services. It therefore estimates that between 5-15% of employers who are required to negotiate such agreements, have indeed done so. However, because of the size of the undertakings who have such agreements, this means that half of employed disabled people work in companies with integration agreements.

The aim of the project “*Teilhabe behinderter Menschen und betriebliche Praxis*” (participation of disabled individuals and company practice) is to provide advice and training to members of works councils and council representing severely disabled individuals by holding workshops, exchanging good practice, drafting training materials and running training workshops. The project has a website ([www.teilhabepraxis.de](http://www.teilhabepraxis.de)) which contains all relevant legal and policy information, key contact details as well as good practice examples.

Another project co-sponsored by the DGB Branch organisation in Berlin funded under the JOB initiative seeks to bring together disabled job seekers and trade union education facilities which also provide vocational training, as well as fostering the link between employers and training institutions.

#### **7.4. Conclusions**

This case study clearly demonstrates the important role played by the overall economic and labour market situation as well as the legislative and policy framework in influencing the position of certain target groups on the labour market. While the overall poor situation on the German labour market is clearly having a detrimental impact on the employment opportunities for disabled individuals, evaluations of recent policy initiatives have shown the potentially positive effect of high profile joint initiatives between government and social partners. The company case study shows some evidence of increasing awareness of the impact of demographic change on the future availability of staff, which is serving as an impetus for measures aimed at encouraging the integration of more “difficult to place” groups. Similarly, CSR policy is also having an impact on the approach taken by some, primarily large employers.

Such successes must be seen in the context of a strong and supportive overall policy and legislative framework. Both supply and demand side measures are available to support recruitment and integration of young disabled people on the German labour market. In addition, at company level (albeit mainly in larger companies) structures are in place to support the development of policies to assist in the integration of disabled individuals at company level. However, the case study has shown that such measures tend to be more effective to support the integration of disabled individuals in larger companies rather than in SMEs.

The role of the social partners in the integration of young disabled people into the labour market is crucial and twofold:

- On the one hand they act as lobbying organisations in relation to government legislation and policy initiatives;



- on the other they act at company level to implement recruitment initiatives and work place design as well as working with external training providers to provide a suitable framework for initial and ongoing vocational training.

Our case studies show that in many cases employer and trade union organisations have different approaches to what they perceive to be the best way of achieving the integration of disadvantaged groups into the labour market, and indeed the role to be played by social partner organisations in this process.

In Germany, the employers' organisations advocate a more "voluntary" approach with fewer legal requirements and quota obligations and instead more support for employers keen to recruit disadvantaged groups. It is argued that too many legal requirements act to the detriment of vulnerable groups in the labour market as are seen to make employers wary of offering insertion opportunities to individuals from such "risk groups". The trade unions on the other hand are keen to see stronger legislative provision, including greater powers to enforce the formulation and implementation of workplace integration agreements. They agree with employers' organisation on the need for more support to be available to employers keen to recruit individuals from such groups but argue that employers should not be able to transfer all the cost of hiring such individuals to the state and as a result to society as a whole. Their strategy emphasises lobbying policy makers for greater rights and providing training for employee representatives to seek the implementation of legal requirements and policy initiatives at company level.

It is evident that the approach taken is more likely to show success in larger undertakings than in SMEs.

Another point emphasised in the case study is the need to establish close links between training institutions and the requirements of employers as work experience is seen to be crucial in assisting the integration of young disabled individuals.

The project initiated by Metro also shows the significant value of an individualised approach to training and work experience for disabled young people which can provide a full understanding of their level of ability and education and training requirements. The evaluation of this approach is considered to be highly significant in acting as a signal to other employers and indeed government policy with regard to the specific approach and efforts required in achieving a better link between vocational training and employer based work experience for young disabled people. Social partners have a key role to play in the development of such an approach because of the comparative high level of co-determination and employee representative structures set down in German legislation.

## **8. NOSTE PROGRAMME – FINLAND**

In 2003, the Finnish government launched *Noste* - a national programme running until 2007. *Noste*'s aim is to improve the vocational skills of 30 to 54 year olds and the programme was originally put forward to a parliamentary adult education working group by the Central Organisation of Finnish Unions (SAK) in 2001.

This case study therefore describes the concept behind *Noste* and assesses the lessons learnt from the programme in terms of planning, implementation and social partner involvement. The case also explores the influence of social dialogue in the country on employment of marginalised groups, in particular low skilled workers. This chapter starts off by defining the labour market situation of low skilled workers in Finland and the relevant policy context.

### **8.1. Background**

#### *8.1.1. Labour Market Situation of Low Skilled Workers*

The average level of education in Finland is high, however, today's young people have received far more education and training than the older generations. Some 86 % of 25 to 29 year-olds hold a post-compulsory qualification, while just under half of 60-64 year-olds have obtained only the basic comprehensive qualification. In Finland, low skilled individuals are generally understood to be people with no continuing education beyond compulsory schooling. According to this definition, there are currently around 330,000 low-skilled employees in Finland.

Low-skilled workers are less likely to participate in the workforce than their higher-skilled counterparts<sup>6</sup>. In 2003, 84.7% of men with higher education were active in the labour market, compared with 48.4% of those with basic education only. The corresponding figures for women were 82.6% and 39.5%. However, the proportion of the workforce with no post-secondary qualifications has been steadily declining in Finland, falling from 25.7% to 23.3% for men and 21.8% to 19.6% for women between 2000 and 2003. At the same time low skilled individuals are disproportionately represented among the unemployed. To be more precise, about 116,000 unemployed job-seekers were people with only basic education, amounting to approximately 42% of the total number of unemployed job-seekers in the country<sup>7</sup>. Low skilled work also tends to be low paid. Low-paid work is concentrated in the service and public sectors and particularly affects employees in temporary employment relationships<sup>8</sup>.

The following table outlines the share of low skilled workers among employed and unemployed people aged 15-74.

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<sup>6</sup> EIRO (2005) *Unskilled Workers: Finland*.

<sup>7</sup> Ministry of Labour (2003) *An Overview of Vocational Development Services 2003 – Labour Force Development and Guidance Team*.

<sup>8</sup> EIRO (2002) *Low-wage Workers and the 'Working Poor'*.

	2000	2001	2002	2003
<b>SHARE OF UNSKILLED WORKERS AMONG EMPLOYED</b>				
<b>Men</b>	25.7%	25.3%	24.2%	23.3%
<b>Women</b>	21.8%	20.8%	20.1%	19.6%
<b>SHARE OF UNSKILLED WORKERS AMONG UNEMPLOYED</b>				
<b>Men</b>	40.2%	39.5%	38.2%	37.2%
<b>Women</b>	36.5%	35.3%	36.4%	35.2%

Source: Statistics Finland: *Labour Force Survey*.

### *8.1.2. Barriers to Employment*

The economic restructuring process in Finland following the recession in the early 1990s impacted most heavily on low-skilled and least-experienced employees. Rapid technological advances and changes in work content have also changed the requirements for training and qualifications. These changes, along with the emergence of the information society, have brought about a polarisation of the workforce. It has become important to strive for balanced skills advancement in all demographic groups, alongside support for top expertise and high technology. Much of the employment generated over the last decade requires high-level skills, such as university degrees. Low skill level is also increasingly frequently the key factor behind early exit from labour market, thus placing pressure on adult and continuing vocational training. The number of jobs suitable for employees with low levels of education and outdated vocational skills is decreasing all the time. Furthermore, low-skilled employees typically have low job-retention and job-security.

### *8.1.3. National Policy Framework*

The Finnish education and training system is characterised by high levels of investment and participation in adult education and training - compared to the European average rates. In 2003, 18 per cent of all Finns participated in adult education and training (20 % of women and 15 % of men).

One of the five strategic goals of the Finnish Labour Policy Strategy for 2003 – 2007 is ensuring the availability of skilled labour. The goal is set to be achieved through a number of key activities:

- Creation of smoother and quicker access to the labour market for young graduates;
- Raising the average exit age from the labour market; and
- Investing in adult education and training.

The adult education and training strategy is focussing on giving more relevance to the needs of small and medium sized businesses. In particular, the Ministry of Labour is developing company based labour market training programmes that are financed jointly by the state and individual companies, in addition to providing more information to companies about training

opportunities. The target is to raise the proportion of jointly procured training to substitute 10 per cent of all labour market training by 2005<sup>9</sup>.

The aim of the government is also to direct more labour market training to sectors that are finding it difficult to recruit skilled labour and to sectors in which companies are forecast to face labour shortages in the future. Tailored, flexible training provision with a focus on the needs of individuals and companies underline the government's new policy on labour market education and training. One of the government's investment priorities is the Noste programme, which this case study is exploring in more detail. A national strategy for active ageing has also been implemented for a number of years, including reforms of working life and development of lifelong learning and employment policies. In addition, two programmes (*TYKES* and *VETO*) are being implemented to support ageing workers in staying on at work through improving the quality of working life and making work a more attractive option generally.

The Finnish National Action Plan for Employment (NAP) outlines that about one fifth of all available basic vocational courses will be aimed at the adult population. The government is also planning to increase the availability of measures aimed at the validation of prior learning and work experience, mainly through further investment in the competence-based qualification system that has been in place for over a decade. The system allows individuals to validate their skills and obtain official qualifications regardless of where the competences, learning and experience have been gained. The system has become very important to increasingly large numbers of experienced employees who are classified as low skilled workers due to the lack of official qualifications. The adult education and training policy aimed at low skilled workers is also based on solidarity and the provision of access for all. All workers as well as entrepreneurs are eligible for adult education allowances if their income falls considerably due to their studies.

The government's policy to reduce youth unemployment and to avoid young people ending up without qualifications is focussed on ensuring that every young person who completes comprehensive schooling is guaranteed a place in further education. Furthermore, all unemployed people under the age of 25 are given a place in training, trainee work or a youth workshop after three months of unemployment.

## **8.2. What is Noste?**

### *8.2.1. How did it all start?*

Noste was initially proposed by SAK (the Central Organisation of Finnish Trade Unions), and subsequently supported by the employers' confederation (EK – Confederation of Finnish Industries) and national policy-makers. On the basis of the draft proposal, the Parliamentary Adult Education Committee prepared an official proposal for the programme with input from both the government and opposition party. The proposal was accepted and the implementation phase started in spring 2003.

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<sup>9</sup> Finnish Action Plan for Employment 2004.

As demonstrated by the statistics above, the labour market has traditionally been weaker for low-skilled workers, and deteriorated further following the recession of the mid 1990s. Addressing this situation is a particular priority for SAK since its member unions represent the majority of low-skilled workers. From the government's perspective, raising the average exit age from the labour force is one of employment policy priorities in the face of future labour shortages and due to the weak employment situation of older workers without qualifications. Therefore the concept of the Noste programme fitted well with both parties' policy priorities. At the start the employers' confederation EK did not regard the aims of the Noste programme as a particular policy priority due to already high levels of investment in adult education and training. However, they have subsequently supported the development of Noste and have been involved in the steering committee.

### *8.2.2. Project Description*

As mentioned above, Noste's goal is to raise the education and training levels of low-skilled workers aged between 30 and 59. The more generalised positive benefits this should help to create include: increased equality in access to education; the prevention of structural unemployment; and greater flexibility of workers to adapt to labour market changes. Noste's target is to involve 50,000 participants in adult education over the 5-year period. The programme can also be used to support people in completing their primary education (this provision is available to all workers aged 25 to 59).

The objectives of the Noste programme are to

- Raise the educational level of adults aged 30 to 59 with compulsory education only;
- Enhance their participation in vocational adult education;
- Reach 10% of the Finnish adults without secondary qualification; and
- Promote their job performance and career development, thus creating more sustainable employment and better jobs for the target group.

Two main tools have been developed to achieve the objectives of the programme. Firstly, since Noste's core idea is to encourage traditionally *hard-to-reach* groups to take up learning and training, the approach centres on tailor-made training courses and outreach mentoring. The outreach work is generally carried out by volunteer mentors (trade union representatives) trained by the programme. The training is provided by SAK. Mentors act as a learning agent and point of contact between educational establishments, the target group and businesses. They encourage their colleagues and other employees to take part in training and, as such, play a crucial role in engaging individuals who would not normally enter mainstream education, perhaps due to low self-confidence or learning difficulties.

Secondly, the programme offers increasing investment in general and vocational training provisions aimed at low skilled older workers. Specific activities initiated under Noste allow employees to pursue studies at a vocational institute or adult education centre, or to complete unfinished studies at primary school, upper-secondary school or a vocational institution. Courses to improve and update IT skills are also provided.

The project is funded by the government (€19.5 million in 2004 and €26 million in 2005), through State Provincial Offices. These regional administrations are responsible for deciding funding allocations to regional/local networks among adult education and training providers. This method of management was chosen to best match training with regional needs and priorities. In general, allocations are based on the size of the target group in a given region but the central managing authority has discretion to adjust the allocation in order to reduce and address regional differences.

### 8.2.3. *Partnership*

The project is based on tripartite project partnership at national level, with the aim of facilitating tripartitism also at the local level. Noste's steering committee at national level is tripartite, and currently led by the Ministry of Education. Membership is as follows:

- The Finnish National Board of Education (OPH)
- Ministry of Labour
- The Central Organisation of Finnish Trade Unions (SAK)
- The Confederation of Finnish Industries (EK)
- The Central Union of Agricultural Producers and Forest Owners (MTK)
- The Finnish Confederation of Salaried Employees (STTK)
- The Trade Union of Education in Finland (OAJ)
- The Federation of Finnish Enterprises
- The Association of Finnish Local and Regional Authorities
- University of Joensuu
- State Provincial Offices

At national level, social partners, except SAK, are only involved in the activities of the steering committee, thus confining their role mainly to planning, review and evaluation. SAK is also involved in implementation. The concept of Noste also promotes a strong representation of social partners in local networks. Nevertheless, some of the 63 local networks are yet to include social partners in their activities<sup>10</sup>, mainly due to traditionally weak links between education and training providers and social partners at local level. Education and training providers are not involved in the national level steering committee of the programme in order to avoid conflict of interest. However, they do play a key role in implementation, with over 580 schools and training providers taking part. Other partners involved in Noste's implementation are the State Provincial Offices, the regional Employment and Economic Development Centres (*TE-keskus*), local employment offices and some of the social partners (mostly SAK).

Social partners have generated awareness of Noste through their own magazines, websites and local and regional offices, as well as through annual negotiations on the income policy agreements. In addition, SAK has arranged several regional information events and is still running '*Osaava pärjää*' campaign seeking to find new Noste mentors.

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<sup>10</sup> Spring 2005

#### *8.2.4. Quantitative Impact and Deadweight Effect*

The annual monitoring report 2004<sup>11</sup> concluded that while slow initial implementation meant that the project did not yield the expected results in its first year of operation, there was much greater activity in 2004. In 2004, over 5000 people took part in Noste funded education. This figure is over three times that for 2003, although still lagged behind the 7,400 target. One of the main reasons identified for this shortfall was that many people started an apprenticeship programme, or decided to study for a full time qualification, rather than complete a part of a qualification as expected. For these reasons, the average training periods and costs per person are higher than expected and the number of beneficiaries therefore limited. In addition, the programme implementation only began in spring 2003, consequently it was only possible to undertake training in 2003 during the autumn semester. In the project's third year, the situation has been reversed. Indeed in some localities there is now more demand for Noste training than there are resources available.

During its first 1.5 years, Noste was particularly successful in attracting women and mature students; 57% of the Noste participants during the first year were from the age group 45-59 and three out of four were female. The outreach work and targeted training, as well as additional support provisions such as for people with learning difficulties, has created added value in that it has engaged individuals who probably would not otherwise have taken up learning.

Training under the Noste programme is on average 15 to 20 per cent more expensive than training under mainstream vocational or adult education system. In spite of this, the managing authority feels the success of the outreach work and the impact of additional support measures for those who would not have traditionally taken up learning compensate for the higher cost of the programme.

In relation to deadweight effect, the managing authority is keeping a close eye on the number of people from the Noste's target group participating the programme itself and mainstream adult education programmes. The main finding so far has been that there has been a slight overall increase in the number of unskilled 30-59 year-old workers undertaking training. This indicates that workers belonging to the Noste target group have not only moved from one funding stream to another, but the programme has succeeded to motivate more individuals than before to undertake training – mainly as a result of the outreach work and tailor-made courses. However, this is also ensured by a clause set by the Ministry of Finance to ensure that training institutions do not use Noste funding to organise all the training, but are obliged to spend all of the mainstream funding before they can obtain Noste funding.

#### *8.2.5. Qualitative impact*

An over-arching view among the project stakeholders is that Noste has led to heightened co-operation between education and training providers since Noste has introduced a new way of working for education and training providers. This is the first project of its kind where

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<sup>11</sup> Ministry of Education: Noste Programme Annual Report 2004.

training providers must run courses in collaboration with one another, as a prerequisite for funding. However, an evaluation<sup>12</sup> of the effectiveness of local/regional networks on adult education provision demonstrated that within the first 2 years of Noste's operation, various networks were in very different phases of their development. Only a few were considered to be in the stage of 'effective networking' and competition was seen to hinder full partnership. But overall, the networks were considered to be relatively successful as a result of their local knowledge and personal contacts with customers and employers.

The same evaluation also researched project participants' experiences regarding the training provision. The study found that participants tended to be very satisfied with their studies, although they had found it difficult to start learning again. They also found it difficult to recognise their own study counselling needs, which explains why there is a lack of common, competent and transparent counselling system for adults.

Outreach work and local partnership working has also enabled company and locality specific skills shortages and training needs to be mapped. However, while the monitoring report emphasised the importance and added value of outreach / mentoring work, it also said that awareness among employers and the target group itself is still inadequate. Overall, Noste has also improved tripartite partnership working at local level, although some local networks have still not fully involved social partners in the partnerships.

One of the most successful regional networks is one from Turku, led by the Turku Adult Education Centre (*Turun Aikuiskoulutuskeskus*). The network brings together 14 different training providers from the region to provide tailored training courses for the Noste target group. The network is led by a steering committee encompassing of 28 individuals from training providers and social partners. The main task of the committee is to review, steer, evaluate and plan the activities of the project in Turku. Collaboration with social partners has been essential in Turku for the success of the network. In particular, the outreach workers trained by SAK have helped to spread the message to companies and individuals who would not have normally had the confidence to get involved. So far the network has enabled 550-600 Noste target group individuals to start training in Turku region.

The Turku Adult Education Centre views the Noste programme as a whole as the most comprehensive, largest and demanding development programme in the field of adult education, simply due to the mandatory aspect of collaboration between training providers. This is said in spite of the situation in Turku where the co-operation started very naturally and easily compared to most other regions. The biggest challenge for the network has been to involve SMEs in the programme. Indeed, the network representative believes that major change is required in the culture of education and training providers – in order to address the training needs of SMEs education and training must be delivered in the workplace as opposed to centre-based training. The Noste network in Turku has already started to approach SMEs by organising information meetings in companies.

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<sup>12</sup> Mahlamäki-Kultanen and Hulkari, University of Tampere



Demand for Noste funded training in Turku has been high, and is still on increase. The local authority of Turku is one of the employers which has understood early on the benefits provided by the Noste's education and training opportunities. Most workers from private companies undertaking Noste funded training in Turku are from medium-sized companies, mainly manufacturing companies.

When looking more closely at experiences of individuals undertaking training under the programme, we interviewed one assistant care taker working in a public care home for elderly people. She had been working as an assistant over 10 years before hearing about Noste during one her trade union meetings. She soon realised she was qualified to enter the programme and as a result of the flexibility and additional support provisions offered by the programme, she begun her study programme in nursing and care in November 2004 to become a practical nurse (*lähihoitaja*).

Training takes place in blocks which is practical from the point of view of participants, but simultaneously generates challenges for employers facing pressure to find replacements for training periods. Every participant has access to additional, one-to-one support in case they are finding some aspects of the course difficult to follow. The training framework was prepared locally on a tripartite basis between the providers and social partners. The beneficiary we interviewed had found the training at the same time '*rewarding but demanding*'. She feels it is of great benefit that the training takes into consideration prior experience and skills.

#### 8.2.6. *Weaknesses*

All stakeholders highlighted slow implementation to be one of the weaknesses of the project; the project did not reach its targets during the first couple of years of operation, but the demand for the programme has been in constant increase. However, it was widely acknowledged that targets for the first couple of years were initially too high. Indeed it was therefore suggested that implementation was not particularly slow, but targets were somewhat unrealistic. Initial preparation stages for such national programmes often take 2 to 3 years because engaging local stakeholders is time consuming, particularly when the target group is typically hard-to-reach. Establishing new partnership structures and networks is also a gradual process, especially in the case of Noste since education and training providers have typically been more used to competing against one and another rather than working together.

The evaluation demonstrated that many participants are completing full qualifications rather than focusing on skills in specific areas. Trade unions are concerned this could be a result of insufficient efforts to validate prior learning and work experience of Noste participants. It is recognised that validation of informal and non-formal learning of the participants is time-consuming and requires a high level of expertise from education and training providers.

Employer involvement in Noste is essential because learner motivation is understood to increase significantly when employers have a positive attitude towards additional education and training. However, although there has been some level of employer support, it has been

described that the commitment from the part of employers' organisations could have been somewhat 'stronger', especially at local level. The employers' argument is that similar training provisions do already exist for the target group through mainstream adult education programmes, and view the situation of early school leaving as a more important policy priority. On the other hand, it must also be acknowledged that unions are not represented in all local/regional projects either. In fact, the Ministry of Education send out a letter in early 2005 projects to encourage networks to form closer links with local branches of unions and employers' organisations - after it was found that many networks held only loose links with social partners.

One of the weaknesses was found to be the popularity of IT training. Many stakeholders stated that computer driving licences have been even 'too popular', because the core purpose of Noste is not to increase IT skills but to obtain actual qualifications in order to enable obtain better quality jobs in the future.

#### *8.2.7. Success Factors*

The following success factors were identified:

- The outreach model has proved to be successful in reaching the most hard-to-reach groups. Indeed, the Ministry of Education feels outreach work should become a permanent fixture of vocational training as such. The work of the union representatives has also helped to promote the programme more widely. The success of the outreach work, individually tailored training and the impact of additional support measures also compensate for the higher cost of the programme.
- The government took views of social partners into consideration and their concerns were addressed already at the planning stage. They have also been involved in making changes to the programme regulations and concept as the programme has evolved.
- Even if social partners do hold differing views on the programme, as a whole the co-operation has been fairly efficient at national level. Trade unions instigated the programme but without involvement of employer confederations, information would not have been disseminated as widely to individual employers.
- The programme received political support that spread across political parties.
- Although Noste is a national programme, it introduced a decentralised management structure through the State Provisional Offices which have discretion to decide the funding priorities for their regions. Local decision making on funding priorities demonstrates sensitivity on behalf of the managing authority to the needs and opportunities of local territories. Local action in this context is in the best place to act creatively to address skill gaps.

### *8.2.8. Sustainability*

At the half way of the Noste programme it is somewhat difficult to define the sustainability aspect of the programme. However, it has already succeeded in establishing new ways of working, for example in relation to local adult education networks, which are hoped to become a permanent feature in adult education and training sector.

On the other hand, it has been pointed out that demand for programmes like Noste is expected to diminish in the future. With the raising of skill levels among the younger generation, workers are much more highly educated than their older counterparts that are reaching the retirement age. In spite of this, SAK is strongly lobbying to find funding for Noste beyond 2007, while the employers' confederation feels it will be time to concentrate on other priorities. The Ministry of Education would like to see some form of funding continue beyond the initial project period, although not on the same scale. They have, however, also pointed out that the future funding priorities will most likely focus on strengthening workforce training in small and medium sized companies.

## **8.3. *Role of Social Dialogue in Labour Market Integration Programmes in Finland***

### *8.3.1. Background*

Social partners have a considerable influence in the Finnish society. The central labour market confederations help to prepare labour laws, play a central role in the evolution of working life and are able to negotiate centralised incomes settlements between themselves. Together with the Finnish government they conclude tripartite incomes policy agreements covering not only wages but also employment policy, promotion of equality between men and women by harmonising the demands of work and family life, benefits and contributions to social welfare and pension schemes, taxation and the principles of good practice in the labour market. These agreements usually last from one to two years.

Collective bargaining in Finland takes place at intesectoral (and sectoral) levels, the system is highly centralised. The national income policy agreements cover about 90 per cent of the national workforce. The trade union organisation rate peaked in 1993 at 84 per cent, but after that the rate has declined, although still remains as one of the highest in the world. In 2002 the rate was 73.4 per cent. The unions are organised into three central confederations: the Central Organisation of Finnish Trade Unions (SAK), the Finnish Confederation of Salaried Employees (STTK) and the Confederation of Unions for Academic Professionals (AKAVA). The main employers' confederation is the Federation of Industry (EK).

### *8.3.2. Impact of Collective Bargaining*

In Finland, collective bargaining can be seen to contribute to the labour market integration of disadvantaged groups, but principally only in relation to low skilled workers. Integration is almost exclusively dealt with in national level agreements (income policy agreements), and is

rarely a component of sectoral or local bargaining. Local bargaining is generally very weak in Finland.

The national income policy agreements of recent years have sought to reduce unemployment, address gender inequalities and improve both adult education provision and work life balance. These issues fall under the social partners' remit, which generally includes unemployment benefits, pensions, financial support to adult education and working time. The trade confederation STTK highlighted the education and training section of the 2003-2004 income policy agreement as an example of successful social dialogue. This agreement included a number of different provisions concerning lifelong learning, including:

- Development of new forms of training provisions for adults.
- Further development of competence-based examinations.
- New structures for on-the-job training.

The latest income settlement set out income tax cuts of not less than EUR 1.3 billion over the period 2005 to 2007<sup>13</sup>. These cuts are particularly directed to low and medium income tax payers, and will thus affect many low skilled workers. Although agreement was broadly reached on this issue, the employers' confederation EK has expressed a concern. In light of an international comparative analysis that found highly educated Finns to have very low purchasing power<sup>14</sup>, EK has demanded decentralisation of the bargaining system<sup>15</sup>. They claim that Finland's bargaining structure is currently too centralised and that the present pay norm, under which the average growth rate of productivity determines wage rises in all sectors, should be scrapped<sup>16</sup>. EK instead proposed a system in which the rate of productivity growth in each sector would determine its particular level of wage increases. Furthermore, it argues that greater company-level bargaining should have greater scope, saying that the current system is not only too inflexible but also does not sufficiently allow for the differentiation of incomes. This is identified as vital for attracting skilled employees to Finland and increasing employment opportunities for low-skilled workers.

The Central Organisation of Finnish Trade Unions SAK, which represents a large majority of the blue collar workers, has reacted to these demands by strongly defending the current system. Despite this, the latest agreement for 2005-2007 does contain a package of measures to improve local collective bargaining. This marks a significant change in the Finnish social dialogue structure. This development may also strengthen local level dialogue on labour market integration in the longer term future, at least it creates a basic foundation for it.

The latest national agreement also includes measures to promote gender equality at work through encouraging equal pay programmes<sup>17</sup>. Implementation of gender equality plans are promoted through an information project progressed jointly by social partners and the Ministry of Social Affairs and Health. The recent *national* agreements have not included

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<sup>13</sup> EIRO: 2004 Annual Review for Finland.

<sup>14</sup> EIRO (2004) *Highly Educated Finns' Purchasing Power 'Lowest in EU'*.

<sup>15</sup> Ibid.

<sup>16</sup> EIRO: 2004 Annual Review for Finland.

<sup>17</sup> The Finnish Incomes Policy Agreement 2005 – 2007.

provisions to deal with labour market integration of other disadvantaged groups. However, migrant workers have started to feature on the bargaining agenda in the last couple of years. The agreement for 2003-4 contained a provision asking the government to improve monitoring of the working conditions of migrant workers.

In general, integration and vocational training are rarely discussed in sectoral or local negotiations. With regards to people with disabilities, the general principle in most collective agreements is that if disabled workers can carry out the work as well as other employees, then the general provisions of the agreement apply to them. Nonetheless, some sectoral agreements, for instance in metal work and construction, contain specific regulations concerning disabled workers.

An example of good practice of the impact of collective bargaining on training and development is from the 2002 agreement which included a proposal from social partners to establish a National Council on Knowledge and Competencies. In 2004, the government appointed a tripartite Council for Labour Affairs and Education (*Työ- ja koulutusasiain neuvosto*). The aim of the council is to create a comprehensive strategy for training, workforce development and employment.

### *8.3.3. Social Partner Involvement in Training for Low Skilled Workers*

As this case study has already demonstrated, training of low skilled employees and workforce development in general are of great importance to the Finnish social partners. Indeed, Finland has a strong tradition of liberal adult education, meaning that trade unions and other non-governmental organisations play an important role in providing adult education and training for low skilled employees. Social partners, particularly unions representing blue collar workers and organised under SAK, are also involved in both policy making both at national and local levels on this matter, but also deliver substantial amount of training by themselves or in collaboration with education and training authorities. The following example explores in more detail the involvement of SAK in education and training of low skilled employees, and some of their general labour market policies.

Approximately 50,000 people participate annually in the training provided by SAK and its affiliated member unions. In addition to courses in trade union matters and civic studies, members are offered the opportunity to attend courses in various leisure activities, to study international affairs, to take up language studies or to enrol on open university courses. There are now almost 200 different types of training courses available to their members.

Training is usually delivered jointly by the unions and two workers' educational associations: the Workers' Educational Association (*Työväen Sivistysliitto TSL*), and the People's Educational Association (*Kansan Sivistystyön Liitto KSL*). These associations operate as training centres and receive state subsidies for the training although this is organised by the unions. Some of the training for union activists is organised in special trade union colleges owned by three of the SAK affiliated unions Metal Worker's Union,

### Building Workers' Union and Trade Union for the Municipal Sector.

Although much of the training is focussed on trade union matters, TSL also organises special courses for people from marginalised groups and training programmes that are built around emphasis on learning to learn, learning with others and teamwork skills – skills highly relevant for many disadvantaged groups. The People's Educational Association places training emphasis on education in social and political subjects, and in those subjects which concern the world of work, including vocational training and education, new technology and communication, and cultural activities and publishing.

The confederation also runs Kiljava College, which enjoys the status of an adult education college. The college specialises in basic and further training for union activists – but are also involved in offering vocational training services for companies and delivering a number of labour market projects dealing with education and training of low skilled workers, and promotion of multiculturalism and gender equality. In addition, the college offers open university studies to SAK members in the field of sociology, safety technology, ergonomics and labour law.

The SAK's investments in education and training of their low skilled members are starting to pay off. The number of qualified employees has continued to rise and participation in adult education and training has increased steadily over the last 20 years. In addition, the level of education amongst young people is constantly rising. But the level of education attained by the SAK members still lags behind the national average. Currently, less than 25% of the members hold no vocational qualifications. Whilst more women than men hold the necessary matriculation certificate, which would enable them to study at university, it is men who have mainly been undertaking vocational training.

The SAK Training Committee, consisting of 17 union education officers and union college representatives, operates as a discussion forum for internal training matters with the main responsibility of developing education and training within the trade union movement. It is also required to deal with the issues of training and education in the context of collective agreements. The committee provides its opinions both on educational policies and on issues which involve vocational training.

With regards to training policies, SAK believes that there should be more operational flexibility at vocational institutions and that teaching should be available at workplaces or as distance learning via the Internet. They also stress the importance of apprenticeship training and competence-based qualifications arranged independently of formal educational courses. Provisions such as these can play an important role in raising the education-level and employment options of low skilled workers.

Another trade confederation, STTK, is demanding to set national goals to cut down the number of low skilled workers, both employed and unemployed<sup>18</sup>. This is to be done by

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<sup>18</sup> Dr Petri Lempiinen (2003) *Learning for Employment – the View and Role of Trade Unions*.

- Tackling the problem around early school leaving;
- Creating better instruments for genuine recognition and validation of prior learning and informal competences; and
- Ensuring education and training are designed also to meet the needs of individuals, not only the needs of the businesses.

The following provides national, sectoral and company level examples of training schemes in which social partners have been involved in:

- *Training guarantee scheme:* in January 2001, a working group of the Finnish social partner organisations agreed the implementation of a scheme providing funding for people in employment to undertake vocational training courses. The initiative was a third phase of the so-called training guarantee scheme and was a follow-up to the first and second phases, which were intended for long-term unemployed people.
- In 2003 the State Employers Office developed an open platform of e-learning facilities for state agencies.
- The Finnish airline company Finnair started *Competence Management Programme* in 2001. The programme includes close collaboration with social partners through competence-based examinations. Social partners play a part in designing, assessing and monitoring competence-based examinations.
- All the social partners in the telecommunication sector have together started a project called *Edutele* the central aim of which is to organise continuing vocational education and training for people older than 40 years employed in the telecom sector (only a small proportion are low skilled though). The sector is undergoing a structural change, and this project helps to smooth the consequences of industrial change. The project includes three different training programmes, NetMaster, BcrMaster and IctMaster, but the programmes can be tailored according to the needs of an individual and of an enterprise. Most of the financing for the project comes from the employers.
- Social partners are involved in the wider lifelong learning framework. More precisely, businesses in Finland are obliged to give a contribution to a fund managed by the social partners which finances individual educational leave in conjunction with state aid.

#### *8.3.4. Social Partner Involvement in Integration of Other Disadvantaged groups.*

There are four further groups that receive considerable attention from the Finnish social partners; early school leavers, women, ageing workers and immigrants. However, the social partners have much less involvement in integration policies dealing with these groups than they do with training programmes for low skilled workers. This section looks in more detail the attitudes of social partners to the integration of immigrants, early school leavers, people with disabilities and women.

- **Immigrants**

Traditionally employers' organisations have tended to focus more on active immigration as a way of attracting skilled labour from abroad than on integration of migrants already living in the country. Due to the expected labour shortages in the future, the employers' confederation EK is promoting an active immigration policy - which in their opinion should, in addition to

labour market policies, take into consideration other relevant issues such as housing, language, education, family etc. As a part of this campaign, employers have tried to promote the importance of flexible processes in work and residence permit procedures. Employers' organisations have also organised seminars to inform companies about work permit, tax and social security implications and other practical issues concerning migrant workers. Participation in anti-discrimination and diversity projects has only become a feature of employers' sphere of activity in the past couple of years. This is partly because the number of migrants in Finland has traditionally been low.

Trade unions have been active in producing information to help migrants access the labour market for some years. But in recent times the unions' approach has shifted. Some have taken part in a number of national and local programmes that aim to improve immigrants' access to the labour market and development of multi-cultural workplaces, nationally and locally. Many of these projects have been implemented with European funding. Social partners are also a part of a tripartite working group, which aims to develop a company-based model for diversity management.

The ETMO project can be regarded as a good practice example of a tripartite collaboration to promote multicultural society in Finland. The project has been subsidised by the European Social Fund through EQUAL, and is led by SAK (Kiljavan Opisto) together with the Employment and Economic Development Centre, the Ministry of Labour, employers and immigrants as key project partners. The project's premise is that multiculturalism is a resource for companies. It aims to tackle employer prejudice and to improve employment opportunities for immigrants in Helsinki. A total of 16 companies/organisations are involved and each has set up their own "Working culture bridge group", which includes both native Finns and immigrants, and both employees and employers. The aim of the working groups is to develop new methods and tools to increase equality and tolerance in individual companies and in the Finnish labour market as a whole. Overall, the activities of these working groups have led to greater appreciation of foreign employees and greater tolerance in the workplaces.

In Finland, mainstream integration activities of immigrants take place at local level. It is the responsibility of municipalities to draw individual integration plans for each individual immigrant. Social partners are not involved in this process, at least not with a clear role, although they could potentially play a bigger role in this process. At the moment the key players besides municipalities are employment offices, immigrants' organisations and other non-governmental organisations (NGOs).

- **Early school leavers**

Trade confederations generally, but employers' central organisation in particular, are vocal on the problem of early school leaving. According to EK, one out of six young persons does not complete their upper secondary qualification. The latest employment policy paper from SAK stresses the need to ensure that every school-leaver has a guaranteed place on a vocational training course or in higher education. Unions also want to ensure that students have social



benefits, such as free tuition, meals and/or transport, in order to prevent barriers to basic vocational skills.

- **People with disabilities**

In general, social partner organisations in Finland seem somewhat less aware of issues related to the integration of people with disabilities than in most other European countries - although sectoral differences do exist<sup>19</sup>. Very few initiatives have been undertaken by the Finnish social partners to promote employment of people with disabilities. This is perhaps mirrored by evidence from the European Household Survey, which suggests that the labour market situation of disabled people in Finland, and in other Nordic countries, is strong compared to the rest of Europe.

#### *8.3.5. Strategic Level Involvement of Social Partners in Labour Market Integration*

The Tripartite Advisory Committee on Labour Policy is a forum in which the central Finnish social partners – the Central Organisation of Finnish Trade Unions SAK, the Finnish Confederation of Salaried Employees STTK, the Confederation of Unions for Academic Professionals AKAVA and the Confederation of Finnish Industries EK – can debate all aspects of employment policy, along with the Federation of Finnish Enterprises, the Central Union of Agricultural Producers and Forest Owners, and local authority representatives. Policies dealing with labour market integration of those at a disadvantage on the labour market are also discussed in this forum.

Education and training policies and related laws are also negotiated in tripartite working groups and committees. For instance, the Adult Education Council of Finland, which is an independent expert advisory body to the Ministry of Education, has social partners as members, and on a periodic basis social partner organisations have a chance to chair the council. Social partners are also represented in the work committees of the National Board of Education.

The competence-based education qualification system is based on tripartite collaboration. The tripartite Qualification Committees arrange and define competence tests that lead to a formal qualification. So the involvement of social partners is high in the planning, implementation, assessment and evaluation phases.

Vocational institutions that provide initial and further training have an advisory committee giving expert advice for the development of training. Social partners are from local and regional branches are represented in these committees. The role of social partners here is very practical and strong – mainly to build bridges between the training institutions and employees & employers. Social partners are also represented in sector specific education committees organised by the Ministry of Education and they focus on all levels of education in their field.

At regional level tripartite working groups exist at county boards (*maakuntaliittojen yhteistyöryhmät*), regional Employment and Economic Development Centres (*TE-keskus*),

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<sup>19</sup> EIRO (2001) *Workers with disabilities: Law, bargaining and social partners*.

regional offices dealing with health at work (*työterveyslaitos*), work protection committees (*työsuojelulautakunta*) and labour force working committee (*työvoimatoimikunta*).

Both employers' and employee confederations are involved in preparing new employment and education laws and policy frameworks. In the Finnish tripartite system traditionally the government and parliament do listen to the views of social partners. This was also confirmed by a review carried out by the European Foundation for the Improvement of Living and Working Conditions<sup>20</sup> which found that the involvement of Finnish social partners in the NAP process overall is high. Interestingly, the review also found that there is greater involvement of the social partners during the implementation phase than during the planning / consultation stage. This is facilitated in Finland through an extensive system of co-operation and consultation with the social partners on all aspects of employment policy, again through various standing and ad hoc committees.

#### **8.4. Conclusion**

The Noste programme's core aim was to improve the educational level of low skilled older workers. However, it has proved to be not only a training initiative, but also a capacity test for the Finnish adult education system. Noste has shown that important added value can be gained by linking service providers locally in order to deliver training courses jointly. However, fostering partnership working between organisations that are used to competing against one and another inevitably takes time. Building up sustainable relations of trust and joint working methods is time-consuming and there is a lesson to be learnt here surrounding the importance of setting measurable, but achievable targets for the first years of large scale national programmes. It takes a couple of years before the full benefits of activities can start to flourish.

One of Noste's best aspects is that it has not only tried to attract those to take part who are easiest to reach. Rather it has really focused efforts in finding most hard-to-reach individuals who are unlikely to access mainstream training, development and information services. According to all relevant programme stakeholders, outreach mentors trained by the trade confederation SAK have played a considerable role in Noste's success.

An analysis of the role of social dialogue in labour market integration of the Guideline 7 groups also highlighted interesting findings. Overall, it can be said that the approach of trade unions, particularly SAK, is very much 'hands-on' – compared to the involvement of employers. Unions are more involved in actual implementation of programmes, and often adopt a leadership role, whilst employers tend to keep their participation at the strategic level. In terms of training initiatives aimed at unskilled employees, trade union participation is present throughout, from the local company to the national level, from planning to the monitoring and evaluation stages. Indeed, Noste programme management demonstrated good working practices in terms of continuous monitoring and evaluation systems to follow the development of the project and to measure added value. It also highlighted that European

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<sup>20</sup> European Foundation for the Improvement of Living and Working Conditions (2005) *EIRO Thematic Feature: Social Partner Involvement in the 2002/2003 National Action Plans*.

Commission funding (ESF and EQUAL) have been incremental in building the capacity of social partners to get more involved in the delivery side of integration programmes.

Noste showed that labour market integration of low skilled workers is of great importance to the Finnish social partners. This was manifested, for example, through the bargaining system that addresses training and lifelong learning at national level. It is also partly due to the flexibility of the Finnish adult education system, which allows non-governmental organisations to deliver official training courses. However, the main reason for social partner involvement appears to be overarching concerns surrounding companies' competitiveness, for which availability of skilled employees is critical.

## **9. THE DANISH INTEGRATION AGREEMENT**

In late May 2002, the Danish social partners and municipalities concluded an agreement with the government on stronger measures to integrate immigrants and refugees into the labour market. The agreement provides the policy framework for integration in Denmark and outlines a range of instruments which provide newly arrived refugees and immigrants with an access to language and vocational training and practical work experience, which can be obtained as soon as they have received a permit to stay in the country. The agreement has also established a more targeted effort to provide an early assessment of the immigrants' training needs and provisions to effectively validate the formal, non-formal and informal competences of the target group.

This case study looks into the first three years of implementation of the agreement. It analyses the factors that contributed to the creation of the agreement and the dynamics of the social partnership behind the agreement. The case study also investigates the involvement of social partners in integration policies more generally. The first section provides background information on the labour market situation of immigrants in Denmark.

### **9.1. Background**

#### *9.1.1. Immigrant Population in Denmark*

Statistics<sup>21</sup> show that in 1980 immigrants and descendants<sup>22</sup> accounted for 3 per cent of the Danish population, whereas in 2004 this proportion had risen to 8.2 per cent. Overall three quarters of the immigrant population come from non-Western countries<sup>23</sup>. Their proportion of the population is forecast to increase in the future, even if the influx of newcomers is reduced.

As table 11 depicts, the highest percentage of foreigners in Denmark originate from Turkey, which make up 12.3 per cent of the total immigrant population. The second highest percentage of immigrants in Denmark originates from Iraq, which constitute 5.8 per cent of the migrant population. As the table displays, overall the largest proportion of immigrants and descendants in Denmark originate from non-Western countries.

**Table 11: Number of Immigrants in Denmark according to the country of origin, 2004.**

<b>Country of origin</b>	<b>Immigrants</b>	<b>Descendants</b>	<b>Total immigrants and descendants</b>	<b>% of all foreigners in Denmark</b>
<b>Turkey</b>	30.887	23.370	54.257	12,3%

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<sup>21</sup> Ministeriet for Flygtninge, Indvandrere og Integration: *Årbog om udlændinge i Danmark 2004 – Status og udvikling*.

<sup>22</sup> A person is defined as a Dane if at least one of his parents is both a Danish national and was born in Denmark. It is therefore of no significance whether the person himself is a Danish national or was born in Denmark. If the person is not a Dane, he is an immigrant if he was born abroad, and a descendant if he was born in Denmark.

<sup>23</sup> Mainly from Turkey, Iraq, Lebanon and Bosnia.

<b>Iraq</b>	20.701	4.970	25.671	5,8%
<b>Germany</b>	22.484	2.766	25.250	5,7%
<b>Lebanon</b>	12.101	9.689	21.790	4,9%
<b>Bosnia</b>	18.153	2.820	20.973	4,7%
<b>Pakistan</b>	10.689	8.561	19.250	4,4%
<b>Yugoslavia</b>	12.263	5.485	17.748	4,0%
<b>Somalia</b>	11.774	5.589	17.363	3,9%
<b>Norway</b>	13.862	1.626	15.488	3,5%
<b>Sweden</b>	12.199	2.023	14.222	3,2%
<b>Iran</b>	11.730	2.483	14.213	3,2%
<b>Poland</b>	10.877	2.148	13.025	2,9%
<b>Vietnam</b>	8.643	3.812	12.455	2,8%
<b>United Kingdom</b>	10.682	1.243	11.925	2,7%
<b>Sri Lanka</b>	6.815	3.509	10.324	2,3%
<b>Afghanistan</b>	8.986	1.247	10.233	2,3%
<b>Morocco</b>	4.948	3.851	8.799	2,0%
<b>Other countries</b>	110.008	19.042	129.050	29,2%
<b>All countries</b>	337.802	104.234	442.036	100,0%

**Source:** Ministeriet for Flygtninge, Indvandrere og Integration: *Årbog om udlændinge i Danmark 2004 – Status og udvikling*.

### 9.1.2. Labour Market Situation of Immigrants

Denmark can not be described as an immigrant country in the classical sense as it has only been in recent decades that the number of refugees and immigrants entering the country has increased. During the 1960s the typical non-EU worker in the country was a "guest-worker" attracted by the shortage of labour in Denmark. Since then immigration to Denmark from outside the EU has been dominated by an influx of political refugees and relatives of former "guest workers"<sup>24</sup>.

With this background, the debate around the situation of non-EU immigrants in Denmark has shifted from a focus on their role as a labour market reserve to the challenges posed by their integration into the Danish labour market. While employment rates for persons of Danish origin are close to 80 per cent, less than 50 per cent of immigrants from non-Western countries (outside Europe and North America) are employed<sup>25</sup>. The following table outlines the employment situation of migrants workers compared to that of the whole Danish labour force – according to the status of employment<sup>26</sup>.

<sup>24</sup> European Commission: *European Employment Observatory Review Autumn 2003*.

<sup>25</sup> European Commission: *European Employment Observatory Review Autumn 2003*.

<sup>26</sup> Statistics Denmark 1998.

**Table 12: Classification of employment amongst immigrant workers**

<b>Classification of employment</b>	<b>Immigrants<sup>27</sup> from Western Countries</b>	<b>Immigrants<sup>28</sup> from Developing Countries</b>	<b>Total Danish Population</b>
Upper level	16,5 (17,9)	6,9 (7,4)	12,5 (12,5)
Intermediate level	14,7 (10,8)	5,8 (6,1)	16,0 (15,8)
Basic level	36,7 (36,8)	40,9 (40,8)	48,2 (47,8)

### *9.1.3. Barriers to Employment*

The primary reason for the lower rate of employment is poor educational background. A large proportion of immigrants have not gained any professional qualifications in their countries of origin<sup>29</sup>. Moreover, only 10 per cent of immigrants aged 25-64 from non-Western countries have gained a Danish professional qualification after their arrival in Denmark<sup>30</sup>. The drop-out rates from higher vocational education are also extremely high among this target group<sup>31</sup>. Several Danish studies have shown that having some form of Danish vocational education is crucial to the position of immigrants in the labour market, while there seems to be less limited effect of having an education from their country of origin<sup>32</sup>.

The skills levels of migrant workers in Denmark and the reasons for migration have changed over the past decades. Up to three decades ago migrants came to work in Denmark, but now most migrants are looking for asylum or hope to be re-united with their family. Poor integration policies prior to 1999 also meant that those who arrived in the 1990s were not involved in any integration programmes. Asylum seekers had to stay in refugee centres until they received a permit to stay, and were not allowed to take part in any labour market or training programmes. Another considerable obstacle for effective labour market integration is poor language skills; 38 per cent of unemployed migrants do not speak Danish.

The situation is very similar across Europe. The Communication from the Commission on Immigration, Integration and Employment (03.06.2003) outlines the key barriers to integration that different Member States experience. The main reason is a lack of sufficient language skills amongst immigrants. A lack of education and formal skills together with difficulties in assessing and validating qualifications of immigrants have also been mentioned as key barriers for successful integration.

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<sup>27</sup> Also includes descendants.

<sup>28</sup> Ibid.

<sup>29</sup> Professional qualifications are defined as completed vocational training or higher education programmes.

<sup>30</sup> European Commission: *European Employment Observatory Review Autumn 2003*.

<sup>31</sup> Bjørg Colding (2005) *A Dynamic Analysis of Educational Progression: Comparing Children of Immigrants and Natives Danes*. Institute of Local Government Studies.

<sup>32</sup> The Danish Ministry for Refugee, Immigration and Integration Affairs (2002) *Yearbook on Foreigners in Denmark 2002*.

## **9.2. Integration Agreement**

### *9.2.1. Policy Development Phase*

The integration of immigrants has been a subject of multiple national debates in Denmark for the last 10 years, and especially the past 5 years. In addition to a poor labour market situation and low levels of educational attainment, a growing proportion of older workers in the Danish labour market has forced a search for new sources of labour. On the other hand, EU enlargement and the 'universalistic' design of the Danish welfare state caused a rising concern about the flow of 'social tourists' and generated a great deal of political debate in the country. These factors, together with major political changes, were the key drivers playing a part in providing an impetus for the conclusion of the agreement.

Indeed, immigration became a political matter in the country after a new coalition government of the Liberal Party (*Venstre*) and the Conservative People's Party (*Det Konservative Folkeparti*) took office in November 2001 from the Social Democrats. A wave of tougher measures and regulations were soon implemented by the new government to reduce the number of refugees. At the same time, they wanted to introduce more effective measures for the integration of immigrants into the labour market. This resulted in the government drafting a proposal on new, stronger integration policy. As the Danish policy-making framework is characterised by a strong tripartitism, the government also invited the social partners to join the negotiations. The government knew that implementation of the agreement would be much easier if social partners were already involved at the planning stage.

However, the topic was already high on the agendas of social partners as just two months earlier the Danish social partners (LO<sup>33</sup> and DA<sup>34</sup>) had also drafted a proposal on a new integration policy. Both of these proposals formed part of the content of the actual agreement which was finally signed in May 2002 with a fairly high level of consensus. The agreement was signed by the Confederation of Danish Trade Unions LO, the Danish Employers' Confederation DA, the government and municipalities (Local Government Denmark).

### *9.2.2. Content of the Agreement*

The agreement concentrates on integration of *newly* arrived immigrants as the educational attainment of second-generation immigrants is not as acute as the one of recently arrived non-Western migrants. For instance, when looking at access to and participation in higher education among the age group of 20-24 year-olds, the rate is extremely poor among recently arrived migrants, but the participation rate of descendants is the same as the rate of Danish men.

The agreement provides the general framework for the government's policy to integrate newly arrived immigrants more effectively and efficiently, and as fast as possible. The Danish

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<sup>33</sup> The Confederation of Danish Trade Unions (*Landsorganisationen i Danmark, LO*)

<sup>34</sup> The Danish Employers' Confederation (*Dansk Arbejdsgiverforening, DA*)

municipalities are responsible for the implementation of the agreement and providing the agreed services for all new immigrants and refugees. In brief, the means adopted are:

- to provide newly-arrived non-EEA foreign nationals with the possibility of work experience in an enterprise for a period of up to 12 months, on a special introductory wage; and
- to provide language training at the workplace, so as to avoid immigrants having to learn Danish for three years before they can enter the labour market.

To be more precise, the policy consists of a three-step induction programme which aims to take place in companies over a three-year period (maximum length). Individuals may benefit from all different phases, or alternatively only some depending on the individual needs (e.g. depending on previous qualifications and language skills). The following table introduces the three phases of the programme.

### **Phase 1 – workplace introduction**

Immigrants may begin their integration programme by undergoing workplace introduction. During this stage (up to 12 months), individuals are not under employment contract and receive an allowance from the municipal authorities to support them. The aim is to introduce a newly arrived immigrant to a Danish workplace. Participants do not work during this phase but focus on shadowing other employees, take Danish lessons and may also start vocational training courses.

### **Phase 2 – workplace training**

The second phase aims at making the individuals concerned ready for ordinary employment as early as possible. Companies play a bigger role in this phase, which involves the following:

- an individual will work part-time in a company (a part of the salary is paid by the company); and
- an agreement is signed between relevant parties (individual, company and municipality) to ensure that an individual can continue taking Danish lessons and vocational training courses if so required. The public authorities pay the costs of training courses and an allowance for the time spend on training courses.

### **Phase 3 – ordinary employment**

The last phase of the integration process is ordinary employment, whereby the individual can – following the language, vocational training and on-the-job training programmes – be employed by the company according to the to the same collective agreements as other employees. Given the new measures, the companies are expected to recruit the people concerned at an earlier stage than is currently the case.

Language training in the workplace is a critical element of the agreement. New legislation (Act No. 375 of 28 May 2003 on Danish Courses) ensures a universal access to language training for all immigrants with a residence permit. Local authorities are obliged to provide



the courses for up to three years after the first enrolment in a course for immigrants who live and are registered as residents in their constituency.

The integration agreement also emphasises early assessment of prior learning and training needs. Validation of foreign qualifications is the responsibility of CVYY, an institute under the Ministry of Education, but the assessment of vocational training needs and wants of immigrants comes under the responsibility of the municipalities. Municipalities provide access to vocational training courses to those who require it, although in some cases on-the-job training is the preferred option for both parties (the individual and the company).

### *9.2.3. Recent Policy Update*

Actual implementation of the agreement has been a slow process due to the need to pass relevant legislative changes. In addition, some components of the introductory programme have changed a couple of times since the agreement was signed in 2002. June 2005 brought the latest set of changes to the content of the agreement. The government published another integration policy paper, *A New Chance for Everyone – The Danish Government's Integration Plan*, which was written without consultation of social partners.

This new policy slightly amends the content of the original agreement. From the government's perspective, the aim of the new policy paper is to enhance its current integration efforts through several new initiatives intended to boost education and employment among immigrants and their descendants, counter ghettoisation in vulnerable neighbourhoods and prevent and combat crime. In relation to education and labour market integration, the new agreement provides the following<sup>35</sup>:

- **Children**

The integration policy acknowledges that the first integration efforts should be made at pre-school stage, and they should continue throughout the compulsory schooling period. The Danish government has allocated more resources for immigrant pupils to become fully proficient in the language of instruction, and allocated less resources for teaching them their mother tongue. Three- and eight-year-old immigrant children are also tested for their Danish language skills. Children are offered homework coaches and career counselling.

- **Young people**

When young people leave school, they must be offered training or education in conformity with their skills and qualifications. For this reason the government intends to make it possible to enrol in several vocational courses on the basis of practical qualifications, strengthen the existing efforts to find more practical training places, re-introduce apprenticeships and launch a scheme rewarding companies which set up additional practical training places. In practice this means making it compulsory for young people aged 18-25 who receive cash assistance and whose only problem is unemployment to commence a relevant job-qualifying course. Otherwise their cash assistance payments will be stopped.

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<sup>35</sup> *A New Chance for Everyone – The Danish Government's Integration Plan 2005.*

- **Employment**

The Government therefore intends to make extra efforts to increase immigrants' and descendants' ties with the labour market. Those local authorities which make special integration efforts are rewarded. Conversely, local authorities who do not provide regular offers of activation and training to recipients of cash assistance will have a smaller proportion of their expenses refunded. Everybody must be offered enrolment in employment-generating schemes. Local authorities are obliged to provide offers for all recipients of cash assistance including the long term unemployed. The policy also highlights that '*it should pay to work*'. The government is planning to take away benefits from couples where both spouses receive cash assistance.

To summarise the policy paper and its influence on the agreement, fundamentally this development brings about an element of *mandatory* participation to integration schemes. A refusal to take up learning or workplace training may result in losing benefits, and municipalities are offered further financial incentives to increase their efforts to involve immigrants in training programmes.

#### *9.2.4. Funding*

The funding framework for the policy is somewhat complicated. A proportion of the expenses are directly covered by the government, and the rest are covered by municipalities through an incentive scheme created by the government. The incentive scheme is aimed to encourage municipalities to activate the target group and provide universal access to workplace training, vocational training and/or language courses. For each individual the local authorities succeed to integrate into sustainable employment within the programme period, local authorities receive a financial reward from the government. This makes it in the interest of municipalities to involve immigrants in different training programmes (vocational, workplace or language).

In relation to employers' contribution to the costs, the concept behind the agreement is that employers fundamentally pay 'what the employee is worth' and municipalities cover the rest. In practice this means that attendance to shadowing and training periods is covered by municipalities, the rest are covered by employers. In principle the agreement allows employers pay less than the minimum wage, but so far none of the key stakeholders were aware of this actually taking place.

#### *9.2.5. Impact*

As it was pointed out earlier, the actual implementation of the agreement has been slow because the agreement had to be followed by legislative changes, of which most only came through one or two years after the original agreement was signed. Consequently, the actual implementation stage only began in 2004. This means that this report will be somewhat limited in its ability to make conclusive statements about impact. However, general remarks can be made based on the interviews with key stakeholders (the Ministry of Refugees, Immigration and Integration, LO, DA and Local Government Denmark) and on the basis of the results from the 'Joint Project on Enterprise-oriented Integration'.

Overall the employers' confederation (DA) is pleased with the agreement, indeed it was mentioned that the original agreement matched 90-95 per cent of their views on the topic. The trade confederation (LO) was also largely happy with the original integration agreement, although it had rather serious reservations over the benefits paid to programme participants during the introduction phase of the integration programme, because the agreement allows employers to pay salaries under the collectively agreed minimum wages. However, experience so far has shown that employers have not taken advantage of this and the unions are reasonable happy with this development.

The recent policy development has not been praised by the social partners to the same extent as the first one. While employers have, to a certain extent, welcomed some of the new incentives, trade unions are not as happy with the new developments, particularly since they were not consulted about the latest paper. In their opinion, the provision of negative incentives (e.g. losing benefits) to improve take up of training and integration measures is discriminatory. They also feel it is a conflicting practice when looking at it from the context of the Danish social model which is based on social security and solidarity. The confederation also feels that with the implementation of the new policy paper, the integration programme becomes too focused on economic aspects, whilst new efforts should have been aimed at education, training and skills development.

The agreement, together with other labour market reforms including a new Act on Danish Courses and the Integration Act, has been a major step towards a more targeted and consistent integration policy. The agreement also provides immigrants with better access to personal and professional development, which has the potential to be fully tailor-made to match the needs and requirements of individuals and, perhaps even more importantly, their employers. As a result of the agreement, teaching of the Danish language is also organised in a more efficient and flexible manner than before. This is ensured, among other things, by placing some of the teaching in companies as language learning should not prevent immigrants from obtaining employment. This is based on an assumption that greater motivation and opportunities to learn Danish are ensured by sending immigrants out to a Danish work place together with Danish colleagues who can then also make an effort to integrate them.

It is fair to say that the implementation of the agreement has faced some challenges over the first couple of years of its operation. But the overall feeling among the stakeholders is that the take up of learning and workplace opportunities has increased somewhat among the target group, although there is no statistical data available to support this argument at the moment (an official evaluation on the impact of the agreement will begin early in 2006). At the same time, there is a sense of a rather widespread consensus that the take-up has not been as high as expected, or at least not as high as the government hoped for. As a response to this situation, the government released the new policy paper in 2005, which introduced the elements of obligatory participation and somewhat altered the concepts behind the first agreement.

The policy is expected to have a longer-term sustainable effect. From a short-term perspective, the costs of the integration programme are far more expensive than the provision

of social benefits for immigrants. But the investments in education and training are expected to be paid back by the increased labour market participation of newly arrived immigrants. Improved access to education is also expected to have an impact on the type and level of jobs the target group can obtain.

It must also be kept in mind that the sustainability and success of the agreement depends largely on the financial and organisational capability of municipalities to provide training places for all migrants in their locality – but to a great extent also on the willingness of employers to train and employ non-native Danes. In this context it must also be remembered that the integration of immigrants has been the responsibility of municipalities *only* since 1999, when the responsibility was transferred from the Refugee Council to local administrations. The agreement has forced municipalities to consider local companies as partners in employment development and labour market integration.

As a result of the new investments on integration of immigrants, vocational schools have also introduced a number of initiatives to attract more individuals with a foreign background to take up training and reduce drop-out rates. For example, immigrant students in the basic nursing (carer) programmes are exempted from certain modules. Furthermore, vocational training schools (in the social and health sectors for instance) in collaboration with language schools and local authorities have designed introductory and preparatory courses for foreigners. As a result of these initiatives, foreigners from non-Western countries have constituted a steadily increasing proportion of the number of students aged 15-24 in social and health training programmes. This increase has been greater than the increase in the proportion of foreigners in the wider population amongst this age group.

The joint project on '**Enterprise-oriented Integration**' is a joint effort between the social partners and 13 municipalities to promote a quick implementation of the legislative framework of the agreement, and to test and evaluate the effectiveness of the integration programme. The project has enabled social partners to understand the difficulties this target group faces in integration – including poor language skills and educational background. This has been of particular importance to municipalities because their activities have received some criticism from employers' organisations. The project has also provided vital lessons from experience:

- It is possible to open doors and create opportunities through collaboration and the sharing of common responsibilities between local authorities and the private sector.
- Integration instruments must be flexible and must suit both individual needs and the needs and possibilities at the local level.
- On-the-job training can speed up routes to employment.
- Language training is most efficient when it is provided in the workplace.
- Wage subsidies are of great importance for the uptake of training.
- Traineeship is the most effective method of assessment of actual competences.
- The use of mentors can facilitate the introduction of immigrants to the work place.
- As a result of the agreement, municipalities are a lot more active at visiting companies and finding employment for immigrants.

### **Impact on companies**

Megaflex is a construction company in a small city of Frederiksværk, employing just under 100 employees. The company has a long tradition of employing newly arrived immigrants. Currently the company employs 7 non-native Danes, and at any one time migrant workers constitute five to ten per cent of the total workforce.

The company has almost exclusively positive experiences of recruiting migrant workers, due to their good spirit and motivation to work hard. The introduction of the new integration instruments has made it easier for the company to take on workers with a foreign background. The company has received much more support from the local municipality who now actively help to find employees for the company. The agreement also provides the immigrant workers with an opportunity to take up language training, which again speeds up the full integration process for the company. However, as a medium-sized business Megaflex has found it difficult to find replacements for the periods the migrant workers spend in training courses. Therefore, future developments in this field should further take into consideration the needs of small and medium-sized companies.

Finally, the company hopes for more open discussions on the issue of integration.

#### *9.2.6. Challenges and Lessons Learnt from Experience*

Four key challenges have hindered the implementation of the policy, which should be taken into consideration when designing and planning similar measures. Firstly, tailored company-based language and training courses have proved very expensive for municipalities to provide, and consequently the take-up of this resource has not been as high as expected. However, at the same time they have been found to be extremely effective. As a solution, the Ministry of Education has suggested a more meaningful co-operation between companies to organise joint language classes and a more extensive promotion of IT and net-based teaching.

Secondly, although the policy itself was designed over a very short time period, the implementation stage was rather slow due to the legislative changes which followed the agreement. As previously discussed, the majority of the changes came through one or two years after the original agreement was signed. Moreover, a number of changes have been made to the policy since it was originally introduced. These constant changes have made it difficult for municipalities to keep their staff aware of all new procedures and laws. However, this is not new in a sense that earlier initiatives in this area in Denmark have also demonstrated a slowness in the process of implementation<sup>36</sup>. This perhaps sends out a wider message in relation to implementation of national integration and educational programmes. Targets for the first couple of years of implementation are often set at too high a level. The preparation stage of national programmes can take a number of years, especial when the programme experiences multiple changes to its content. But political pressure and the need to justify new streams of spending often force the stakeholders to promise quick results. The trade confederation also emphasised that too many changes to the context of the programme threatens the long term sustainability of the programme.

Thirdly, the programme period of three years is considered to be too short for many members of the target group. Those with very poor educational background find it difficult to follow the fast process of integration and may require simple language and basic skills training for a significant period before they can move to vocational training courses. On the other hand, long integration processes may be seen as a sign of weak validation practices; prior knowledge and competences may not be acknowledged to their full potential in some cases. This again is linked to the role and capacity of municipalities. It is the view of some of the social partners that municipalities could do more to develop more rigorous screening mechanisms of prior learning in order to validate the competences of immigrants. In the long term these processes can save training time and resources.

Finally, with regards to the costs, it is fairly universally agreed that an integration process that is based on a flexible and tailored approach to learning, training and workplace integration does not come cheap. The cost of integration programme per person varies depending on how many phases of the integration process each individual requires to undertake before being fully integrated into the labour market. But on average, the price of the programme per participant is high, in actual fact much more expensive than provision of social benefits.

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<sup>36</sup> Carsten Jørgense, FAOS

### **9.3. Social Dialogue and Labour Market Integration Programmes in Denmark**

This section discusses the ways collective bargaining in Denmark affects the labour market situation of people at a disadvantage. It also considers the attitudes of social partners to integration programmes, and describes the extent of their involvement in the design and implementation of such programmes. This section has its emphasis on immigrants and ethnic minorities, but also includes information on other disadvantaged groups.

#### *9.3.1. Background*

In Denmark the legal framework for collective bargaining is mainly determined by bipartite 'basic agreements' concluded between employers' associations and trade unions at national level. In the system the sector is the most important bargaining level for wage determination. Although the sector is still the most important bargaining level, there is a significant tendency towards decentralisation of bargaining. At company level, negotiations in cooperation committees (bodies with similar composition to joint works councils, with equal representation of management and employees) have grown in importance. In some sectors, sectoral agreements determine only minimum wages while actual wages are determined at company level. Bargaining coverage is nearly 100 per cent in the public sector and just under 80 per cent in the private sector.

#### *9.3.2. Impact of Collective Bargaining*

Collective agreements in Denmark, at all levels, address issues around lifelong learning, working conditions, gender mainstreaming, inclusive labour market and working time<sup>37</sup>. This case study has been concentrating on the national tripartite integration agreement, which itself demonstrates the influence social partners can have on integration of immigrants. Migrant workers are also mentioned in the national Co-operation Agreement. The Cooperation Agreement of June 9, 1986 is a bipartite agreement between the central social partner organisations and it sets up the framework for co-operation between management and employees in companies. A supplement to the Cooperation Agreement was added in 1999 to include matters relating to equality between native Danish employees and employees having different ethnic backgrounds.

There are also examples of sectoral agreements that deal with the integration of immigrants. For example, the sectoral social partners in the finance sector have negotiated an agreement on the integration of immigrants. Local level examples can also be found. Along with DA and LO, the municipality of Copenhagen is currently running a programme with the aim of creating 2,000 new jobs for immigrants over a three-year period (2002-2005).

Social chapters of most framework agreements often deal with the issue of integration of people with disabilities and there are examples of initiatives dealing with persons with disabilities at sectoral and enterprise levels. The content of the social chapters varies but

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<sup>37</sup> European Foundation for the Improvement of Living and Working Conditions (2002) *Social partner involvement in the 2002/2003 National Action Plans*.

typically they describe the possibilities for concluding local agreements on special terms for employees with reduced capacity to work, including terms of employment which may deviate from the general provisions laid down in the collective agreement. The trade confederation has also been lobbying to make it possible for persons in temporary employment (which can include disabled persons) to be members of an unemployment insurance fund so that they may receive unemployment benefits in the same way as ordinary employees in the event of unemployment.

Collective bargaining has a substantial, although indirect, impact on improving the labour market status of low skilled employees – mainly via collective agreements addressing the vocational training needs of employees. At national level social partners collaborate with the government to regulate the vocational training system. Similar co-operation occurs in the delivery of vocational training in the vocational establishments where companies, trade unions and local authorities are equally represented.

Sectoral agreements started to play a greater role in continuing training during the second half of the 90's by means of generalising the right of employees to training, providing for employers' financial contributions to supplement state funding, and setting up bipartite organisations to promote and manage continuing training<sup>38</sup>. Indeed, continuing vocational training is among the top 5 issues in the agenda of collective agreements in Denmark and it is considered a key factor for positive employment development among unskilled workers<sup>39</sup>.

Collective bargaining frequently includes negotiations over:

- the creation of obligatory training funds (companies);
- allocations for training time and the freedom for employees to participate in vocational training of their own choice;
- the gender-related differences in unskilled employment;
- the integration of immigrants and their access to training, and
- groups with the greatest need for supplementary training.

The Danish industrial social partners have also concluded an agreement on the implementation of a government plan entitled 'Bringing more people into employment' in 2003. The aim of the plan is to increase employment by introducing subsidised periods of work that enable low skilled and long term unemployed to upgrade their skills. The plan has been incorporated to the collective agreement for the industrial sector and will come into force as soon as the relevant legislation has been implemented.

### *9.3.3. Attitudes of Social Partners*

The employers' organisations in Denmark are clearly in favour of migration to meet the up and coming labour shortage. Larger companies in the country have for a while been implementing diversity oriented recruiting policies. Labour market conditions of ethnic minorities, people with disabilities and women have traditionally been the focus of trade

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<sup>38</sup> European Foundation for the Improvement of Living and Working Conditions (2002) *Lifelong Learning and Collective Bargaining*.

<sup>39</sup> Ibid.



union activities. The unions are in favour of integrating immigrants who already reside in Denmark and also integrating unemployed Danish people in the labour market *before* encouraging migration to the country to meet the labour shortages. But in principal they are not against migration. Generally unions feel that employers (companies more so than employers' organisations) are not active enough in the integration of immigrant workers<sup>40</sup>.

In relation to preferred policy approaches, neither employers' nor employees' representative organisations in Denmark support the introduction of quotas as a way of improving the labour market situation of marginalised groups.

#### *9.3.4. Activities of Social Partners*

In general the role of social partners in integration of disadvantaged groups in Denmark is high. Social partners are represented in numerous tripartite working groups on labour market integration matters (policies and laws), from the municipal level to national level strategic policy groups. However, social partners have expressed their concerns over their representation at local level due to the government's strive to merge municipalities into bigger regional authorities.

The Danish trade confederation LO has established a Council on Integration of which members consist of representatives of all independent member unions. Individual unions do differ in their opinions on integration policies but most of them are in favour of the recent policies. In the beginning of 2005 LO established a national Trade Union Centre for Integration. It was established as the confederation feels that the Danish union movement needs more focus on the integration of refugees and immigrants in the future. The new centre will focus particularly on labour market integration, immigrants working in the trade union movement and the integration of immigrant children and young people.

LO has also produced information material for members to promote diversity management in companies. In fact, LO feels there should be a policy on integration of ethnic minorities too, in addition to the one addressing immigrant workers. In connection with gender equality matters, LO's 2003 Congress agreed on a resolution on equal opportunities. In practice the resolution means that the confederation allocates funding for concrete measures addressing equal opportunities in the labour market.

The Danish social partners have a close working relationship with NGOs in the country, and particularly with the Institute of Human Rights and the Danish Refugee Council.

In connection with practical examples of the way social partners participate in the actual delivery of integration of a variety of disadvantaged groups, a few examples are presented below:

- Social partners in the transport sector have developed a pathway which enables low skilled employees in the sector to obtain formal qualifications.

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<sup>40</sup> EIRO: *Comparative Study on Migration and Industrial Relations*.

- The Danish Construction Association and the Federation of Building, Construction and Woodworkers' Union initiated a project with the title "Cooperation and lifelong learning within Construction" together with the Danish Association of Construction Architects and Danish Technological Institute in the autumn of 2003<sup>41</sup>. The cooperation comprises of a number of enterprises as well as a number of educational institutions offering education and training at the levels from upper secondary to low and medium level programmes, including a double pathway for people at work to obtain the same qualifications. Specifically, it deals with "Development of work organisation and training – development of vocational education and training and lifelong learning at a systems level". The activities will run until the end of 2006 and the social partners have already developed several tools for in-company training.
- The Network Locomotive<sup>42</sup> consists of approximately 160 private and public businesses, trade unions and educational institutions in the Vejle Region. The purpose is to exchange experiences regarding how to identify and motivate employees with inadequate reading, writing and mathematical skills. The Network provides education in reading, writing and mathematics at the primary and lower secondary educational level. The teaching takes place either at the place of business or at one of the centres for adult education in the region.

#### **9.4. Conclusions**

This national policy example from Denmark displays a good deal of flexibility and new ways of thinking. This applies, in particular, to the closer contact with workplace, universal access to training and language learning, in combination with the new requirements placed on the immigrants themselves. The example also demonstrated that the problems facing newly arrived migrants are multi-faceted and challenging, and therefore the introduction of policies that help to improve entry to the labour market is not straightforward.

This example has also shown that the provision of universal access to training, employment and integration measures does not necessarily result in widening participation, suggesting that a voluntary approach to education and training provision also has its limitations among this target group. This can be a result of cultural, language, religious, family and even health circumstances of immigrants. As an example, women from certain immigrant groups are not expected to take up learning due to their role within a family. Furthermore, the questions of social assistance and 'making work pay' are also of relevance in the countries with traditionally strong welfare systems like Denmark – the target group may not want to or may not be able to take part in learning or training in a workplace if it means that they will be financially worse off by working/studying rather than staying on benefits. As a result, this year, accompanied by some controversy, the Danish government decided to strengthen the role of negative incentives.

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<sup>41</sup> Joint social partner report: Framework of Actions for the Lifelong Development of Competencies and Qualifications; Second follow-up report, 2004.

<sup>42</sup> Ibid.

It is also in itself an important signal that the social partners have – in partnership and consensus - come to an agreement about this issue, and are also jointly involved in monitoring and evaluation of the policy. With this they signal that they can still reach agreement on vital issues – in spite of major political changes. With this agreement the social partners have also illustrated that they are willing to take some responsibility over integration matters. The question is that whether companies are willing to take the same responsibility.

Finally, it is also worth considering whether the policy approach and/or delivery style would be any different if organisations representing interest of immigrants would have been more closely involved in the policy design and implementation in a same way than other four parties that signed the actual agreement.

## **10. WORKWAY – IRELAND**

The Workway initiative was a joint ICTU (*Irish Congress of Trade Unions*) / IBEC (*Irish Business and Employers Confederation*) partnership project to raise awareness around the employment opportunities of people with disabilities in the private sector. Established as a pilot in 2001, the project's second phase completed in spring 2005.

The case study outlines the labour market situation of people with disabilities in Ireland, together with the government's relevant policy framework. The case study then goes on to describing the activities of the Workway. The final section of the case study looks in more detail the role of social partners in integration, not only in relation to people with disabilities but also other marginalised groups.

### **10.1. Background Information**

#### *10.1.1. Labour Market Situation of People with Disabilities in Ireland*

Over the past 15-20 years, the Irish labour market has experienced unprecedented growth and unemployment has declined dramatically in response. Although it has slowed slightly in recent years, employment still grew by 1.4 per cent in 2002. Labour and skill shortages have become a common feature across sectors in Ireland.

The country's growing workforce during this time of economic growth has been mainly fed through the pool of unemployed people, school leavers and people in education and training. In addition, female labour market participation rates have risen and the country has seen a considerable increase in migrant workers.

There has not, however, been a corresponding improvement in levels of employment amongst people with disabilities. Ireland has roughly 360,000 - 400,000 people with some form of disability, which equates to approximately 1 in 10 people. It is estimated that a disabled person of working age is two and a half times less likely to be in work than a non-disabled person and much more likely to be working part-time. The high drop out rate of teenagers with disabilities from education has been subject to significant publicity in recent months.

As detailed in Table: 13, the Irish Quarterly National Household Survey (QNHS) found the employment rate of those with a longstanding illness or disability to be 40%. The inactivity rate of people with a chronic illness or disability is highest among those aged 55-64. But somewhat worryingly, it is second highest among the 15-24 year old age group.

**Table 13: Labour force status for those with and without a longstanding illness or disability, aged 15-64<sup>43</sup>**

<b>Labour Force Status</b>	<b>With (%)</b>	<b>Without (%)</b>
Employed	40.1	68.3
Unemployed	2.8	3.0
Not economically active	57.1	28.7

The European Community Household Panel (ECHP) Survey on economic status of people with disabilities suggests that the employment rate of people with disability is fairly average in Ireland compared to other European Union countries. It is similar to the rate in Belgium and clearly higher than in the Southern European countries (Greece, Italy and Spain) but much weaker than in the Nordic countries.

The Irish National Disability Authority has set a minimum target of increasing the number of disabled people in work by 13,000. It calls for pro-active recruitment strategies to work towards this and active promotion of information about grants and support mechanisms available for workers with disabilities to employers.

#### *10.1.2. Barriers to Employment*

Barriers to employment for people with disabilities are similar in Ireland as they are in many other European countries. One of Workway's objectives was to identify barriers and investigate relevant policy and programme measures required to tackle them. The main barriers identified were as follows<sup>44</sup>:

- Barriers relating to **person's capacity to work**. People with disabilities have expressed, for example, a lack of confidence and self-esteem with regard to accessing employment, pointing to a need for training to raise awareness amongst prospective employers.
- Barriers relating to **employability**: for example, relevance of training options to current labour market demands, lack of access to work placements and lack of access to sustainable employment because of lack of relevant experience.
- **Attitudinal** barriers refer to barriers created by attitudes of people with long-term ill health or with a disability towards working. The attitudes of family members, carers and co-workers can also either create barriers to employment or encourage and support individual to seek employment.
- **Employers' lack of information and concerns** about employment of people with disabilities. Employers are not aware whether they can discuss performance and

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<sup>43</sup> Quarterly National Household Survey 2002

<sup>44</sup> Further information on the barriers to employment can be found at ICTU/IBEC: The Way Ahead – Workway Policy Paper. [www.workway.ie](http://www.workway.ie)

behaviour if necessary, and they are not fully aware what type of financial or other assistance is available.

- **Accessibility** of the built environment is also clearly an issue for some people with a disability. Accessibility to information and advice is also one of the main barriers, referring to both people with disabilities and employers. Both parties also have problems in identifying which agency to contact for information and support.
- **Structural mismatch** between the skills that people with disabilities have and the skills demanded by the labour market.
- **Financial disincentives and 'benefit traps':** The current Irish social security system poses a number of barriers for those people with disabilities who wish to take up employment. Benefit traps mainly arise as a consequence of:
  - Income maintenance payments.
  - The loss of the secondary benefits available to social welfare recipients (e.g. rent).
  - The loss of the specific secondary benefits available solely to people with disabilities, e.g. the mobility allowance and the medical card covering medicines, aids and appliances.

#### *10.1.3. National Policy Framework*

Labour market policies focusing on people with disabilities were introduced in the seventies. In the mid-1970s a quota of three per cent disabled employees was established for public sector employers. In 1993 the Government set up a Commission to examine tools for promoting equal access and equal treatment of people with disabilities. The 1990s also saw the implementation of a number of new laws to improve employment of this target group. However, the success of these policies is questionable. The public service has still not met its three per cent target and unemployment levels of disabled people remain high.

In 2000, much more support, attention and, most importantly policies, supporting labour market integration of people with disabilities were introduced. Since then, most services for people with disabilities have been mainstreamed, so that they are delivered in the same way and by the same organisations as services for the broader population. This decision has been of particular importance and represented a significant structural change. In addition, the government's National Action Plan for employment in 2000 stated that the integration of people with disabilities in the open labour market is a major objective for the Department of Enterprise, Trade and Employment, from the perspectives of both social inclusion and labour supply.

A three-year tripartite social partnership agreement, the Programme for Prosperity and Fairness (PPF) was also signed in 2000. This agreement included a number of different provisions for people with disabilities (e.g. introduction of the Disability Bill, making public services more accessible to people with disabilities; the development of Code of Practice for Sheltered Employment; a more integrated approach to vocational training provision for the

target group; the provision of grants to employers to train employees with disabilities; the 'Positive to Disability' campaign and increasing funding for workplace/equipment adaptation grant scheme).

The government also launched the National Supported Employment Programme in the same year. This programme's objective was to place people with disabilities into paid employment and provide them with the support required to achieve full integration. Ireland was one of the first countries in Europe to implement such a programme from mainstream sources.

The success of labour market provisions and employer support schemes has varied. The previous Positive to Disability campaign has been replaced with the O<sup>2</sup> Ability Award. The Positive to Disability campaign was established to reward companies which had drafted policies for recruitment and employment of persons with disabilities. The O<sup>2</sup> Ability Award instead rewards companies which '*strive to change the culture of employment in Ireland*' and have gone a step further by also employing people with disabilities. The latter rewards practice rather than intent.

The government is currently in the process of launching a new and innovative wage subsidy programme. Under this, employers can receive support for employment of people with disabilities if their productivity is less than 50%. Other current policy priorities focus on building a closer relationship between the target group and individual employers and raising awareness among employers. For example, to mark the European Disability Day, People with Disabilities in Ireland (PwDI) networks around the country organised lunch meetings for local employers. These meetings were set to enhance employment opportunities for people with disabilities and to inform employers about grants and support instruments available to them.

Current labour market initiatives aimed at people with disabilities seem to receive strong political support in the country. However, the latest social partnership agreement, Sustaining Progress, does not pay the same attention to the integration of this target group as the previous one did. Some provisions will still continue under the new agreement. However, the number of training places for people with disabilities has been retained at 2002 levels due to severe cuts in the budget of FÁS<sup>45</sup>. This said, one of the special initiatives under Sustaining Progress concentrates on long-term unemployed, vulnerable workers and those who have been made redundant. Work is also planned to address the poverty/benefits traps people with disabilities face when accessing labour market.

## **10.2. What is Workway?**

### *10.2.1. Project Idea*

Workway was inspired by a successful EU-funded project called Jobnet, which was a project developed by SIPTU (the largest Irish trade union), a number of charities and 6-7 larger manufacturing companies in Waterford. The project aimed to identify barriers to employment in manufacturing companies and increase employment opportunities of disabled workers.

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<sup>45</sup> FÁS - Ireland's National Training and Employment Authority

Jobnet was considered to be a success, so when the negotiations started for the next national social partnership agreement, Programme for Prosperity and Fairness, ICTU wanted to build on it and develop a larger programme to involve independent unions as well as the employers' confederation.

#### *10.2.2. Workway Description*

Workway promoted employment opportunities for people with disabilities and aimed to increase awareness among private sector employers. This was done by raising awareness and breaking down barriers that existed amongst employers as well as amongst people with disabilities. The project was not intended to actually place people with disabilities directly into employment, but rather to focus on the longer-term goals of changing behaviour and perceptions. The project was therefore seen very much as a demand side measure with its core purpose being awareness raising. Workway was the first social partnership programme in Europe to tackle the unemployment of people with disabilities and to receive funding from mainstream sources.

Phase 1 of Workway operated between December 2001 and March 2004 with funding of €888,820 from the Department of Enterprise, Trade and Employment (under the National Development Plan). It was initiated, designed and led by the two leading social partners in the country, the Irish Congress of Trade Unions and Irish Business and the Employers Confederation. The direction of the project was steered through a national steering committee comprising of representatives of government departments, State agencies, disability organisations, social partners and other groups involved in training and employment of people with disabilities. A total of seven strategic objectives were set for the project and are outlined below:

##### **Objectives of the Workway Phase 1:**

- Raise awareness of the employment potential of people with disabilities
- Explore skill availability and labour shortages
- Identify barriers to employment from the perspectives of employers and people with disabilities
- Involvement of all parties in finding practical solutions to employment barriers
- Impart information to assist with the integration of people with disabilities
- Link in with existing networks who can promote the employment of people with disabilities
- Inform public policy and service providers of the implications for developing employment and training services

It was agreed from the start that the project would adopt a strong regional/local focus, rather than a national one. Local networks were established in Cork, Donegal, Galway and Kerry. These locations – which were proposed by ICTU/IBEC and then approved by the steering committee areas - were chosen mainly on the grounds of good existing links between social



partners had in the regions. IBEC, for example, has regional offices in these network locations staff from these offices played an important role in the network for the networks. It was consciously decided to exclude Dublin because it had generally been the focus of much previous activity in the field. Inadequate local contacts meant that Workway was not implemented in the Midlands.

The networks were comprised of employers, trade union representatives, FÁS, persons with disabilities, representatives of people with disabilities and service providers. These groups worked together to identify existing barriers in their local areas and devised practical solutions to overcome these obstacles. Numerous meetings, workshops and conferences were held during this stage of Workway – awareness raising campaigns played a major in the core project activities. Network members also raised awareness about employment of people with disabilities among other companies, developed a communication strategy and delivered numerous promotional campaigns.

Workway, however, was originally developed as a pilot project and was never supposed to become a permanent fixture. But when the original Workway (Phase 1) was coming to an end, FÁS expressed an interest to fund a second phase. The project's first phase had succeeded in identifying clear policy and workplace gaps, which both project leaders - ICTU/IBEC - were keen on testing.

The subsequent phase 2, which began in 2004, focussed on developing resources developed in the first and enhancing local networks to provide an ongoing forum for co-operation between employers, co-workers and people with disabilities. In addition, the focus shifted from promotional work and widespread interaction with the target audience, to researching and testing actual tools that would assist people with disabilities with the job seeking process, and help employers and trade union representatives understand the recruitment of people with disabilities. Three key objectives for this new phase were:

**Objectives of the Workway phase 2:**

- Development of a Pre-Employment Preparation Template to address a range of issues identified at the pre-employment stages of people with disabilities.
- Piloting of the Workway Employment Guidelines in a number of companies, with people with disabilities, and with various service providers.
- Development of a one-stop interactive and comprehensive information website: [www.workway.ie](http://www.workway.ie)

The partnership structure was similar to the earlier phased in terms of placing social partnership at the heart of the project management, although the project sponsor changed from the Department of Enterprise, Trade and Employment to FÁS. Other project structures also remained largely unchanged with the local networks playing a key role in the implementation. A new steering committee was formed, which included some of the previous partners; the Department of Enterprise, Trade and Industry, FÁS, organisations representing interests of people with disabilities and social partners. New partners that joined the committee were Equality Authority, Areas Development Management (ADM), National Disability Authority,

local network representatives and the Chartered Institute of Personnel and Development. It was considered important to include these organisations as they were identified as the best placed to mainstream findings, tools and resources developed as a part of the Workway programme.

As mentioned above, Workway was funded through different government agencies (Department of Enterprise, Trade and Employment and FÁS). Investment from social partners consisted of their time (staff in main and regional offices) and use of their facilities, especially in the regional offices.

### *10.2.3. Social Partnership*

The project was very much built around the concept of social partnership from its inception and is characterised by full ownership and leadership by the social partners, both at national and regional level. Initially, the project was proposed by ICTU and government representative who drafted the very first proposal for the project. IBEC became involved very shortly afterwards and have also been integrally involved in the design, implementation and evaluation ever since.

The motivation behind this programme was that both social partners clearly recognised the existence of barriers to unemployment for people with disabilities. For employee representatives, equal access and treatment in recruitment and employment are fundamental priorities. Employers side emphasised the contribution integration of disadvantaged groups can make to the economic development of the country. In addition, IBEC found this project particularly beneficial as it focussed on awareness raising. They feel one of the major barriers to employment for people with disabilities is the lack of access to relevant information. Labour market integration of persons with disabilities is also one of the strategic objectives of the social policy unit of IBEC.

Both organisations have been heavily involved in other initiatives dealing with issues surrounding the employment of people with disabilities, such as European Year of People with Disabilities. They also sit on different advisory and consultative forums, for example in the National Advisory Committee of the FÁS and National Disability Authority.

IBEC ensured participation of their members by informing them about the project through their own newsletters, website and emails to their member organisations. ICTU promoted the project to their member organisations through their own disability committee. Five different, large, independent unions were involved in the actual implementation of Workway; for example, representatives of SIPTU took part in the activities of local networks. Other union representatives took part in the events and conferences organised by the project.

### *10.2.4. Impact*

The key project outputs were:

- The Way Ahead – a Workway policy document

- IBEC/ICTU Disability and Employment Guidelines
- A Guide for Job Seekers with Disabilities
- Ability in the Workplace – a training pack for managers and supervisors
- Disability in the Workplace DVD
- NetWorkway – Workway newsletters
- Directories of Support Services in Workway regions (Kerry and Cork)
- The Workway website – [www.workway.ie](http://www.workway.ie)

The evaluation<sup>46</sup> of Workway's *first* phase concluded that the project was a considerable success in terms of developing effective co-operation networks and in preparing a wide range of awareness raising products. Local networks were found to be highly effective in breaking down barriers and addressing real needs in a very practical way. Workway also helped to fill information gaps and ensuring easy access to available information in appropriate formats.

All the stakeholders agreed that the project succeeded in its objective to increase awareness amongst employers. But it was also noted that this is an enormous task and is something that can not be exhausted in a limited time frame. The first phase evaluation in fact highlighted "*Workway could only deal with the tip of the iceberg*" and emphasised that ongoing efforts are needed in this area. In addition, it pointed out that measuring impact with regard to awareness raising is problematic given that no measurement of this was undertaken at the start of the initiative.

Due to the lack of output and impact indicators it was not possible to evaluate the impact of Workway with regard to increasing employment opportunities for people with disabilities<sup>47</sup>. Nevertheless, the project stakeholders believed that the project had clearly provided value added as it was the first of its kind and project outputs and outcomes were regarded as essential and unique. Furthermore, the initiative was unique in being fronted by social partners as in the past disability employment initiatives had virtually all emanated from the disability sector.

Since Workway finished, the core products (e.g. Workway policy paper) have been disseminated widely. For example, the Chartered Institute of Personnel and Development have attached some of the tools and training material on their websites. The O<sup>2</sup> Ability Awards promote publications and achievements of Workway. The Government departments are also disseminating materials produced by the project. For example, some of the findings and good practice elements will be embedded into new Sectoral Plans, which are an element of the new Disability Bill. Lessons from Workway will also be reflected in the work of the FÁS, especially on the work of the disability matters committee. IBEC has also made presentations about the project across Europe in order to disseminate lessons and findings more widely in Europe, mainly via UNICE<sup>48</sup>.

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<sup>46</sup> Goodbody Economic Consultants and Tom Martin & Associates (2004) *Review of the Workway Initiative*.

<sup>47</sup> Ibid.

<sup>48</sup> Union des Industries de la Communauté européenne (UNICE)

The project succeeded in involving a variety of private companies – including both large companies and SMEs - in the local networks. The average number of staff in the participating companies was 297 with the smallest company employing 4 people and the largest employing 1,349. Over two thirds of all companies taking part were either manufacturing or service companies. The average number of known employees with disabilities in the companies was 2.75.

One company involved in the Workway local network in Galway was the leading Irish fast food chain, **Supermacs'**. Supermacs' is located in 62 towns across the country (some of which are franchised) employing 2,500 persons. Currently Supermacs' employs 16 persons with a disability and recently the company won the O<sup>2</sup> Ability Award for the work they are doing in relation to employment of people with disabilities.

The company finds it fairly difficult to employ from this specific target group, often due to the lack of applications. The company does not hold a target for the recruitment of people with disabilities, but is certain the company benefits from the policy of encouraging employment of people with disabilities. Customers like to see that everyone is given a chance to work in the company, and it also assures co-workers who feel more confident that if something happens to them, they know they will not lose their job. Larger outlets of the company find it easier to employ people with disabilities, mainly because they can offer greater flexibility in terms of duties and working arrangements.

The company got involved in the project as a result of Minister Frank Fahey contacting the company. This again is one indication of a strong political support for the project. Although the company has a relatively long tradition of employing people with disabilities, they found involvement in the Workway useful. Hearing both sides to the issue (both employee and employer perspectives), learning how to handle the issue of disability in recruitment and learning about different disabilities proved useful. The project also changed many companies' views on employment of people with disabilities, but Supermacs' hoped more companies who were not used to employing from this target group would have been involved in the networks – the network members tended to have fairly strong track-record on equal opportunities.

The company finds the government's policy measures, such as Supported Employment Scheme very beneficial, although feels that more training schemes could be introduced to this target group. Finally, it was felt that the project did raise awareness among private sector employers, but also recognised there is still a lot of work to do in removing employers' fears and increasing understanding about issues relating to recruitment and employment.

#### 10.2.5. Success Factors

- Social partnership and ownership

Workway's main success factor was its strong leadership, ownership and overall involvement of the social partners. Prior to Workway there had been many policies and promotional campaigns developed by social partners with respect to people with disabilities but no single framework or programme had been adopted which, on the basis of social partnership, combined the dual aspect of awareness raising and opportunity to maximise employment opportunities for people with disabilities. An important success factor also was that IBEC / ICTU were able to work effectively together. As a whole the partnership structure was defined as '*effective, well structured and non-confrontational*'.

- Local networks and high commitment of individuals and partner organisations

The project stakeholders felt that the dedication of local network members was at times beyond anyone's expectations. Although the development and set up phase of the networks took longer than expected, their contribution was considered essential in the success of the project and the government representatives felt similar networks should be mainstreamed.

- Flexibility to react to changing project needs

The composition of the national steering committee was changed to the second phase of the project in order to better reflect the needs of the beneficiary groups and social partners, to build capacity of key stakeholders, and most importantly to create better conditions for dissemination and mainstreaming activities.

- Strong political support

Throughout the project period Workway received strong support. The Prime Minister, Bertie Ahern, attended the actual launch of the project. Also, Minister for Labour Affairs and Minister for Social and Family Affairs expressed their support for the programme.

- Involvement of all beneficiary groups

A key element of the success of Workway according to the first evaluation<sup>49</sup> was the fact that it involved all relevant stakeholder; people with disabilities, employers and employee representatives, in identification of barriers and implementation of solutions.

#### 10.2.6. Weaknesses

- Lack of output and impact indicators

It was not possible to evaluate the full impact of the Workway initiative as a whole, given that there was no measurements of, for example, employers' awareness of, or attitudes to, the employment potential of people with disabilities. The project partners highlighted that lack of resources precluded Workway from collecting before and after indicators to measure changes.

- No direct link to increase in employment

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<sup>49</sup> Goodbody Economic Consultants and Tom Martin & Associates (2004) *Review of the Workway Initiative*.

The project succeeded in reaching its core aim of increasing awareness among three target groups; employers, people with disabilities and co-workers. However, there is no clear evidence of increase in actual employment of people with disabilities, excluding a number of individual cases. On the other hand direct labour market placement was never one of the objectives of Workway. Some, however, argue that all labour market programmes should aim to place people into employment.

#### *10.2.7. Lessons Learnt*

Workway has demonstrated the value of a social partnership approach to increasing awareness of the employment opportunities for people with disabilities; the involvement of IBEC, for example, allowed the initiative to reach employers while the participation of ICTU gave recognition to the need to educate co-workers about the integration of employees with disabilities into the workforce.

However, it is important to keep in mind there is only so much social partners can do on this matter as there are fundamental national policy obstacles (e.g. benefit traps) that need to be addressed at national level before the situation can fully progress. Furthermore, fragmentation of and weak collaboration between different disability support groups in Ireland has also hindered the effectiveness of 'comprehensive' labour market integration programmes. Disability support groups have traditionally preferred implementation of their own tailor-made programmes. However, others argue that this is not the most effective use of training resources.

The project demonstrated that unless some level of obligation for employers to get involved is introduced, awareness raising programmes will create only a very limited number of new employment opportunities for the target group, if any at all.

Workway also revealed the importance of knowing each industry and their specific needs and concerns over employment of people with disabilities. In addition, it demonstrated that facilitating access to employment requires better information about the potential of people with disabilities as a workforce *and* better provision of workplace support (physical, job coach etc); local network co-ordinators could not emphasise enough how much "hand-holding" companies require.

### ***10.3. Role of Social Dialogue in Labour Market Integration Programmes in Ireland***

#### *10.3.1. Impact of Collective Bargaining*

Ireland has a long tradition of tripartite intersectoral bargaining. It is one of four countries in Europe (with Belgium, Finland and Slovenia) where bargaining is most important at the intersectoral level. In Ireland, this system has been operating since 1987 when the very first national agreement was concluded. The current agreement, Sustaining Progress 2003-2005, is the sixth in a series. The agreements usually address issues around lifelong learning, housing, insurance costs, migration, gender equality, childcare, information society, pay framework,

inclusion and access to the labour market and management of change. Consequently, national level agreements were considered to be the most appropriate level in Ireland to address integration of disadvantaged groups.

Most employers' organisations and unions (and the government) support the current system of tripartite intesectional negotiations. Social partners have been able to negotiate employment equality legislations under this arrangement and developed a wide range of employment support measures for disadvantaged groups. However, union representatives feel that ensuring implementation and take up of support measures at company level remains a serious challenge.

In fact, company level bargaining does not appear to have a great significance to the integration of disadvantaged groups. However, there are individual cases/agreements which have addressed this issue. For example, Novartis partnership agreed an increase in disability benefit from 50% to 67%. Sectoral level bargaining as a whole has declined dramatically in Ireland.

### *10.3.2. The Role of Social Partners*

Social partners in Ireland are heavily involved in a large number of labour market integration measures. First and foremost, social partners are involved in designing and implementing integration programmes through the national Social Partnership Agreements. For example, the previous agreement provided a framework for funding Workway. Secondly, through their participation in a great variety of consultative committees, social partners are making a contribution to the creation of national strategies, programme frameworks and funding priorities. Social partners, for example, take part in the consultative committees of FÁS and the Social Inclusion Consultative Group for the Office for Social Inclusion. Furthermore, the government's policy strategies are developed in consultation with social partners, for example, the National Development Plan, the EU Human Resource Development Operational Programme, the National Anti-Poverty Strategy, the National Action Plan for Social Inclusion, the National Childcare Strategy, and the Taskforce for Lifelong Learning.

Social partners are also involved in the NAP process, which in Ireland is complementary to the Social Partnership Agreement. The same applies to implementation, with all of the 2003 NAP Guidelines dealt with on a partnership basis, frequently via the Social Partnership Agreement. IBEC<sup>50</sup> feels the NAP consultation process has improved quite significantly over the past couple of years and considers the plans to be well established in Ireland. However, in terms of labour market integration schemes, the employer representatives feel there is a need to rationalise and better co-ordinate the wide range of employment schemes. In addition, employers call for development of childcare facilities and immigration policy. ICTU<sup>3</sup> has been broadly happy with the latest NAPs and feels that the recent social partner consultation processes have been 'genuine'. In spite of this, they believe certain policy areas should receive more attention than they currently receive, for example, gender equality in employment, anti-

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<sup>50</sup> EIRO: Social partner involvement in the 2003 NAP.

discrimination policies, childcare provision and the need to increase in-company training provisions and better opportunities for lifelong learning.

These examples show that social partners in Ireland are involved in design, implementation and evaluation of different labour market integration programmes aimed at people at a disadvantage. Workway displays a good example of full social partner involvement in conception, implementation and evaluation. Social partners have also implemented a number of other projects dealing with different disadvantaged groups. For example, already in 1997, all unions decided to implement a five-year strategic plan "Towards integration and equality", which is aimed at a deeper inclusion of people with disabilities in the workplace and in the unions. IBEC and ICTU are also involved in a partnership project with FÁS and IILT (Integrate Ireland Language Training) aiming to help in the integration of immigrant workers into the Irish workforce. A few years back both organisations participated in organising an "anti-racism in the workplace week". ICTU also displays a strong history of being involved in programmes dealing with labour market integration of those from poorer social backgrounds.

Social partners' links to other key actors involved in integration programmes are considered to be good. ICTU and IBEC, for example, sit on the boards of the National Disability Authority and FÁS. The FÁS does not develop any programmes without involvement, or at least consultation, of social partners. In addition, the Community and Voluntary Pillar<sup>51</sup> (CVP) work closely with social partners as they are also involved in the NAP process and to some extent also in the national agreement.

### *10.3.3. Priority Groups*

At the moment the integration of both immigrants and people with disabilities is high on the national policy agenda. The government has a strong policy on migrant workers at the moment – directly as a consequence of a drastic increase in the number of migrant workers (as a result of the booming economy, labour shortages and enlargement of the EU allowing workers from the 10 new Member States to work in Ireland). However, some parties in the country feel that, rather than addressing the labour market shortages with the easy solution – bringing in migrant workers – authorities should invest more on integrating long term unemployed Irish nationals on the labour market. For example, unemployment and inactivity remain high among people with disabilities and the traveller community.

IBEC does not view any of the marginalised groups as the main priority group, but immigrants are high on the policy agenda at the moment, both nationally and within the activities of the organisation. Labour market integration of disabled people has also been relatively high on the agenda already for a while. As previously mentioned, this is mainly due to the exceptionally high unemployment rate, but publicity generated through Workway has also contributed. The employment situation of early school leavers and young unskilled workers are other areas of concern for employers. In the future IBEC is expecting to pay increasing attention to the employment situation of older workers.

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<sup>51</sup> The CVP encompasses a wide range of interest, community and voluntary organisations.



Employee representatives have traditionally had two main priority groups, women and people with disabilities. Now gradually more attention is being paid to the protection of rights and working conditions of migrant workers.

#### *10.3.4. Preferred Policy Approaches*

Social partners, first and foremost, call for more inter-governmental co-operation in relation to labour market integration programmes (especially when dealing with people with disabilities). In order to break barriers to employment, the government departments need to work more effectively together and break down benefits traps and other obstacles. Social partners prefer embedding integration programmes into national partnership agreements in order to ensure extensive commitment. But they feel national policy and institutional barriers are the last and perhaps most crucial obstacles still waiting to be solved. For example, many disabled people would be able to attend part-time work, however, the national social protection system is unfriendly towards part-time work.

Employment quotas are a fairly controversial matter in Ireland, as perhaps in some other countries too. Employers do not feel quotas are the way forward; in Ireland the public sector has had 3% quota for the employment of people with disabilities in place for over 20 years but has never achieved this target. Consequently it would be difficult to demand the private sector to do the same. Responses from the employees' side were somewhat different. Although ICTU does not support the creation of quota systems as such, they feel some form of obligation should be imposed on employers to consider employment of marginalised groups – simply because the voluntary system has not worked. In addition, it is felt that the government could demonstrate greater commitment by defining national level objectives.

Both parties agreed that a number of grant schemes have worked well and have helped to place people into employment. But it was also emphasised that the provision of government's grant scheme to assist people with disabilities to set up their own company should be matched with enterprise support programme. ICTU also recommends creation of a work experience schemes which would help employers to familiarise to working with people from disadvantaged groups.

The importance of awareness raising campaigns was also highlighted as forms of intolerance still exist in the labour market. Local networks have displayed their potential through Workway but the downside is the high cost of maintaining them.

Social partners also call for better profiling of disadvantaged groups. Although this is a controversial matter, better understanding of the employability, qualifications and work experience would allow local job centres to review who are in their locality to be placed in employment. Social partners also feel FÁS should have more extensive resources locally to allow individual assessment and individually tailored services for these target groups.

#### **10.4. Conclusions**

Workway has highlighted the true value of social partnership approach to labour market integration programmes. The social partnership approach enabled the project to reach employers and get them involved, which other disability projects have not been able to do, at least not to the same extent. But the project also showed that there is only so much social partners can do in terms of integration when there are ‘benefits traps’ that undermine the effectiveness of support programmes and inhibit further development of employment opportunities. Therefore, it is critical to focus on dismantling these barriers and designing a system of support which is flexible and facilitates access to employment. The case study also demonstrated a lesson for implementation - a key issue for other labour market integration programmes is the need to set quantitative targets and outcome indicators and to systematically monitor them over the period of the programme.

## **11. INTEGRATED EMPLOYMENT PROGRAMME FOR THE ROMA - HUNGARY**

The Integrated Employment Programme for the Roma in Pest County is a two-year integration programme adopting a holistic and multi-organisational approach to the labour market integration of the Roma people. The aim is to make a long term impact on the living conditions of the participants by offering basic and vocational training and a two-year supported work placement.

The first section of this case study provides background information on the Roma population in Hungary and describes the key government policies. The second section explains the concept of the Employment Programme and illustrates the key factors behind the great success. The third section describes the attitudes of social partners to disadvantaged groups and the extent of their involvement in integration policies.

### **11.1. Background Information**

#### *11.1.1. Recent Economic and Employment Trends in Hungary*

The Hungarian economy witnessed a drop in GDP in the early years of the decade, although it has seen a gradual increase in the past three years. At the same time, employment has remained stable with little percentage change over the past four years. However, this masks the fact that the overall employment rate has grown along with a significant rise in the employment of older people, from 22.2 per cent in 2000 to 31.1 per cent in 2004, although much of this increase can be attributed to a change in the retirement age. Meanwhile, in a reverse of this trend, youth employment levels have dropped significantly from 33.2 per cent in 2000 to 23.6 per cent in 2004.<sup>52</sup>

#### *11.1.2. Labour Market Situation of the Roma Population in Hungary*

The 1990 census showed that there were 142,683 minority-language speaking Roma in Hungary at the time, while the 2001 census showed an increase to 190,000. However, current estimates suggest that there are between 400,000 and 600,000 people of Roma descent in Hungary, taking into account the fact that there is on-going debate over definitions of 'Roma' – many of those in the larger group are self-identified. The vast majority of the Roma population now have Hungarian as their first language. Research conducted by István Kemény et al in 1971 and 1993<sup>53</sup> showed that between the two surveys, the proportion of Romany speakers fell from 21.2% to 4.4% and the proportion of Beash speakers fell from 7.6% to 5.5%.<sup>54</sup>

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<sup>52</sup> European Commission (2005) *Employment in Europe 2005*.

<sup>53</sup> Kemény, 2000.

<sup>54</sup> Dr. Doncsev (ed.) (2000) *Measures taken by the state to promote the social integration of Roma living in Hungary, 2000*.

There are few clear statistics on the size of the Roma population, and even less official data available on their labour market situation. Kemény's research<sup>55</sup> compared the labour market situation of the Roma population in two surveys, taking place in 1971 and 1993. In 1971, the employment rate of Romani men was 85.2%, close to the employment rate for the total population, which was 87.7 per cent. However, this does not reflect some regional and sectoral differences. In industrial regions, the employment rate of Romani men was almost 100 per cent. For women, there were greater differences between the Romani population and the total population – 64 per cent of women aged 15-64 were active wage earners in the entire population, whereas in the case of Romani women this figure was more than half of that, at 30 per cent. In terms of types of work obtained, nearly half of the active Romani were employed as unskilled workers, around 10 per cent worked as semi-skilled workers, and another 10 per cent as skilled workers.

Throughout the 1980s the employment situation worsened for the Roma, and by 1993, the unemployment rate of the Roma population had reached 50 per cent. In part, this can be attributed to the market shift post-1989 and as the ILO points out, during the past ten years, nearly two thirds of the jobs formerly filled by Romani people have disappeared<sup>56</sup>. The Hungarian Ministry of Employment and Labour estimates that the Roma employment rate is now around 29 per cent<sup>57</sup> and that the unemployment rate of the Roma population is between 3 and 5 times higher than that of the non-Roma population.

Kemény estimated that 57,000 (of a total 640,000 registered unemployed) were Roma in 1993. By 2001, total registered unemployment had fallen by almost half to 340,000 – however, the ILO estimates that the number Roma among these remained constant at 57,000<sup>58</sup>. This means that while 9 per cent of the registered unemployed were Romani in 1993, this proportion was 16 per cent in 2001. The number of registered unemployed therefore decreased by nearly 50 per cent during the past decade, while the proportion of Romani among them has increased by nearly 100 per cent.

According to the Hungarian National Action Plan for Social Inclusion 2004, the Roma population is over-represented among the population at risk of poverty and particularly among the group living in persistent poverty. Depending on the definition of poverty used, Roma people make up one-fifth of the poor population with regard to both income and housing conditions, but regardless of the measure used, over half of the Roma population lives in poverty. The various poverty risk factors - low levels of education, unemployment, large families – are cumulatively present. It is a statistical fact that being a member of this ethnic group in itself significantly increases the probability of poverty<sup>59</sup>.

### *11.1.3. Barriers to Employment*

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<sup>55</sup> Kemény, 2000.

<sup>56</sup> ILO (2003) *Labour Market Programmes for the Roma in Hungary*.

<sup>57</sup> Ministry of Employment and Labour, June 2005.

<sup>58</sup> ILO (2003) *Labour Market Programmes for the Roma in Hungary*.

<sup>59</sup> Kapitány, Balázs - Spéder, Zsolt (2004), quoted in the Hungarian National Action Plan for Social Inclusion, 2004

The ILO<sup>60</sup> cites several reasons that the Roma population is at such a vast disadvantage in the Hungarian labour market.

- Educational disadvantages

In 1993, 38 per cent of all Roma were under 15 years of age (compared to 19 per cent in the overall population), and 4.5 per cent were above 59 years of age (also compared to 19 per cent of the overall population). This means the Roma population is very young, and this has clear implications for both education and employment policies.

According to the Hungarian National Action Plan for Social Inclusion 2004-2006, only 44 per cent of 14-year-old Roma children finish the eight grades of primary school. The rate of the Roma children who finish secondary school is about 24%, but only 2.2% acquire “A-level” equivalent qualifications in secondary schools or graduate from college or university – it is estimated that 0.5 per cent of the Roma population finish higher education. Young people in Hungary already have difficulty in accessing the labour market due to low educational levels – when considering the increased level of early drop-out among the Roma population these problems are even more insurmountable.

Illiteracy was extremely high amongst the Roma population in the 1971 surveys, with 39 per cent being unable to read or write<sup>61</sup>. However, it is thought that this figure has now dropped, as now only 9 per cent of Romani people have never attended school.

Roma children face extensive segregation throughout their time in education. The Ministry of Labour estimate that around 9,000 children are taught in Roma-only classes, while at the same time, Roma children are extremely over-represented in “special” schools and in classes for children with mental disabilities<sup>62</sup>.

- Territorial differences

Around 60 per cent of the Romani population in Hungary live in villages, regions with small settlements and economically depressed areas, as opposed to 35 per cent of the non-Romani population. The National Action Plan for Social Inclusion estimates that some 20 per cent of Roma live in segregated slums where the utility level is unsatisfactory and 60 per cent live in disadvantaged settlements. Because most of the Roma population lives in small settlements of less than 1,000 inhabitants, employment opportunities are scarce, and the transport infrastructure is less developed, making commuting to larger areas with better employment opportunities very difficult. A substantial improvement in the employment levels of the inhabitants of these areas could be achieved through subsidies for job creation, improved transport infrastructures and allowances for transport costs.

However, while Roma have traditionally lived in remote rural areas of the country, over recent years more people have relocated to the larger cities. This has led to the Roma

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<sup>60</sup> ILO (2003) *Labour Market Programmes for the Roma in Hungary*.

<sup>61</sup> Ministry of Employment and Labour, June 2005 and the National Action Plan for Social Inclusion 2004-2006.

<sup>62</sup> Ministry of Employment and Labour, Human Resources Development Operational Programme 2004 - 2006

population spreading out to different areas of the country – the Ministry of Employment and Labour estimates Roma now live in 2,000 municipalities of a total 3,200 in the country. This means it is becoming more difficult to implement integration programmes in certain areas of the country, as they need to cover most of the country.

- Vocational specialisation

A significant proportion of the Roma population had worked in industries which were the first to collapse with the change of regime in 1989, and the knowledge and experience obtained by employees in these trades were non-transferable, and as skills could not be utilised in other fields, this knowledge and experience became worthless.

- Discrimination

Research by Kertesi<sup>63</sup> suggests that the demographic characteristics of the Romani population, the disadvantages arising from their educational qualifications, and the territorial distribution of the population account for about two thirds of the difference in the relative labour market opportunities between Roma and non-Roma populations. The remaining one third is attributable to ethnic discrimination prevalent in the labour market.

#### *11.1.4. National Policy Framework*

It has been a condition of accession to the European Union that the Hungarian government work at speeding up integration of the Roma population. However, many sources point out that helping the Roma community is not only being taken forward because of accession, but also because the Hungarian population want to see change in this area.

The Hungarian government has taken a wide range of steps in recent years to improve the general conditions faced by the Roma population. This began with the creation of the Office for National and Ethnic Minorities and the Inter-departmental Committee in 1990, and since then a breadth of legislation has been implemented to help Romani opportunities, including the 1993 Minorities Act and the 1997 Government Decree No 1093/1997, which set out measures:

- To support the employment of Romani in public works in regions facing the highest rates of unemployment by calling for public project proposals
- To encourage labour force development and training centres to launch more training programmes aimed at enhancing the employment prospects of Roma
- To launch agricultural and livestock programmes – mainly linked to social land programmes, in cooperation with the Public Foundation for Romani in Hungary.

In 2004, the Hungarian government adopted a medium-term package of measures to promote the social integration of the Roma. The package, in addition to laying down a broad series of tasks for the various ministries, states that far more thorough monitoring of implementation is necessary. The main areas for attention set out by the various measures include:

- Incentives to achieve equal treatment and equal rights.

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<sup>63</sup> Kertesi, 2003, quoted by ILO, Labour Market Programmes for the Roma in Hungary, 2003

- Improving quality of life.
- Education and training.
- Employment.
- Integration into information society.
- Culture, communication and identity.

The purpose of the programme is to coordinate the efforts aimed at improving the situation of the Roma people, with the involvement of an increasing range of actors.

A measure, with support from the Labour Market Fund, was launched in 2003 to support the employment and training of unemployed Roma people in public education institutions. In addition to the labour market integration of the participants, the programme improves the education of Roma children and the relationship between the Roma community and schools. Alongside the 1999 amendment of the Public Education Act, which introduced the concept of “catch-up education” to help young people over 16 (including many Roma) who dropped out of primary school during the last two years of education to return to school, these programmes aim to increase the level of education amongst the Roma population, thus enabling them to participate in labour market and training programmes.

Hungary completed its first National Action Plan for Employment in 2004. The plan has set out several measures to address the inequalities faced by Romas in the labour market. Working with ÁFSZ, the Hungarian Public Employment Service, efforts will be made to train Romas to become ÁFSZ officers and to strengthen relationships with the local governments of minority areas. Complex packages of support will be provided through ÁFSZ which will aim to tackle those facing multiple disadvantages, and in particular, the Romani population. In the framework of the ÁFSZ 2004 integrated labour market programmes, 15.2 million euros are allocated for programmes helping disadvantaged groups - namely Roma people, people with disabilities, older workers, early school leavers, long-term unemployed, homeless people, and ex-offenders. Alongside this, between 2004 and 2006, the Government is devoting 40 million Euros to NGO initiatives which improve the employability of disadvantaged people and promote their labour market integration. These initiatives provide tailor-made employment services combining training and employment for vulnerable people that are often not reached by the PES.

The Hungarian government is leading and participating in the Decade of Roma Inclusion programme<sup>64</sup> along with seven other countries in central and southern Europe. As part of their participation, the government have composed an action plan which focuses on four main targeted themes: education, employment, housing and health. These target areas are of course inter-linked with the general aim of the programme – to enforce equal rights and remove prejudice<sup>65</sup>.

In terms of improving Roma employment, the Action Plan has set out one key goal – “introducing and reintegrating Roma people into the primary labour market with the help of

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<sup>64</sup> <http://www.romadecade.org/en/index.php>

<sup>65</sup> Decade Action Plan of the Republic of Hungary, 2004

training, re-training and improving their employment level” – which will be achieved through working towards seven specific targets, each measured against set indicators. The targets include offering incentives to county Labour Centres to cooperate with Roma Minority Self-Governments and NGOs, the employment of Roma staff in Labour Centres, regular evaluation of the public work programmes, starting up training and employment model programmes, expanding social land programmes and the targeting of employers who use illegal employment practices and discriminate against Roma employees. The focus of this case study, the Integrated employment programme from the Pest county, comes under this policy framework. The Action Plan also sets out clear time frames for evaluation of progress, with six-monthly monitoring of changes in the employment rates of the Romani people.

The action plan is equally proactive in the area of education, with concrete targets set to reduce segregation, especially focusing on the re-integration of Roma children into mainstreaming schooling, thus reducing the number of Roma children falsely diagnosed as being mentally impaired.

De-segregation in education is a theme that is echoed in the Hungarian National Action Plan for Social Inclusion, which was published in 2004 for the period 2004 to 2006. The plan has set targets to “increase opportunity for Roma children through the continuous expansion of integrated education”, and also to “increase pre-school places in disadvantaged micro-regions populated predominantly by Roma, and advancing the infrastructure of primary schools in these areas”. Indeed, there is an over-arching aim throughout the plan to reduce the social exclusion of the Roma population, by means of “comprehensive employment, training, housing, health care, justice, cultural and antidiscrimination measures, implementing the 2004-2006 medium-term package of measures to promote the social integration of the Roma population including campaigns to shape public opinion and sensitivising training.”

Through their participation in a range of European-wide programmes such as the Human Resource Development Operational programme (HRD Op), the Operational Programme for Regional Development (OPRD), PHARE and EQUAL, the Hungarian authorities have devised a complementary package of measures that seek to improve the educational achievements, employment rates and living conditions of the Roma population.

## ***11.2. Integrated Employment Programme for the Roma in the Pest County***

### *11.2.1. Project Location*

Pest is the name of a county in central Hungary. From an economic perspective, the region is the most important and prosperous regional unit in Hungary. It has a population of 1,077,300 and is located around the capital city Budapest. The region constitutes no more than 7% of the country’s territory, but is home to more than 28% of Hungary’s population. It is therefore the smallest region in terms of size and the largest in terms of population. The economic weight of the region is demonstrated by the fact that around 40-45% of the country’s GDP is generated in the region.



Employment opportunities and higher living standards mean that there is a constant flow of labour pouring into the county from less developed regions of Hungary. The unemployment rate, based on registered unemployed, was lowest in Budapest, totalling no more than 2.4% in 2003 and the average unemployment in the region was 4% at the end of 2003. One of the key factors in the dynamic development of the central region is the above-average level of education of the population.

The region is a home to a fairly large Roma population.

### *11.2.2. Project Description*

The Integrated Employment Programme for the Roma in Pest County is an active labour market project aiming to make a real and permanent impact on the living conditions of the project participants. The programme targets long term unemployed and inactive (in relation to labour market participation) individuals who have experienced numerous difficulties in personal and social development, thus encounter significant obstacles integrating themselves into society and into the labour market. These obstacles may encompass low education level, health and substance abuse problems, lack of experience of working in a professional environment, low self-esteem, lack of motivation, lack of tradition within the family to work and/or poor access to childcare.

This programme has been built around the following basic concepts:

- Holistic approach - where an individual and comprehensive personal development are at the heart of all activities.
- Multi-organisational approach – promotion of regional and local partnership.
- Acknowledging the diversity of problems experienced by the target group.
- Participants are provided with a set of tailored support and training programmes.
- Education and training are key for better lifestyle and social integration.
- The fundamental aim is to find *sustainable* employment.

Participants during the two-year integration period take part in three different phases, all of which include different integration activities. The integration phases are explained below:

#### A) Personal development and social integration phase (usually two weeks)

- Support measures to improve self confidence.
- Information on how to find a job.
- Provision of skills that are useful for everyday life, such as first aid. First aid skills can be useful for all participants in everyday life, but they also help participants to obtain driving licence as the first aid certificate is a prerequisite for the licence in Hungary.
- Health counselling (for example, in relation to alcohol and drug misuse).
- Meetings with community officers, such as police and social workers in order to build better relations with the community.

#### B) Training phase

- Opportunity to finish primary school and obtain a leaving certificate.

- Access to vocational training courses – that are largely determined by the local labour market demand and participants' own wishes.
- C) Workplace training phase
- During this phase participants have an access to supported workplace training.
  - Participants are given a mentor who supports and monitors participants' performance in a working environment.
  - Participants usually start working for the local authority, but can also complete the workplace training in the private sphere. Those who found permanent employment during or after their participation to the programme are monitored and supported from the distance over a six-month period.
  - Participants may reach this stage without taking part in the training phase if they hold skills that are at high in demand in the local labour market.

The programme has utilised a number of different funding sources. Without incorporation of different funding sources the project could not have gone ahead as individual grants from all these authorities were insufficient to cover all the costs. The funding sources included:

- Grant from the Pest County Labour Centre.
- Through competitive tendering from the national Labour Market Fund.
- Local government: participants receive a minimum wage during the programme period. Ninety per cent of the wage is covered by the programme, the rest by the municipalities for which participants work during their workplace training period.
- Resources provided by other service providers involved in the programme delivery (e.g. Red Cross).
- Smaller grants through other tenders and contracts.

### *11.2.3. Programme Partnership*

The project partnership is composed of a wide range of actors who have come to work together for the first time. The Pest County Labour Centre is the managing authority with the responsibility for the operation of the programme. The key players at local level are local administrations and job centres. Hungarian Red Cross and organisations representing interest of the Roma community (e.g. Roma minority government) have also played key roles in the programme delivery. The local police, health and social authorities are also involved through counselling, guidance and information services. All of these organisations are also included in the partnership committee which was formed in the beginning of the project by the Labour Centre with the aim of providing strategic guidance for the project.

Social partners have been involved in the programme design through the Pest County Labour Council in which the local branches of the key employers' organisations and trade unions are represented. To be more precise, 6 union representatives and 6 representatives from employers' organisations sit on the board of the council. Further six board members consist of representatives from the county administration, local politicians and some civil servants. The council makes final decisions over employment policy and programmes for the region, including the decision to fund the Integrated Employment Programme for the Roma.

Some of the unions have expressed an interest to the programme activities, but their participation to the project delivery has remained very marginal. This is, however, not surprising when taking into consideration that the Hungarian unions have a very weak representation at local level, reflected also by the declining member rates. Employers' organisations have not been involved in the project implementation.

#### *11.2.4. Impact*

The project succeeded to achieve greater impact than was originally expected. The plan was to involve 300-350 individuals on the programme, but in fact 650 persons took part in the project activities. Nearly every third participant completed vocational training course and subsequently received an appropriate trade certificate. The figure is just under the target rate, but it must be kept in mind that 38 persons have not finished their studies yet<sup>66</sup> and therefore the figure is expected to rise. Table 14 provides more detailed information on the targets and results

As the statistics reveal, the Integrated Employment Programme has been particularly successful at creating sustainable employment. Over 330 participants have already found a permanent job, which exceeds the expected target for employment. It is seen to demonstrate that work experience in combination with training and personal development measures offers a successful 'route to employment' for this target group.

**Table 14: Project Targets and Results**

	<b>Target</b>	<b>Achieved</b>
<b>Number of project beneficiaries</b>	300	650
<b>Number of persons who have obtained a qualification/trade</b>	200	187*
<b>Number of persons who have found permanent employment</b>	220	333

\*There are 38 persons still in training.

As a result of the successful outcomes, the programme stakeholders feel the programme has not only benefited the local labour markets and communities, but have also had a life-changing impact on a number of individual participants.

The Roma employment unit from the Ministry of Employment and Labour declared that the Pest county programme is widely regarded as a good practice project. All the key stakeholders mutually agreed that adoption of a holistic approach to the problems experienced by the Roma community has been the key success factor. The Ministry also feels the programme displays a good policy practice in terms of coordinating different agencies to provide a multi-agency partnership approach, which was at the time of the project planning

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<sup>66</sup> Winter 2004/2005

still fairly rare practice in Hungary. Hungarian labour market is not characterised by a strong presence of local partnerships yet like many of the Western European countries.

Another success factor was regarded to be the fact that the project did not just expect education and training to automatically turn into new employment opportunities. The programmes designed training courses to fit the needs of the local demand for labour. Public employment is only considered as a transition tool to the open labour market.

The Roma Minority Government has stated that this particular programme represents a milestone in the history of the Roma community. The Roma government feels this is the most comprehensive labour market programme for this target group, and has been so successful because of its focus and sensitivity to the complex needs of the participants.

With reference to opportunities to launch the programme as a national programme, the Ministry of Employment and Labour feels that the exceptionally high cost of the programme creates a significant obstacle to mainstreaming at the moment. If the programme was to be introduced in Hungary nationally, the programme would capture a large percentage of the labour integration budget for the Roma. The representatives of the Ministry emphasised that normally training programmes for the Roma are delivered for half of the cost of the Pest county programme. Typical integration programmes for the target group in Hungary are small scale training initiatives for 20-60 participants with an average success rate of 40 per cent (the number of people who find a job placement). The Ministry however admitted that the results of the Integrated Employment Programme are much more sustainable as employment creation is based on permanent, non-supported employment. The results from other programmes derive from achieved job placements. As a result the Ministry has started a large scale evaluation on cost-effectiveness of different labour market programmes aimed at the Roma population. Results of this study will be critical for the decision-making process of future funding priorities. It also of particular importance as deadweight effects of the integration programmes are not normally assessed as a part of local evaluations.

The transferability aspect of the programme is to a certain extent obscured by the fact that it was run in the Central Hungary where the economic and labour market situation is much more dynamic than in the rest of the country. Furthermore, before similar programmes can be introduced elsewhere in the country, a detail labour market supply and demand bases analysis must be carried out in these localities. Currently this information is only available in the Pest County.

## **Practical examples**

### **City of Örkény**

The city of Örkény is one of the few local authorities where the programme was implemented and a leading example of a Hungarian city that is successful and active in creating local solutions to local problems. Some 20-25 per cent of the city's population are Romani. The local Roma population suffers from high levels of unemployment, thus creation of opportunities for the Roma population to re-enter the labour market has been a real local priority.

The municipality has been developing and delivering integration programmes for their Roma community already since the end of nineties. One of the earliest developments was a community centre where the Romas could meet, access public services and computers.

The municipality wanted to get involved in the Integrated Employment programme because it was not only employment focussed, but also placed emphasis on education, the needs of individuals and culture & tradition. The municipality had a possibility to offer a place on the programme for 101 people. The Roma Minority Government did an early assessment of the applicants and was responsible for selecting a proportion of the candidates.

The programme has been highly successful in Örkény. Out of 101 participants 79 have found permanent, non-supported employment. The participants have found jobs in agriculture, commerce and health sectors, just to mention a few. According to the representative of the local minority government, those who have done well on the programme have been very positively rewarded by the community and have had a positive spin-off effect on the wider community. The relationship between employers and the local Roma community have improved. Indeed some companies have started to recruit people directly from the programme. Labour market integration has resulted in better social and community integration; having the Roma people working in local schools and health authorities has set a trend of greater attendance to school and other community activities. The programme, however, has not resulted in better co-operation between the local Roma community and social partners.

### **Parallel Ltd.**

Parallel ltd is a company of 55 employees producing locks and special tools. The company has for a long time found it difficult to find qualified employees. As a consequence the company contacted the Pest County Labour Centre which provided information for the company about the Integrated Employment Programme.

The company decided to take part in the programme and has employed a number of project participants. The combination of on-the-job training and vocational training courses have helped to turn unqualified and inexperienced project participants into real

assets for the company. A few participants have already obtained their welder's qualifications and passed appropriate exams, and are now fully contributing to the production work. Needless to say that the company has been very happy with the performance and development of the participants, and according to the managing director of the company they have experienced no serious social integration problems.

The project beneficiaries commented that the salary was an important motivating factor in the beginning project as most participants have a family to support. Some participants have felt that the programme had provided them with 'a second chance' – second chance, for example, to obtain a primary school certificate.

### **11.3. Social Dialogue and Labour Market Integration**

#### *11.3.1. Industrial Relations in Hungary*

Collective bargaining coverage in Hungary stands at about 35-40. Bargaining takes place mainly at enterprise level. Sectoral level (bipartite) social dialogue has developed rapidly in the past couple of years, but is still reasonably weak. Sectoral dialogue is due to be enhanced by the creation and operation of Sectoral Dialogue committees [SDCs - *Ágazati Párbeszéd Bizottság, ÁPB*], which were set up in 2003.

Bipartite social dialogue, especially at sectoral level, is much less developed in Hungary than tripartite cooperation. Therefore the Government is trying to make special efforts to establish appropriate institutional framework for social dialogue on the one hand, whilst also assisting social partners in their collective bargaining.

Wage negotiations have become the top priority in the national level tripartite discussions. This is because Hungarian wages lag well behind EU wages, not only in absolute terms but also when taking into consideration the rate of Hungarian per capita GDP and productivity.

### *11.3.2. Impact of Social Bargaining*

It is not the tradition in Hungary to discuss the labour market integration as a part of collective negotiations. None of the interviewees were aware of enterprise level collective agreements that deal with integration or disadvantaged groups.

Social partners, however, can influence integration policies at different strategic levels:

- **The tripartite National Interest Reconciliation Council, OÉT**

OÉT is the main forum for tripartite consultation and negotiation in Hungary. The Hungarian government negotiates key employment policy matters in this forum. The key activities are the assessment of draft employment laws and other laws impacting employment in the country, monitoring of the steering committee for the Labour Market Fund and the appointment of employer and employee representatives to the Labour Market Fund.

With reference to disadvantaged groups, social partners have recently been consulted on policies and draft laws on equal opportunities. For example, non-discrimination is part of the Labour Code and recently the government adopted special Act on equal opportunities.

As a result of the latest intersectoral negotiations, a Sectoral Committee on Rehabilitation was established with the aim of improving awareness about employment of people with disabilities. The council also operates its own Committee on Equal Opportunities.

- **Labour Market Fund (MAT)**

The steering committee of MAT is a tripartite body consisting of the representatives of the government, employers and employees. The core task of the Labour Fund is to manage the contributions paid by employers and employees as a defined percentage of wages. The Fund then is responsible deciding the financing ratios for economic and regional development programmes and sheltered employment for people with disabilities, in addition to furthering equal opportunities in the labour market.

- **County Labour Councils**

In Hungary County Labour Councils design active labour market instruments, based on the available funding. The Councils are tripartite bodies and their main task is to provide grants to improve the labour market and training opportunities and to assess the applications for the grants available from the Rehabilitation Fund (part of the Labour Market Fund) from the budget allocated to the given county.

- **Ministry of Employment and Labour**

The Ministry has recently launched a process aiming to develop methods that would enable social partner organisations to be more involved in the fight against discrimination.

### *11.3.3. Attitudes of Social Partners*

None of the interviewees were aware of labour market programmes aimed at disadvantaged groups, local or national, which would be organised and delivered by social partners. Overall, the involvement of social partners, apart from the strategic level consultation, seems very weak. There are some examples of integration projects in which social partners have been official partners but these are mainly European funded programmes where participation of social partners is preferred, for example Territorial Employment Pacts and EQUAL projects.

The role of not-for-profit organisations in the provision of labour market integration programmes has strengthened over the past decade, by taking over some of the responsibilities from the state and local authorities. The Ministry of Employment and Labour established the National Employment Fund (OFA) in 1992 to provide direct support to the civil society organisations delivering labour market programmes.

The following points describe the attitudes of social partners toward different disadvantaged groups, and the level of their involvement in different policies:

- **Ethnic minorities**

None of the interviewees were aware of any projects targeted at the Roma community in which social partners would be 'meaningful' project partners.

- **People with Disabilities**

Labour market situation of people with disabilities is seen to receive most attention both from the government and social partners in Hungary. There is also an employers' organisation and trade union representing the institutions offering sheltered employment and workers of these institutions, respectively.

- **Low skilled and school leavers**

Another priority for the Hungarian social partners is to promote importance of adult and vocational training. Employers in particular are concerned about skill levels and consequences to the economic competitiveness of companies. The reason for this is the growing problem with Hungary's education system which has been concentrated on placing young people into universities rather than vocational training. This has resulted in high drop out rates and reduction in highly skilled labour.

- **Immigrants**

The involvement of social partners in legislation and government policy related to migrant workers is very low<sup>67</sup>. Collective bargaining does not address the issue of integration of immigrants, partly because the coverage of collective bargaining is very low in fields where migrant labour is dominant. However, it will be interesting to see how the first couple of years of EU membership will affect collective bargaining in relation to migration. Enlargement may place more pressure on social partners to negotiate on these issues. In addition, the recent development of Sectoral Dialogue Committees (outcome of one of the PHARE projects) may

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<sup>67</sup> The Ministry of Employment and Labour, June 2005 and EIRO (2001) *Migration and Industrial Relations*.



place this issue on the consultative agenda in those sectors where illegal employment is a big player.

The unions in Hungary are concerned about the cheap labour from neighbouring eastern European countries<sup>68</sup>. In their opinion more meaningful social dialogue is needed if cheap labour becomes an issue in certain regions or sectors. As for employers' organisations, they do not have a very strong policy towards immigrant workers, but demand creation of a better defined labour migration policy from the government<sup>69</sup>.

#### **11.4. Conclusions**

This case study has in particular demonstrates the added value of approaches which provide 'routes' into employment for people with multiple barriers. The project has been successful in its method to closely monitor the progress of all the participants in their transition from training to employment. An advice, information and guidance service throughout the project has provided vital personal and practical support to individuals when they follow what can often be a long and difficult road towards employment. Another key success factors was identification of local labour market demands, which were then matched by relevant training courses. The project also demonstrates good practice in the way it involved project beneficiaries in the project partnership in order to guide the project activities to best meet the needs and challenges of the target group.

The project delivery has also taught us some key lessons. Firstly, the case has demonstrated that labour market integration helps to facilitate social and community integration. Secondly, this experience has shown how important good leadership is for successful project implementation. The programme would not have taken place without decisiveness of the director of the Pest County Labour Centre who had a vision about integration programme that would not only deal with the education and training aspects but would also take into consideration each individual participants and their social and health related concerns. Good collective and individual leadership also facilitated effective co-ordination of resources from different funding sources.

Social partnership in the integration policies in Hungary remain at the level of consultation and design, participation to actual policy delivery is still very marginal, if not nearly non-existent. However, EU programmes can act as a catalyst for more meaningful participation, as long as the institutional and financial weaknesses of Hungarian social partners can be addressed.

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<sup>68</sup> EIRO (2001) *Migration and Industrial Relations*.

<sup>69</sup> Ibid.

## **12. THE MKB MINORITY COVENANT – THE NETHERLANDS**

The Dutch Minority covenant was signed in 2000 by the Dutch government, the SME-representative organisation MKB-Netherlands and the public employment service. The objective of the Covenant was to improve the labour market position of ethnic minorities by mediating ethnic minority jobseekers into small and medium sized businesses.

The case study first looks into the labour market situation of ethnic minorities in the Netherlands and the barriers they face. The second section gives an overview of the set up of the Covenant. This section includes, among others, a list of success factors and weaknesses. The last section gives a detailed overview of social partner involvement in policies to integrate disadvantaged groups.

### **Note on terms used in the case study**

Throughout this case study the terms 'native' or 'native Dutch' and 'ethnic minority' are used. These terms are taken directly from their Dutch equivalents, the meanings of which are as follows:

*Autochtoon*: Native Dutch – Those with Dutch ancestry or Dutch born. In literal and legal terms, this group now also includes children from an 'ethnic minority' background whose parents have been awarded Dutch nationality or passports. However the majority of white Dutch people with long Dutch ancestry do not consider this group to be *autochtoon* in the same manner that they are.

*Allochtoon*: Ethnic minorities – Those who are born to non-Dutch parents. There is confusion over the term *allochtoon* in the Netherlands as it also includes those born to Western parents (UK, USA, EU Member States). However, these people are commonly not included in the ideological context of *allochtoon*. In general usage, the term refers to those from non-white backgrounds. There is tension among ethnic minority communities in the Netherlands however, as those whose parents have been awarded Dutch citizenship no longer wish to be included in the *allochtoon* category.

### **12.1. Background information: ethnic minorities in the Netherlands**

#### *12.1.1. Labour market situation*

In the period from 1995 to 1999, just before the signing of the Covenant, unemployment decreased significantly in the Netherlands. Unemployment among native Dutch people decreased from 7% to 3% and unemployment among ethnic minority groups declined from 26% to 14%. These numbers show that the difference in unemployment rates between ethnic minorities and native Dutch decreased in those four years from 19% to 11%.

**Table 15**      **Unemployment percentages, 1995-1999**

	1995	1997	1999
Native Dutch	7%	5%	3%
Turkish	31%	22%	13%
Moroccan	32%	21%	18%
Surinam	19%	14%	10%
Total ethnic minorities	26%	20%	14%

Source: CBS, Questionnaire population of working age (supplied by the CWI)

Although ethnic minorities benefited from the Dutch economic growth in 2000, their relative labour market position continued to lag behind that of their native counterparts. Data from the Centre for Work and Income show that unemployment among native Dutch people decreased by a total of 13% in 2000 while unemployment among ethnic minority groups only declined by 6%.

In 2002, the sustained period of declining unemployment ended. Ethnic minorities were disproportionately affected by a rise in unemployment. While the unemployment rate among ethnic minority groups rose to 16% in 2004, the rise among the native population was much less significant with a figure of 5%. Individuals from an ethnic minority background were three times more likely to be unemployed than their native counterparts. Individuals from a Moroccan or Caribbean background experienced great difficulties in finding a job and often had to rely on social assistance payments. Even greater problems were experienced by jobseekers from Afghanistan, Iraq and Somalia. In 2001, in a period of particular economic growth, they experienced unemployment rates of up to 40%. The unemployment rate among individuals from the former Yugoslavia was at that time 17%; and the figures were 25% and 22% respectively for individuals from an Iranian and Moroccan background.

#### *12.1.2. Barriers to employment*

Throughout Europe ethnic minorities are faced with similar barriers to employment. In the Netherlands the barriers most often mentioned are the following:

- Barriers relating to **education**: more than 50% of ethnic minority individuals currently outside the labour market have only enjoyed limited schooling while this is the case for only 13% of non-working natives.
- Barriers of **discrimination & a negative image**: often a negative image portrayed in society with regard to productivity and integration forms a barrier to employment for ethnic minority jobseekers. In addition, there is evidence of discrimination of ethnic minority employees in the workplace.
- Barriers relating to **language & cultural knowledge**: ethnic minorities often lack vital knowledge of Dutch society and the Dutch language which makes them less able to find a job and less attractive for employers to hire.
- Barriers relating to **unfamiliarity**: many employers do not have any experience with employees from ethnic minorities or they might have had a negative experience in the past.

- Barriers relating to **information channels**: there is a mismatch between the channels employers use to search for employees and the channels ethnic minority individuals use to find work. This most often concerns less educated and first generation ethnic minorities.
- Barriers relating to **crowding out**: employers often have a preference for Eastern European employees when recruiting non-native staff.

### *12.1.3. The national policy framework*

The Dutch government has undertaken a number of initiatives to improve the labour market position of ethnic minorities.

Besides general labour market and social policy initiatives to combat poverty, increase education levels and improve labour market participation, the Dutch government also implemented specific initiatives to remove or reduce some of the barriers set out above.

The Taskforce for Minorities and the Labour Market was set up in 1998 on the initiative of the Ministry of Social Affairs and Employment and the Ministry of the Interior to examine the position of ethnic minority individuals on the labour market and to propose ways of improving their labour market situation. The Taskforce included the leaders of the key social partner organisations, the Centre of Work and Income (CWI), job placement agencies, individual employers and government officials. After the Taskforce initiative came to an end, its proposals were followed up with the Covenant in SME enterprises, a covenant in large companies and the Minority steps (Minderhedenbordes) in the Dutch government offices.

## ***12.2. Covenant concerning the inflow of ethnic minorities in Small and Medium-sized Enterprises (SMEs)***

### *12.2.1. The set up of the Covenant*

The Dutch cabinet wanted to undertake a diverse set of actions to improve the labour market position of ethnic minorities after the final report of the Taskforce for Minorities and the Labour Market showed that the labour market position of ethnic minorities in the Netherlands remained weak. Hans de Boer, the former chair of the SME representative organisation (MKB), proposed in a letter to bring demand and supply together in order to solve the issue of open vacancies in small and medium-sized enterprises (180 000 vacancies in 1999) and simultaneously to improve the labour market situation of ethnic minorities (in 1999 there were approximately 19 000 ethnic minority job-seekers in phase one<sup>70</sup>). This offer resulted in an agreement between the SME representative organisation (MKB), the former Minister Vermeend in charge of Social Affairs and Employment, the former Minister Van Boxtel in charge of Urban Policy and the Integration of Ethnic Minorities (the Ministry of Interior and

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<sup>70</sup> In the Netherlands, job-seekers are divided into 4 phases. The job-seekers in phase three and four are further removed from the labour market than phase one and two job-seekers. Job-seekers in phase one are the easiest to place in light of their education levels and previous work experience.

Kingdom Relations) and the Chairman of the former Central Board of the Employment Services Organisation, Mrs. J. van Beek (now called Centre of Work and Income, CWI).

On 18<sup>th</sup> April 2000, the four parties set out their agreement in the SME Minorities Covenant. The goal of the covenant was to mediate 20 000 ethnic minority job-seekers into vacancies in small and medium-sized enterprises in one year. The MKB committed itself to ensuring that 30 000 vacancies would be reported by SME enterprises with priority given to ethnic minority job seekers. A representative of the Ministry of Social Affairs and Employment indicated that the original intention was to mediate 10 000 instead of 20 000 ethnic minority job-seekers in one year. However, in order to ensure media attention this number was raised to 20 000.

The covenant started in May 2000 in 7 pilot regions with the involvement of 10 SME-branch organisations. From 1<sup>st</sup> November 2000 the covenant was extended nationally. Originally the covenant was to end in April 2001, but was extended twice. With the first extension in April 2001, the goal was set to mediate 13 000 job seekers from ethnic minority backgrounds and SME enterprises would report 13 000 vacancies in the period May 2001-December 2001. In the second extension, the goal was set to mediate 23 000 ethnic minority individuals following the reporting of 20 000 vacancies by SMEs in the period January 2001- December 2002.

Trade unions, ethnic minority groups & municipalities were not involved in the management of the Covenant. It was indicated by an SME representative that the MKB made the conscious choice not to involve the trade unions in order to ensure the character of the covenant as a business rather than a political action, which it was perceived would generate too much bureaucracy and discussion. Ethnic minority groups became partially involved in the process as they were able to receive funding from the Ministry of Social Affairs and Employment to promote the covenant. The trade unions were at first sceptical because they were not involved, but they eventually agreed on the utility of the programme after the first successful results became public. Municipalities were also unhappy that they were not directly involved. Their exclusion from the covenant was due to the fact that in the Netherlands, municipalities are responsible for phase three and four job-seekers who are further removed from the labour market and thus more difficult to place and outside the scope of the Covenant. Trade unions, ethnic minority groups and municipalities were kept informed through publicity material.

#### *12.2.2. The approach*

Each party had its own responsibilities and it was agreed to set up a website that would keep count of how many ethnic minority job-seekers were placed in employment through the SME Minorities Covenant.

- **Media-campaign**

MKB promoted the covenant through an intensive media-campaign set up and run by the media company Stimio. Alongside this campaign, the regional organisations of the MKB and representatives of the branch organisations informed employers about the covenant and encouraged them to use the opportunities the covenant had to offer.

Below is a list of examples of communication tools used to approach employers:

- SME vacancy telephone line: free telephone number through which SME-employers could announce vacancies.
- Call centre approach: in the first year several thousand employers were approached with the request to report any vacancies.
- SME-vacancy line bus: three buses covered the length and breadth of the country from 2001 onwards to visit employers to inform them about the Covenant. In the bus an information consultant was present to help employers search a database of available ethnic minority candidates for vacancies. 10 000 employers have been approached through this way in 450 different places. To approach SME-employers, politicians and policy makers also used the buses.
- Offer Journal (AanBodkrant): several times a year this paper was circulated to SME-employers and contained profiles of available ethnic minority candidates.
- Brochures for employers and job seekers.
- SME-newsletter: this newspaper appeared 4 times a year to retain the attention of SMEs and to inform them about recent developments.
- Meetings and information stands: 300 meetings were organised for branch organisations and regional SME-organisations to inform their target groups about the covenant. In addition, hundreds of fairs and company contact days have been visited with three information stands.
- Enter SME Campaign: commercials were shown on regional and satellite TV to reach ethnic minority jobseekers and to encourage them to apply for a job in an SME. This campaign was set up in cooperation with important national and regional minority organisations.

- **One-to-one approach**

After an SME-employer reports a vacancy to the CWI, the CWI undertakes mediation action. At the start of the covenant, the CWI set up a national and regional project organisation employing 250 SME advisors working full time on the SME covenant. A regional project leader led the project teams and a national project leader was responsible for overall coordination. This system worked well as the consultants were solely employed to work on this project and did not have to respond to conflicting priorities. Formally, the national project leaders held no hierarchical relationship with the SME advisors, but through the district management meetings, the advisors' line managers were committed to make the covenant a success.

Goal setting was done strictly and each project team within a certain region received a certain number of SME-vacancies to be filled in a certain time, depending on the number of job seekers from an ethnic minority background in their region in phase one (short distance from

the labour market) and how many vacancies on average were reported within the region. These goals were reviewed periodically and altered when necessary.

The unique approach of the CWI covenant project organisation was to approach ethnic minority jobseekers on a 1-to-1 basis. Upon registration with the CWI, each jobseeker from an ethnic minority background would be assessed regarding their distance to the labour market. If they were allocated to category one, they would then see an SME advisor for possible referral to an SME vacancy. Dutch legislation also requires recipients of social assistance benefits to report to the CWI for a meeting once every two weeks. The 1-to-1 principle was designed to ensure a full understanding of the competences and needs of the ethnic minority jobseeker. Each SME advisor received a certain caseload allowing them to get to know their clients well.

- **Employer Contact**

When an SME-employer reported a vacancy, the SME advisor would contact the employer within 72 hours to discuss the vacancy and to provide possible candidates for the vacancy. Within a week, it had to be decided whether the CWI could match the vacancy with a candidate, in consultation with the SME-employer. Where this was not the case, the CWI called in an intermediary. If there was not a suitable jobseeker from an ethnic minority background available, the CWI would then seek to fill the vacancy with a native job seeker. The SME advisor continued to keep contact with the employer after a vacancy had been filled to ensure an appropriate match and to avoid drop out.

An additional service for employers was the Language kit SME, provided by the Labour Market Service Point<sup>71</sup>, which helped employers with the organisation of Dutch language courses for ethnic minority individuals they recruited who required additional assistance with language skills. The kit does not provide a language course, but provides information on how to find out which language course is appropriate, where to buy it, whether cooperation is possible with other companies and if the company can get any financial compensation.

- **Regular contact**

Every few months, the four parties re-grouped to discuss progress and cooperation. These meetings made sure all parties remained involved and that all matters would be discussed openly. In that way the MKB stayed actively involved in the implementation beyond the organisation of the publicity campaign. The Ministry of Social Affairs and Employment also used these meetings to conduct an ongoing evaluation of the results and the costs involved. Outside these formal meetings, there was intensive contact between the Ministry of Social Affairs, the SME and the CWI through other channels (such as telephone and email). This process ensured that all parties remained committed to making this project a success.

### *12.2.3. Funding*

The Ministry of Social Affairs and Employment funded the extra 250 SME advisors appointed within the CWI organisation, which meant approximately 2 SME advisors per local

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<sup>71</sup> Cooperation between the MKB, CWI and Ministry of Social Affairs and Employment

CWI office. The estimated cost of this was around 18 million euros. Some of this money was also used to fund the more expensive assistance of intermediary organisations. Subsequent funding was received on the basis of output financing; the Ministry paid a certain amount of money per placed candidate.

The MKB received funding by the Ministry for the promotional campaign organised by Stimio. Stimio was paid per assignment and the total publicity campaign is estimated to have cost around 10 million euro. The MKB did not contribute in cash but in kind through provision of man-hours.

The Ministries funded minority organisations to develop activities to mobilise their target group, encouraging unemployed individuals to register with the CWI.

#### *12.2.4. Impact*

The Covenant was very successful in placing ethnic minority jobseekers into employment. During the period of 2000-2002, 78 000 vacancies were reported and over 70 000 job-seekers were placed into employment, of whom nearly 62 000 were from ethnic minority groups.

Mid-term and ex-post evaluations of the operation of the covenant (Regioplan Onderzoek Advies en Informatie, June 2002) showed that the covenant had an impact on increasing the rate at which SME vacancies were filled as well as the placement rates among ethnic minority jobseekers. In terms of a sustainable effect, the ex-post evaluation showed that after 6 months, 64 % of the candidates placed were still in employment, one-third with the same employer. The picture after 12 months did not alter significantly. The results also showed that the likelihood of being in employment after 6 months depended on the educational level, the number of job placements undergone prior to the particular SME placement and the average duration of these placements. Those with lower levels of education were less likely to remain in employment and individuals who had held many different short-term placements in the past were also less likely to remain in sustainable employment. No evaluation was carried out of the deadweight effect of the measure<sup>72</sup>, which is significant bearing in mind that the ethnic minority job seekers placed were all in category one.

Another evaluation study of the communication campaign addressing ethnic minority jobseekers shows that the TV commercials had a positive effect in terms of telephone responses. However, the response mostly came from people already registered with the CWI. In addition, responses did not generally lead to successful appointments. The commercials did however lead to curiosity in general about the CWI, benefits, education, etc. The information meetings were visited moderately and only led to a small increase in the familiarity with the CWI and its possibilities. Nonetheless, the meetings did lead to new insights in how to co-operate with ethnic minority groups.

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<sup>72</sup> The term 'deadweight' refers to job seekers who would have found a job in the absence of any assistance or interventions.



A third evaluation was carried out on behalf of the CWI to examine the use of SME advisors (Rijnland Advies, April 2002) and to assess why certain job placements fail, which factors influence the sustainability of a job placement, how content clients are with the work of the CWI and in which way stimulation tools positively influence the sustainability of a job placement. Results of this evaluation are discussed in the following paragraph on success points and failures.

In connection with the VIONA-research programme, the Katholieke Universiteit Leuven also carried out an evaluation of the programme for the Flemish Minister of Employment. The results of this evaluation are also discussed in the subsequent paragraph.

### **Employer experience with the SME-Minority Covenant: NHTV Breda**

One company involved in the SME-Minority Covenant was the NHTV Breda University of Professional Education. The NHTV provides a package of bachelor and masters programmes in the fields of media & entertainment; hospitality & catering; city planning; logistics and mobility; and leisure & tourism. At present around 6,000 students attend the NHTV courses. The Personnel Department of the NHTV does not undertake special actions to reach disadvantaged groups like ethnic minorities. Their aim is to recruit the best candidate, whatever their background. At the moment, they still employ few ethnic minority employees because of the lack of suitable candidates with the required degree level qualifications.

The NHTV got involved in the Minority Covenant because of a vacancy in the ICT Department for the function of Helpdesk co-worker. Neither the Personnel Department nor the Head of ICT were familiar with the term *SME Minority Covenant* and in fact did not know they had recruited a job seeker through this covenant. They had simply reported their vacancy to the CWI and out of the 3 applicants mediated by the service found a candidate of Afghanistani origin to be most suitable to fill their vacancy. The candidate was educated to degree level in his own country and although he had no ICT experience and required assistance with his language skills, it was felt that his educational background would make him a suitable candidate to pick up the skills required for the task quickly. The Department also felt a degree of social responsibility to offer this job seeker an opportunity. The employee initially received a temporary contract, but this was later transferred to a long-term contract because of mutual satisfaction. While the ICT team management had no problem with the appointment, some individuals did. However, once the individuals in question worked with the new employee and saw that there were no problems they became less negative about the hiring of ethnic minorities.

This example shows how integrated the SME-Minority Covenant was in the work of the CWI and the importance of giving more recognition to skills acquired abroad. It also shows how familiarisation with ethnic minorities can lead to more positive feelings of employees towards ethnic minorities, as in the case of the ICT team.

#### *12.2.5. Success factors*

The following success factors can be identified:

- The strong commitment from the top level of government and among MKB to make the project a success.

All parties agree that one of the most important success factors has been the strong commitment of individuals at the top level of all organisations involved to make this programme a success. Through regular contact and immediate action when results seemed to slump they ensured success. Besides, their involvement ensured media attention and secured the involvement of important political figures. Involvement of political leaders is crucial to make a clear statement that this project matters and is important. Through the abundant publicity of successes and the commitment from the top, employers also gained confidence and started to report more vacancies.

- Direct publication of results on a website

After the signing of the Covenant a website was set up which reported daily on the number of ethnic minority applicants placed through the SME minorities Covenant. This ensured significant publicity in times of both success and failure. In times of failure, the website and publicity ensured that the involved parties undertook action to increase the numbers. For example, at the start of the Covenant the counter remained at 0 which motivated the MKB and the Ministries to send out a letter to employers and to adjust the approach within the CWI.

- The 1-to-1 approach involving a wide network of advisors

The additional hiring of 250 advisors solely for the covenant meant that ethnic minority job seekers received substantial attention and their individual capacities were assessed and appreciated. Each SME advisor had a caseload. In this way, they got to know their clients very well and were better able to follow progress and to find an appropriate job placement.

- Employer's approach

The CWI's employer's approach guaranteed more attention was given to the employer's needs, which led to increased employer's trust. A free national vacancy line was established where SME employers were able to report their vacancies. After the reporting of the vacancy, a SME advisor would contact the employer in order to complete and check the job profile. Within 72 hours of the vacancy being reported, the SME advisor recommended one or more candidates. After a successful placement, the SME advisor maintained contact with the employer and the employee for up to two months to limit the possibility of drop out and to ensure employer's satisfaction.

- The involvement of the SME-representative organisation (MKB)

The involvement of MKB was crucial to ensure the commitment of SME employers. At first SME employers were unsure about the covenant and the meaning for them. However, through the MKB publicity campaign, the commitment of the Chairman of MKB and the publication of the first successful results they became even more convinced about the Covenant's possibilities.

- Clear goal setting and output financing

The method of output financing with clear goal setting and the weekly measurement of results were very successful. The results were made very transparent, not only to stakeholders but also to the general public. There was no time wasted in lengthy planning processes; the entire project was focused on achieving results.

#### *12.2.6. Weaknesses*

The following weaknesses can be identified:

- Outdated registration system & the build up of the project organisation

The registration system of the CWI was not completely up to date and needed thorough screening: many of the registered unemployed had already returned to work or were allocated to the wrong phase. In addition, after the signing of the Covenant, the publicity campaign began immediately to reach employers to report vacancies. However, the CWI did not yet have the capacity to process this demand because they needed time to hire 250 extra consultants and build up the project organisation. Consequently, at the inception, employers complained, negative newspaper articles appeared and the counter on the website remained at 0.

- Difficult mobilisation of ethnic minority jobseekers & SME employers

Ethnic minority jobseekers proved to be difficult to mobilise at the start of the covenant. There was little reaction to the publicity campaign and did not register with the CWI until the introduction of the 1-to-1 approach. The target group was often found to harbour prejudices against the CWI because of previous negative experiences or because of miscommunication caused by language and cultural differences. Consequently, the CWI made sure SME advisors were - whenever possible - of ethnic minority origin or followed a course in intercultural communication. Throughout the period of the covenant, this prejudice slowly disappeared and the image of the CWI among ethnic minorities improved.

At first, SME employers were also not very positive about cooperation with the CWI. They feared the CWI would not provide any capable candidates. A particular problem was posed by the perception that every time they contacted the CWI they would be speaking to a different person, thus preventing continuity of service. Throughout the period of the covenant, the image of CWI improved because of the personal and intensive support structure provided for employers. In addition, SME employers were still quite unfamiliar with recruiting individuals from ethnic minorities. Consequently, some employers were hesitant to report vacancies. Throughout the course of the covenant, the image of ethnic minorities increasingly altered and employers became more likely to report their vacancies.

- Discrepancies in the demands and perceptions of employers and job-seekers

The SME Minorities Covenant was implemented during a period of economic upturn. This ensured that there were sufficient vacancies. However, in a number of cases a discrepancy remained between the skills of ethnic minority job seekers and the vacancies offered. As a result, the SME advisors started to actively search for vacancies to improve the match results.

Furthermore, the SME advisors often supported employers with the development of the job profile for a certain vacancy. This revealed that in many cases the job requirements initially demanded by the employer were not in fact required to fulfil the role.

#### *12.2.7. Sustainability*

- **Loss of knowledge**

After the SME minorities covenant ended at the end of 2002, it was decided to mainstream the 1-to-1 approach into all CWI activities. Unfortunately, the extra funding made available for the Covenant was cut after the Covenant ended. This led to the loss of the 250 extra consultants (and thus the loss of their specific knowledge) and also the loss of the intensive mediation techniques often used to place ethnic minority job-seekers.

- **Sustainable methods and practises**

The following methods and practises proved to be sustainable:

- The method of **72 hour vacancy turn around**: within 72 hours of a reported vacancy by an employer, the CWI still recommends one or more candidates.
- The CWI representative emphasised that the **successful approach of the SME minorities covenant has not been forgotten and has been further implemented** to actively help other target groups in employment. An example is the Youth Unemployment Taskforce where several of the SME minorities covenant players returned to cooperate once more. The former chairman of the MKB, Hans de Boer, is currently the chairman of the Taskforce. In this case, after a first intake young unemployed individuals are directly sent to Youth Teams to start mediation. Concerning the organisation and implementation, the positive elements of the SME Minorities Covenant were copied as much as possible. Firstly, the organisers learned to think in terms of co-operation and to discuss everything. Secondly, they learned that before organising a large publicity campaign, the project organisation must be up and running: the representative of the Ministry of Social Affairs and Employment recommended *“Make sure you have something in the shop to sell and not only in the window”*. In addition, the Youth Unemployment Taskforce is already taking action to ensure sustainability after the ending of the Taskforce to limit the loss of knowledge, as the SME Minorities Covenant has experienced.
- In the case of the CWI project – Vacancy Offensive – the approach and dynamics of the SME minorities covenant has been used again through **the hiring of extra advisors** to offer tailored service to employers. This project will continue until the end of 2005 with ESF funding.
- Through the PaVEM commission a **continued focus** has been placed on the employability of women from ethnic minorities. The commission focused specifically on language courses to be taken at home for ethnic minority women who are limited in their ability to leave the house because of caring responsibilities.

- The SME Minorities Covenant has created an **atmosphere of trust and joint working** in which parties increasingly co-operate to solve issues together. This increased the base of support for certain new policies considerably. For example, the intermediate organisations and job placement agencies are no longer seen as competition by the CWI and more cooperation has been established between these parties.
- When the SME Minorities Covenant came to an end, a debate began on whether to develop a **new policy focusing on target groups** or on individuals. After the murder of Theo van Gogh<sup>73</sup>, a new call has been made to develop a target group focused policy, combating discrimination and increasing integration.

### **12.3. Involvement of social partners**

#### *12.3.1. In national policy-making*

The social partners are involved in multiple ways in policy making in the Netherlands:

- The **Foundation of Labour (STAR)** was established in 1945 and is a private organisation with employer and trade union representation on the board. Every year, in spring and autumn, **central consultations** are organised between the Foundation and the Dutch government in which Dutch macro-economic development is discussed and analysed. These consultations lead to a **central agreement** with regard to the future desired Dutch social-economic development, which operates as a guideline for the social partners during their collective bargaining rounds in different sectors. Besides wages, the Foundation also concerns itself with a variety of other issues such as social security, pensions, schooling, personnel policy and part-time work. Each social partner organisation has a certain amount of seats in the Foundation depending on the size of the organisation. The Foundation is partly funded by the social partner organisations and partly by the Social Economic Council (SER).
- The **Social Economic Council (SER)** was established in 1950 with the goal of involving social partners more in social-economic policy. The Council is a tripartite consultation body and consists of 33 members: 11 from employer organisations, 11 from employee organisations and 11 independent members of the crown. The 'crown' members are independent experts such as university professors. These members are chosen by the crown but remain independent from the government and are not accountable to the government. The representative of the Dutch Central Bank and the Director of the Dutch Statistical Bureau are automatically appointed as crown members. The SER advises the Dutch government on particular questions raised by the government and also has the right to formulate own initiative opinions.

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<sup>73</sup> On November the 22nd in 2004, the film director Theo van Gogh was murdered in the streets of Amsterdam because of his criticisms of the Muslim religion. This murder spurred a debate in the Netherlands on the topics of freedom of speech, religion and integration.

### *12.3.2. In policies to integrate disadvantaged groups*

According to the representative of the Ministry of Social Affairs and Employment social partners prefer to act autonomously, setting frameworks for action through collective bargaining rather than being constrained by legislation. Employers in particular emphasise that they wish to be free to recruit the best person for the job rather than being constrained by quotas or other requirements to recruit certain target groups. However, it is argued that more emphasis must be given to understanding the reasons behind the low employment participation rates of ethnic minority individuals and for these to be combated more effectively. For example, the lower education level of ethnic minority groups compared to natives is in need of direct attention in combination with a range of other factors like language, cultural differences, discrimination, etc. Social partners do take responsibility by initiating smaller scale projects and by co-operating in government initiatives. Social partner organisations argue that the government needs to do more to underpin its express goal for a better integration of ethnic minority groups by providing more co-ordinated measures and significant funding. The SME representative argued that the current trend to sign Covenants with organisations is not necessarily the best solution. For example, in terms of integrating social assistance beneficiaries, the SME representative states that an effective idea would be to stimulate employers more to hire social assistance beneficiaries through the system of a no-risk policy. Social assistance beneficiaries often cope with different and multiple problems, so the risk of drop out is high, which puts employers off recruiting them. To make it more appealing, the government could offer a no-risk policy in terms of finance and regulation to soften the negative effect of a possible drop-out. An example is the implementation of an insurance arrangement by the Dutch government that the employer - in this particular case of social assistance beneficiaries - does not need to pay the regulated 2 years of sickness benefits. According to the SME representative it is a matter of asking and offering, there has to be a balance between the two.

### *12.3.3. Social partner attitude and activities*

The social partners in the Foundation of Labour (STAR) have agreed **three subsequent minority agreements**. In the most recent agreement (due to end in 2005) the following recommendations were made towards social partner branch organisations to take into account in collective bargaining: to increase the average education level of employees from ethnic minority groups; to increase the information flow about other cultures; to stimulate mutual understanding of differences; to develop a multi-cultural personnel policy and to combat discrimination.

The MKB representative argued that the results of these minority agreements can not be measured straight away. The recommendations given to branch organisations are not binding and it is therefore up to them to decide whether to implement them or not.

The social partners have undertaken a number of different actions to remove barriers to the labour market facing different target groups, often also including ethnic minority job-seekers and in co-operation with other parties:

**Learning jobs project (Leerbanenproject) organised by the SME representative organisation MKB-Netherlands**

This project started in 2003 with the goal of mediating 10 000 young people into vocational training with SME employers by 2007. In April 2005 it was announced that 3334 vocational placements in SMEs have been successfully mediated; 40% of these placements were filled by young people from an ethnic minority background.

**Glenn Mills Project organised by the SME representative organisation MKB-Netherlands, The Glenn Mills School and the Foundation Institute GAK**

This project focuses on giving young delinquents who have successfully finished the Glenn Mills School a job placement opportunity in SME organisations. The project has as goal to coach 125 delinquents into a job.

**Youth development and experience places (Jongeren ontwikkelings- en ervaringsplaatsen) organised by the employer organisation VNO-NCW**

This project is similar to the learning jobs project mentioned above. It ensures that young people get the opportunity to learn and gain work experience through an internship.

**Coaching for well educated young people from an ethnic minority background** (Coachingtraject hoogopgeleide allochtone jongeren) organised by the Taskforce Youth Unemployment, the institute for multicultural development FORUM and the employer organisation VNO-NCW

**Job offensive for refugees (Banenoffensief Vluchtelingen) organised by Refugee Work Netherlands, the Foundation Emplooi, the Foundation for refugee students UAF and the CWI**

This initiative concerns the development of a blue-print for getting refugees with higher educational qualifications into employment.

**Action “Adopt a CV” (Adopteer een CV) by the Taskforce Youth Unemployment and the company SIEMENS**

This action seeks to implement a new method of getting better educated young people from ethnic minority backgrounds in the network of large enterprises. Guests of the SIEMENS VIP diner in 2005 were asked to spread a CV of a young person in his/her network. 150 of the people present were enthusiastic and through the CWI, FORUM and HBO-Council (Higher education institute) the CV's were given out. Of the 150 matches, 70% involved young people of ethnic minority origin.

**Instruction booklet by the employee organisation FNC**

The FNC has created an instruction booklet to stimulate the discussion between natives and ethnic minorities in a work environment.

The parties agree that social partners should continue to add value by setting up project initiatives. In addition, the Foundation of Labour should continue paying attention to the subject and formulate recommendations for branch organisations.

#### **12.4. Conclusion**

The SME Minorities Covenant shows the vital importance of co-operation between the government, work placement agencies and social partners. For an employment integration programme to become a success, it is crucial that the parties involved not only work together in a spirit of co-operation, but truly undertake joint actions with clear goals, funding and timelines. In this respect the SME Minorities Covenant made all the difference. The SME Minorities Covenant effectively succeeded on a large scale in placing ethnic minority job-seekers into employment, while many other initiatives and projects –although offering added value- only showed limited success by initiating a debate, by recommending useful approaches or by reaching success in job placement on a more limited scale. The co-operation with the SME representative organisation was a crucial element in the project as it ensured employer’s trust and interest. In addition, by keeping the steering group limited to the key players, attention was put on action and instead of on consensus and discussion. In conclusion, the SME Minorities Covenant shows how important it is to thoroughly set up a project with defined goals, responsibilities and time lines and to keep the involvement of different parties limited to the most crucial key players. The idea of always involving all social partners sometimes needs to be set aside in order to ensure results.



### **13. THE ROSETTA PLAN - BELGIUM**

The Rosetta Plan was set up by the Belgian government in 1999 to combat youth unemployment- especially among young people with few qualifications - and is still in existence today (after several amendments). Its main objective is to give young unemployed people the opportunity to work through a First Job Agreement (FJA) which is in simplified terms a work agreement between an employer and a young unemployed. The basic principle of the First Job Agreement is that employers need to hire a certain number of young workers (1.5% for the public sector, 3% for the private sector). The social partners were little involved in the implementation phase and the Plan was considered to be complex, but content of the Plan has been improved since, partially due to an increased involvement of social partners.

This case study will first offer an overview of the labour market situation of young unemployed in Belgium during the start of the Rosetta Plan and will indicate what barriers to employment young unemployed – particularly those with fewer qualifications - are facing. In the second section an overview of the set up of the Rosetta Plan is given. The approach is explained in two phases as the Rosetta Plan was amended at the end of 2003. This section also includes a list of success factors and weaknesses. The last section examines more closely social partner involvement in policies to integrate disadvantaged groups.

#### **13.1. Background information: young people in Belgium**

##### *13.1.1. Labour market situation*

In 2001, youth unemployment in Belgium was substantial and amounted to an average of 22%. A significant difference existed between unemployment among young people with higher qualifications (14%) and young people with fewer qualifications (30%). In addition, large differences could be observed by region. The regions of Brussels and Walloon were faced with twice as much unemployment among young people than the Flemish region. In all three regions young people with an immigrant background ran an especially high risk of unemployment (50% for Turkish and Moroccan people in Brussels).

The higher than average unemployment rate for young people went hand in hand with a high turnover: 55% of the registered unemployed youngsters left the register within 6 months. This indicates that young people, although suffering from a high unemployment rate, found jobs again quickly<sup>74</sup>. This made the Belgian government realise that particularly long-term unemployment and unemployment among young people with fewer qualifications were an issue that had to be tackled by the Rosetta Plan.

##### *13.1.2. Barriers to employment*

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<sup>74</sup> It should be stated that a young person sometimes leaves the unemployment register because of other reasons: going back to education for example.

Throughout Europe young jobseekers, especially those with fewer qualifications, are faced with similar barriers to employment. In Belgium, the barriers most often mentioned are the following:

- Economic situation

Employment of young people is very dependent on the economic situation in a country. During an economic downturn, young employees run the highest risk of redundancies and for young jobseekers it is more difficult to find employment in comparison to other jobseekers (excluding elderly jobseekers). In addition, demand for labour in Belgium is relatively low, amongst other reasons, due to high total labour costs (however this differs amongst communities).

- Education level

Young jobseekers with fewer qualifications often risk remaining unemployed for a longer period due to differences between the needs of the labour market and the qualifications and education levels held - there are not enough lower skilled positions available and the limited education level of some young people makes them difficult to place in higher skilled jobs.

- Ethnic minority background

Young jobseekers with an ethnic minority background are –on average – more likely to have fewer qualifications and more often risk remaining unemployed because of a multitude of interlinked factors: lack of language skills, cultural background and discrimination.

- Mismatch between demand and supply on the labour market

There is a mismatch between the skills of jobseekers and the skills required in the labour market. Education is seldom adapted to labour market requirements, which causes a shortage of job candidates for some jobs and an oversupply of candidates for other positions.

- Lack of “on the job” skills

A great number of young jobseekers have just finished their education when searching for employment. They often do not yet possess “on the job” skills and experience which are indispensable and valued highly by employers.

### *13.1.3. The National policy framework*

The implementation of the Rosetta Plan follows a rich history of government initiatives aimed at combating youth unemployment, especially among young people with fewer qualifications. The Belgian government initially tried to combat youth unemployment by putting a heavy emphasis on training for early school leavers. This was however –according to evaluation studies of earlier youth programmes – met with scepticism and resistance from young people. These young people mainly wanted to work and were not interested in upgrading their skills. Consequently, the Rosetta Plan was structured to put the main emphasis – besides education – on giving young unemployed people the opportunity to work. The Rosetta Plan replaced the

former internship agreement for young people<sup>75</sup> (stage des jeunes, stage der jongeren) which obliged employers to hire a young jobseeker as an intern for a period of 6 to 12 months.

According to the Higher Institute for Labour Studies (KULeuven), the Rosetta Plan meant a reversal of policy rationale in Belgium. Before the introduction of the Rosetta Plan, the responsibility to find a job rested with the young unemployed person. Under the Rosetta Plan more responsibility is also put on employers and the government. Under the Rosetta Plan, the individual jobseeker has to commit themselves to participate but the government commits itself to provide opportunities, while employers are called upon to act responsibly and hire young people under the Plan.

### **13.2. The Rosetta Plan**

#### *13.2.1. Set up of the Rosetta Plan*

The Rosetta Plan was initiated to combat youth unemployment, which was particularly a problem in the Brussels region and Walloon. In September 1999, the idea of the Rosetta Plan was created and decided upon by the former (socialist) federal Minister of Work and Employment, Laurette Onkelinx. The name “Rosetta” was chosen because it referred to the title of a Belgian movie on social exclusion which was awarded several prizes that year. The movie was about a young woman, Rosetta, who was faced with the difficulties of finding a job.

For each policy change or the implementation of a new policy, the Belgian Federal Government is obliged to ask the advice of the National Employment Council (CNT Conseil National du Travail, NAR Nationale Arbeids Raad) through which the social partners are represented. The Belgian federal government often also organises an informal debate with the social partners to discuss policy developments. In the case of the Rosetta Plan it remains unclear in what way social partners were included in drafting the policy. Several sources mention that social partners did not become involved because the Federal Government was eager to push the Rosetta Plan through prior to the election as a tool towards electoral success. However, other sources –social partners among them – mention that there was some social partner involvement in the process, but it was perhaps limited and mostly took place through lobbying and informal meetings rather than direct involvement.

When the first draft of the Rosetta Plan was presented by the Belgian Federal Government, the social partners responded rapidly. The employer organisations reacted forcefully – especially the VOKA (Flemish employer organisation) because they feared employers, and in particular SMEs, would be harmed by the implementation of the quota and penalties. The trade unions approved the basics of the proposal, but emphasised that it should translate into additional employment as the costs of the implementation were sizeable (lowering of social security contributions for employers).

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<sup>75</sup> Until the age of 30

The social partner criticism led to considerable amendments of the plan (for details of the criticisms see the following section 'the approach of the Rosetta plan'). After these amendments, the Rosetta plan was enacted in the beginning of 2000. The employer organisation VBO/FEB thereafter released the statement that the plan was markedly improved.

### *13.2.2. The approach of the Rosetta Plan*

- **Activation programme and First Job Agreement (FJA)**

The Rosetta Plan takes a dual approach. On the one hand, the Plan is a prevention/activation programme for young unemployed people through activities like campaigns on school campuses, a generalised screening and orientation phase, guidance, training, etc. On the other hand it also includes the First Job Agreement programme (FJA) which is the main focus of this case study. The aim of the First Job Agreement programme is to offer young people a job, training or an apprenticeship as soon as possible. It is set up to give young people a chance to improve their vocational education skills necessary for a long-term position and it is also meant as a device to avoid young people becoming long-term unemployed.

A First Job Agreement can consist of an open-ended or fixed-term full-time employment contract or part-time (at least half-time) employment contract. Only the first year of this employment position will be counted as an FJA. Another option is a part-time (at least half-time) employment contract supplemented by training. The third option is an apprenticeship contract for a salaried or self-employed profession or a traineeship contract for a self-employed profession. Under the last two options, 1 to 3 years of the employment position are counted as an FJA<sup>76</sup>.

A new worker employed through an FJA is entitled to the same privileges as a worker fulfilling the same function. When a new worker is hired through the FJA framework on a part-time contract for at least one year, the employer is entitled to spend 10% of the worker's wage on training. In that case, the worker is entitled to 90% of the normal wage. However, this amount can never fall below the guaranteed average minimum monthly wage.

- **Quota and compensating fees**

The basic principle of the plan is that employers in both the private and public sectors (with more than 50 employees) have an obligation to hire a certain number of young workers: up to 3% of their labour force for employers in the private sector and 1.5% of their labour force for employers in the public sector<sup>77</sup>. The new recruitment cannot be compensated by making existing personnel redundant. Employers that do not fulfil the quota risk a financial sanction in the form of a compensating fee.

Private-sector employers in difficulty or in the process of reorganisation can request to be exempted from all or part of their obligations. In addition, employers or a group of employers belonging to the same sector or all employers within certain sector can receive a (partial)

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<sup>76</sup> The FJA will last for three years only in cases that the training also lasts three years.

<sup>77</sup> The quota set up of the agreement of internships for youngsters was largely taken over.

exemption when they set up a collective agreement in which they commit themselves to hiring young jobseekers or get involved otherwise (for example by offering training options, etc).

Besides individual employer quota requirements, the Belgian government also set up a law which stipulates that all private-sector employers (with more than 50 employees) should collectively recruit a number of young people representing 4% of the workforce of all the enterprises together.

- **Lowering social security contributions**

When an employer hires young employees eligible under the Rosetta Plan, the employer can receive a reduction in employer social security contributions of 400 euro per quarter.

The employer can also receive an additional target group reduction of employer social security contributions when hiring a young person with fewer qualifications (not beyond secondary education). The employer is however only eligible for this reduction when the quota requirement is fulfilled. In the case of full employment, the employer receives a reduction of employer social security contributions of<sup>78</sup>:

- 1000 euro per quarter during the quarter of hiring and the subsequent 7 quarters;
- 400 euro per quarter during the 7 subsequent quarters.

### *13.2.3. The Rosetta Plan from inception in 2000 until the end of 2003 (the first phase)*

The original draft put forward by the Federal Ministry of Labour and Employment in 1999 was amended after comments from the social partners. Below, examples are given of amendments that were included in the Plan from 2000 to the end of 2003:

- The original draft put down a quota of 4% and was targeted at enterprises with more than 25 employees. After feedback from the employer organisations, the quota was lowered to 3% and the number of employees was adjusted upwards to 50 employees (full-time equivalents).
- The original plan did not include a quota for public sector employers. The employer organisation VBO-FEB insisted in its comments that the programme should also help young people to acquire their first work experience in the public sector. The draft was therefore amended to include a public sector quota of 1.5%, (valid for all public sector institutions and the non-profit sector, excluding educational institutions).
- The original draft did not make any provisions for schemes for young unemployed with fewer qualifications. In the original draft it was stated that employers would be exempted from paying employer's social security contributions in respect of new recruits during the first year and to be entitled to a monthly payment. Under the amended scheme, employers pay the usual social security contributions for each young worker hired on a first employment contract. However, for each person with fewer qualifications who is hired, the employer has a right to deduct a fixed amount per quarter from social security contributions for one year. For enterprises that go beyond the minimum requirements, for

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<sup>78</sup> When the employer re-employs a young person, the social security contribution reduction only counts for the quarters following the very first hiring date.

each additional young person who is hired beyond the required 3% of total personnel the employer is also able to deduct a fixed amount per quarter from their social security contributions.

The Rosetta Plan was set up to take regional disparities into account through a “cascade system”. The Rosetta Plan was intended to primarily benefit young people falling into Category A: young job-seekers under 25 within 6 months of leaving education or upon completion of an integration programme, on the condition that they are no longer required to attend school (i.e. are over 18). However, in certain regions in Belgium, other young job seekers were also considered because not enough young people from Category A were seeking a job. In Flanders for example, in 2000 young people from Category B: young job-seekers under 25 and Category C: young job-seekers under 30 were also included in the Programme.

Although the involvement of social partners was low in the implementation of the Rosetta Plan, their role was important in terms of increasing the awareness of the Plan among employers, employees and jobseekers. For example, employer organisations gave information to employers by producing a “circular”, in which legal information on the Rosetta plan and employer’s obligations was provided. After each amendment a new circular was sent to ensure that employers were aware of the changes.

In addition, social partners were involved in the Rosetta Plan through their participation in the sub regional committees which determined the cover – through the cascade system – of the target group (that is, which of the Categories A, B & C will be included) for each separate region on the basis of regional labour market information.

#### *13.2.4. The Rosetta Plan since 2004 (2<sup>nd</sup> phase)*

The Rosetta Plan has been simplified greatly since January 2004 under the then new minister of Employment Vandembroucke. At the end of 2003, an employment conference was set up with social partners to discuss possible improvements in the programme of the Rosetta Plan and other programmes/activities.

The simplification led to a few important changes in the plan:

- The “cascade system” was removed and the target group was limited to one category: youngsters who have not reached **the age of 26** when hired and are registered jobseekers.
- Before 2004, a young jobseeker had to agree a First Job Agreement with an individual employer. From 2004 onwards, the young jobseekers no longer have to go through this cumbersome administrative formality. Each young person below the age of 26 can apply for a **First Job Card**. This Card states the young persons’ details, whether the young person is low skilled, disabled or from black or minority ethnic (BME) origin. The Card is distributed by the employment agency RVA and assures that a young jobseeker is immediately taken up in the programme.
- Prior to 2004, a young person was only included in the quota when a First Job Agreement was signed. However, since 2004 every young person below 26 with a First Job Card counts in the quota.

- Young disabled people and those of BME origin under **the age of 30** can be double-counted by the employer for the quota requirement. Ethnicity depends on the nationality of the employee, their parents (if one is not from the EU) or grandparents (if both are not from the EU).
- The restriction on the duration of the FJA has been removed. A young person is eligible for an FJA until the age of 26, regardless of how many employers the young person has worked for.

### **Rosetta plan for young entrepreneurs**

The Rosetta plan for young entrepreneurs shares the philosophy of the Rosetta plan (FJA) to help young jobseekers into employment, but focuses exclusively on young jobseekers **below the age of 30** interested in setting up their own business. The plan was set up in July 2002 and offers young persons the opportunity to borrow at reduced cost and also offers a support structure for young persons to build up their own enterprise.

The administration of the Rosetta plan is organised by the Participation fund in combination with partners that are key stakeholders and non-profit organisations. The Participation Fund is a federal financial institution and responsible for encouraging entrepreneurship in Belgium. The Board of Directors consists of members from the SME sector (including social partners) and the public sector. Its two goals are to increase the possibilities for a starter to receive a bank loan and secondly to reduce unemployment by offering credit to starters. It provides different services (co-financing, micro-financing and co-financing risk capital) to different target groups. The partners provide the geographical support structure of 80 Support Points throughout Belgium for the Rosetta Plan for young entrepreneurs. An example of an involved social partner is the SME representative organisation UNIZO.

A young jobseeker with a project idea has to fill in a form at one of the Support Points offering a first impression of their project idea. In the period of 2002 to June 2005, 27% of the applicants were successful in their application and flowed to the second assessment which is carried out by the Participation Fund. After a successful assessment by the Fund (40% of the applicants are positively assessed) and the set up of a support plan, the young jobseeker will be further assisted by one of the Support Points for a maximum period of 6 months. The support is free of charge and is intended to optimise the chances of success of the applicant. The support may consist of sector information, courses in ICT and accounting, and so on. In the preparation phase, the young jobseeker is eligible to receive - when without income - a cost compensation of 375 euro per month. An additional loan of 2250 euro to pay for living costs is also offered in the first period after a successful start. After the preparation phase of a maximum of six months, the Participation Fund will assess the rate of success and future prospects on the basis of a report from the responsible Support Point. When successful, the young entrepreneur will be offered a loan. This

loan differs from a normal financial loan: part of the loan can be spent on living costs (not normally the case with a financial loan) and this part is interest free and has to be paid back after 5 years. In addition, the first two years of the loan will be charged with a lower interest rate (3%). The young entrepreneur can make use of follow up support for a further 18 months after the first activity. For each successful application (in each phase: 1<sup>st</sup> & 2<sup>nd</sup> assessment and after 6 months), the Support Point is paid a certain amount per successful dossier.

At the start-up of the Rosetta plan for young entrepreneurs in 2002 a total of 21 applications were considered successful. In the following years this number increased to 41 in 2003 and 43 in 2004. The division of applicants according to gender is quite equal, no special actions are needed to be undertaken to reach young female jobseekers. Most applicants focus on the trade, catering and service sector (68%), while the number of applicants in the industry and construction sectors is small (a combined total of 6%).

#### *13.2.5. Funding*

In 2000, the Belgian Federal government spent an estimated 99.2 million euro on the First Job Agreement. In 2001, 2.23 million euro was reserved for additional activities (information sessions etc.) undertaken via a charter of social partners. Additionally, the costs of the reduction in employers' social security contributions amounted to 57.31 million euro in 2001 [Discussion paper "Rosetta Plan: a springboard for young people into employment, Federal Ministry of Employment and Labour, June 2001]. In 2004, statistics of the Federal Service of Employment (RVA) show a total amount of 42 million euro of reductions in employers' social security contributions.

#### *13.2.6. Impact*

- **Number of First Job Agreements signed**

The Rosetta Plan has been evaluated by several parties:

- By a Consortium of partners (VUB, ULg & Ciriec) selected through an invitation to tender by the Federal government;
- By the Belgian social partners as agreed at the set up of the Plan: a mixed commission of the NAR-CRB (National Labour Council) and the CRB-CCE (Central Council for Economy) called "the house of social partners"; and
- By an independent party, the Research Institute of Leuven University HIVA (Steunpunt WAV) that evaluated the Plan on own initiative.

All three evaluations deal with the Rosetta Plan before 2004 - that is before the amendments were put in place. They contain economic evaluations, but none of the three contain an econometric assessment. The federal evaluation was supposed to include an econometric assessment, but it is mentioned in the interviews that this part has been withdrawn officially because of budgetary reasons, but also because it was politically no longer necessary.



Overall, the Rosetta Plan seems a success. In 2000, the first year of the Rosetta Plan, approximately 50 000 First Job Agreements had been signed. In the period from 2000 (1<sup>st</sup> of April) to 2002 (31<sup>st</sup> of December), a total of 110,110 First Job Agreements had been concluded of which 55% (60,225) were concluded in the Flemish region, 17% (18,423) in Walloon and 28% (31,292) in Brussels.

When compared with the Internship Agreements, the First Job Agreement seems to be highly successful. In the last year of its operation, 18,000 internship agreements were signed while 50,000 First Job Agreements were signed in the first year of the FJA programme. However the ACV emphasises in its feedback on the evaluation of the Consortium VUB, Ulf & Ciriec that one must realise that there is a bias when comparing programmes ending and starting due to the fact that control and publicity is often limited at the end of a programme, while publicity and controls are often largely set up in the first year of a programme. The numbers of First Job Agreements are thus expected to drop over the years as can already be noticed [Does the candle of Rosetta extinguish? Support point WAV, Dirk Malfait, April 2003 (original in Dutch)].

- **Characteristics of the target group reached**

Between 2001 and 2002, in the Flemish region, 36% of the young persons signing a First Job Agreement were low skilled. These were predominantly male. Only 14% of the low skilled young persons with an FJA were female. With respect to ethnicity, only 0.7% of those involved in the FJA programme were of Moroccan origin and 0.5% of Turkish origin. In 2002, approximately 85.3% of the Flemish young people in an FJA received a job contract of a year or more, of which 43% received a contract of unlimited duration.

- **Quota fulfilment and influence of the economic situation**

There are indications that the Rosetta plan has not been sufficiently taken up by employers. In 2001 – a year in which the highest number of First Job Agreements were signed – the private sector achieved a percentage of 2.75% and the public sector barely 0.3%. Consequently, the 4% collective norm for the private sector was not reached, although a large difference exists between sectors [ACV evaluation, 2003].

A study by Support point WAV (2003) showed that the success of the Rosetta Plan is very much dependent on the economic situation in Belgium. The results of their study for the Flemish region show that during an economic boom (high economic growth, decreasing unemployment) the Rosetta Plan is more successful in reaching its special target group (lower skilled young people) and especially effective in regions with above average unemployment. In a period of an economic downturn (where there is no or low economic growth, increasing unemployment), the Rosetta Plan is much less successful in placing young people in unemployment and is particularly less able to reach its special target group of lower skilled young people.

## **Employer experience with the First Job Agreement: Colruyt**

Colruyt is a family-owned grocery store employing approximately 12,000 people over a total of 170 Colruyt shops and other services in Belgium. Because of the job characteristics (warehouse, cash register) many jobs within the Colruyt chain are attractive for young people with fewer qualifications. Consequently, a substantial part of the employees of Colruyt fall under this category.

Colruyt has been involved in the Rosetta Plan since the start of the Plan (2000). The firm, as was the case with many other companies, became acquainted with the Rosetta Plan through the Belgian Statute Book and through the employer organisation VBO-FEB. It is estimated that they hire approximately 500 to 1000 youngsters every year that are eligible for the Rosetta Plan. It is Colruyt's policy to hire the best candidate and the benefits of the Rosetta Plan (reduction social security contribution) are seen as an extra unexpected advantage, but not of importance during the hiring procedure. Interestingly, the Rosetta Plan does not seem to be "alive" among young jobseekers, they are very often not aware of their eligibility for the Rosetta Plan and thus do not "sell" themselves and the benefits of the Rosetta Plan to an employer.

The Colruyt human resource department keeps track of how many young people they have working to assure they fulfil their 3% quota requirement. Until now, they have always exceeded their quota requirement. They also keep a register of how much social security contribution reductions they are eligible to receive. It was mentioned by the respondents that before the simplification the administration could sometimes be very time consuming for the employer as they had to provide evidence that a newly hired young person was registered as a jobseeker and lower skilled for example. Since 2004, this procedure has been greatly simplified, to the benefit of the employer. At present the request for a First Job Card takes one week and once all the details are entered in to the system (lower skilled, eligibility for social security contribution reduction), all administrative procedures are automatically completed.

Like many other employers, Colruyt believes in the system of job specific education and support for new employees. They offer courses ranging from cash register functioning to safety procedures or ICT, depending on the job description. They also offer substantial support to new employees, often through a mentor system, to help the employee become acquainted to the shift from a school environment to a work environment.

#### *13.2.7. Success factors*

The following *success factors* of the Rosetta Plan (after 2004) can be identified:

- The First Job Agreements offer more opportunities than the former Internship Agreements. The majority of the First Job Agreements concern longer-term and full-time contracts and thus offer more and longer-term opportunities for a young employee than the former system of Internship Agreements.

- The impact of the Rosetta Plan has been substantial  
Since the start of the Rosetta Plan a significant number (see the previous section on impact) of young jobseekers has been given a chance to work through the First Job Agreement. The question remains however, how many of these jobseekers would have found a job without the Rosetta Plan.

- Marketing of the Program  
The Rosetta Plan was implemented during a period when youth unemployment, especially of young lower skilled jobseekers, was intensively debated in Belgium, mainly as a result of the Belgian movie “Rosetta”. This debate, in combination with the upcoming elections, was the very reason for Minister Onkelinx to push through the Rosetta Plan. Because of the timing, the chosen name and a clear website and Helpdesk, the general public in Belgium became quickly acquainted with the Program.

- Limited fall back into unemployment  
The numbers indicate that only a small number of young people returned to unemployment after their First Job Agreement. More than 85% of the young persons are no longer registered as unemployed 3 months after the ending of their First Job Agreement. It seems though, that it is more difficult to remain employed after a First Job Agreement in the public sector: only 60% of the young persons are no longer unemployed 3 months after the ending of their First Job Agreement in this sector.

#### *13.2.8. Weaknesses*

The following *weaknesses* of the Rosetta Plan (after 2004) can be identified:

- No strict supervision on quota requirement  
One-time actions are occasionally organised to check quota obligations, but there is no strict supervision on the quota requirements. As a result, companies do not feel pressured to fulfil their quota and there is no record of how many companies ignore the requirements nor is there a record of how many compensating fees (if any) have been paid by employers.

- 10% training rule might not be beneficial for the young employee  
It is unclear in what way a young employee benefits from extra training under the regulation that an employer can deduct 10% of the employee’s wage during the first 12 months of the labour contract. The danger exists that this regulation might lead to cases where a young starter does receive training but often in the same amount as the remaining staff and thus loses out on wage. It is thus important to investigate whether the young starter would have been offered the training without the 10% rule. If this is the case, deadweight loss is occurring and the rule should be abolished.

- System leads to negative economic pressure on the employer  
An employer is not given an exemption with respect to the quota requirement in the case that a young person is hired under the Rosetta Plan with a contract of unlimited duration (which a substantial majority of 40% does). This can subsequently lead to a forced staff increase. This is not always economically viable and can lead to the downsizing of staff that fall outside the

scope of the Rosetta Plan or can lead to less contracts of unlimited duration for young employees.

- Deviation from “the best is hired rule”

The quota obligation forces employers to deviate from the rule “the best is hired” as they need to hire young jobseekers to fulfil the quota. This might drive out jobseekers from the labour market that are better suitable for the job, but do not fall into the Rosetta Plan.

- The priority groups of early school leavers and lower skilled young jobseekers remain difficult to include

The numbers above (see the earlier section on impact) indicate that the inclusion of the priority target groups of low skilled young jobseekers and early school leavers remains a difficult task. The majority of jobseekers that take up a First Job Agreement are not lower skilled or early school leavers.

- Vulnerable program during economic downturn

The numbers indicate that the take-up rate of the Rosetta Plan by employers diminishes during an economic downturn. In regions where unemployment is highest (Walloon and Brussels) and especially with respect to lower skilled jobseekers, the effect of an economic downturn can be substantial.

### **13.3. Involvement of social partners**

#### *13.3.1. In national policy-making*

It is the Belgian government’s responsibility to involve social partners in policy making. Fundamentally, when political measures are taken some kind of social dialogue takes place, even though often it is only in a limited or informal format. When difficult measures need to be decided upon, social dialogue is more extensively applied by the government.

The Belgian social partners are involved in the national policy decision-making process through the **National Employment Council** (CNT Conseil National du Travail / NAR Nationale Arbeids Raad) and the **Economic Central Council** (CCE Conseil Central de l’economie/CRB Centrale Raad voor het Bedrijfsleven) which are advice bodies in which employer organisations and trade unions function. Legally, the National Employment Council and Economic Central Council have the power to give advice or make propositions before a policy can be accepted and implemented. According to the Federal representatives it is of crucial importance that social partners are included in the discussion concerning the set up and implementation of policies. It is however not recommended to also include them in the debate on the issue of the goals and reasons for a certain policy as the danger exists that it will end up in an everlasting “value” debate with no ending in sight.

It is important to realise that the educational system in Belgium is organised on community level, not on a federal level. Subsequently, the National Employment Council is not involved in educational policy, which often complicates matters as education and the labour market get increasingly intertwined in policy measures.

Besides formal social dialogue through the Councils, the leading employer organisations and trade unions also meet on a regular basis outside the formal setting and form “**the group of 10**”. The network and contacts of the group of 10 are essential for the relations between the organisations and with the Belgian Federal Government. They are the basis of **Central Agreements** of which the last one dates back to 20 December 2000. These Central Agreements operate as guidelines for the social partner’s sector representatives and the government during collective agreement negotiations and deal with issues such as employment and education.

On a community level, social partners are also involved in the policy decision-making process. The National Employment Council and the Economic Central Council maintain contact with the Councils on Community level. In the Flemish Community for example, social partners are seated in the **Flemish Economic Social Dialogue Committee** (VESOC) and the **Social Economic Council of Flanders** (SERV).

There is also a joint committee – in which the social partners also participate – and the committee is responsible for the management and implementation of the **social security system**.

#### *13.3.2. In policies to integrate disadvantaged groups*

The Federal ministry representative makes an important remark by emphasising that it is important to put the social partner standpoint in perspective of their political linkage. If the political party they are linked to is not ruling in the government, it can often (though not always) be observed that the social partner is against the policies of this government.

The situation in Belgium is further complicated by the fact that the country is divided in Communities and thus also in communal social partner organisations. For example, in the Flemish Community, interest groups are mostly not in favour of the Rosetta plan because of the strict quota and are more in favour of educational programmes. In the Walloon Community however, interest groups are much more pro-government interventions and thus are in favour of rules and obligations like quotas.

The social partners acknowledge that the Rosetta Plan offers substantial opportunities to young unemployed people through the building up of work experience, a CV and by giving the young jobseeker an insight in the labour market with its dynamics and opportunities. However, the representative of the employer organisation emphasises that they do not see the quota system as a favourable method. Employers should not be held responsible for the unemployment of jobseekers which is often caused by a complex interplay of factors: lower qualifications, language problems, lack of social skills, economic recession, etc. These factors should be tackled by the government at an early stage and employers should not be forced to comply and take responsibility. Employers should only be held responsible for the education of employees after recruitment, through lifelong learning for example. Additionally, it is difficult for employers to replace natural turnover with young jobseekers according to the set

3% quota because inexperienced young people are often unable to replace experienced employees, who mostly form the natural turnover. Employers do not need a strict quota to encourage them to hire young people. Employers mostly already see the value of hiring a young person and realise that it is a longer term investment.

The representative of the employer organisation explains that they find other methods much more attractive in getting young people into work. It is for example explained that if the Belgian federal government should decide to abolish the current existing early pension structure, the working population would increase and this would enable social costs to become lower for employers. Hence, employers would have more opportunities to recruit new employees, including young jobseekers. In addition, the employer organisation representative clarifies that the unemployment of young people is often not caused by the fact that there are not enough job opportunities, but because young people are free to study what they want and thus often choose study fields in which job opportunities are limited. The result is that for some jobs not enough job candidates are found and for other jobs, too many candidates are present. Therefore, the employer organisation supports the view that youngsters should be made more aware of their professional- and study choice.

A general feeling of both the employer and employee organisation is that at present, the Belgian Federal government should not create any new policies to get young jobseekers into employment. It is crucial that an inventory is made of what policies currently exist to integrate disadvantaged groups (including young jobseekers). The Federal Government should thereafter simplify the existing policies. Next to simplicity, the government should also thoroughly think through how to market a certain policy; in terms of press attention and a catching name. In that respect, the Rosetta Plan has been an example of a successful publicity campaign.

### *13.3.3. Social partner attitude and activities*

The social partners cooperatively and individually organise actions to increase job opportunities for young (low skilled, ethnic or otherwise disadvantaged) jobseekers:

- **Dream-project**

The employer organisation VBO-FEB actively supports this initiative which brings young children in touch with employers to get them acquainted with a certain profession through an “on the floor” conversation. In this way, young children become more aware of the realities of a certain profession and subsequently choose their study more thoughtfully.

- **Interprofessional Agreement**

This is an agreement which is made every few years between the employer organisations and the labour unions. A large part of the Interprofessional Agreement deals with wage agreements, but it also deals with efforts to integrate/employ risk groups, including young jobseekers.

- **Employment Fund for “risk groups” (Tewerkstellingfonds voor risicogroepen) and Sector Development Centres (Vorminginstututen)**

Employers contribute 0.10% of their total wage costs to the Employment Fund, unless they took initiatives on sector or company level to integrate/employ risk groups (ethnic minorities, elderly, young people, etc.). Subsequently, the Employment Fund finances approximately 20 Sector Development Centres (Vorminginstututen) that offer free education services to employees, employers and jobseekers, mostly focusing on subjects and jobs for which a labour shortage exists. The Sector Development Centres are under management by both employee and employer organisations. The ACV (employee organisation) and UNIZO (organisation for entrepreneurs) are for example seated in SYNTRA, and the VBO-FEB (employer organisation) is seated in CEVORA.

- **Supplementing National Joint Committee for administrative employees**  
The VBO-FEB is actively involved in measures to integrate and educate risk groups in the sector of the Supplementing National Joint Committee for administrative employees as a representative of the employers in this sector and as a member of the Sector Development Centre CEVORA (for administrative employees).
- **European Social Fund**  
Some of the Sector Development Funds also appeal to the European Social Fund to finance their activities to educate/integrate risk groups. In the last few years however there have been fewer applications to the European Social Fund because of the increased regulation and complications (different procedures in Flanders, Walloon and Brussels).
- **Industrial pupil system (Industrieel leerlingwezen)**  
Flemish social partners are per sector involved in the system of “industrieel leerlingwezen” or industrial pupil system” through seating in Joint Learning Committees. This system focuses on youngsters between the ages of 15 to 18 who want to combine training with work. Young, male individuals especially make use of this system and to promote the system for female youngsters, a new focus has been put on the sectors of care, hairdressing and beauty and administration. Increasingly, this system is also implemented on federal level.
- **The Pact of Vilvoorde (2001)**  
The ACV agreed with the Flemish government and environmental organisations the pact of Vilvoorde, which was signed in 2001. In light of the Lisbon strategy this pact laid down 21 goals to reach by 2010, and one of these goals was the integration of disadvantaged groups including migrants, low skilled and disabled persons.

The representative of the employer organisation VBO-FEB discussed how they would like to organise more, but because of their limited resources and focus on employer activities they are limited in their activities. They are for example interested in building up a website where employers can offer internship places, share ideas for internship assignments or publish a best practise synthesis in which creative ideas of employers to recruit from risk groups are described. The Colruyt for example, organised a seminar where they shared their experiences of racism within the company.

### **13.4. Conclusion**

The Rosetta Plan has been from the start an ambitious programme to help young jobseekers into employment. It was established during a period of high youth unemployment and while there was a high level of debate on the issue. During the set up, social partners were barely consulted which led to a great deal of criticism from the social partners with regards to the implementation of the Plan. In the subsequent period, social partners were invited to become much more involved and the Plan was amended. Although simplification led to improvement of the Plan, the programme remains a complex administrative task for all parties. The Plan seems relatively successful in placing young jobseekers into employment, but its long term impact remains uncertain.

Several lessons can be learned from the Rosetta Plan. On one hand, it shows the importance of timing. The Rosetta Plan gained fast publicity and broad recognition because of its timing. However, on the other hand, because of the focus on timing, the implementation was pushed through without proper consultation (not only of social partners, but also public organisations) and thus without taking into account feedback from involved parties. This led to administrative complexities that had to be simplified in a later amendment. The Rosetta Plan shows that inclusion of social partners (and other organisations) in the discussion concerning the set up and implementation of policies, without becoming involved in a never-ending “value” debate, is therefore of crucial importance.



## **14. SOCIAL PARTNERSHIP IN VET – THE CZECH REPUBLIC**

Social Partnership in Vocational Education and Training (VET) in the Czech Republic was a two-year project financed by the Dutch Government through the Matra Pre-Accession Programme. The objective of the project was to strengthen the influence of the Czech social partners in vocational education and training, especially in the area of the development of qualifications. Within the framework of the project, three sectoral pilots were carried out in the sectors of the food industry, electronics and commerce.

This case study starts off by looking at the labour market situation of low skilled workers in the Czech Republic and barriers they face in accessing employment. Subsequently, we provide a more detailed analysis of the *Social Partnership in VET* project. It is based on information from project evaluation reports and interviews with key stakeholders. The final section assesses more closely the involvement of social partners in labour market integration of disadvantaged groups, more specifically low skilled workers. It also discusses the extent to which collective bargaining in the country contributes to labour market integration.

### **14.1. Background Information**

#### *14.1.1. Labour Market Situation of Low Skilled Workers in the Czech Republic*

Compared to other EU Member States, the share of the working age population with low skill levels is relatively low in Czech Republic, with only 18.4 per cent of 15-64 year olds (around 1.32 million people) having attained lower secondary level education or below (ISCED 0-2). However, the Czech Republic also has one of the lowest rates of highly skilled workers in the EU, with only 9.9 per cent attaining tertiary education (711,000 people). In terms of gender differentials, men tend to have higher skills levels than women, with 21.7 per cent of women having low skills levels compared to 15 per cent of men. This is most starkly illustrated when considering the number of older women with primary level education or below – the number is double that of men for most age groups, but for the 40-59 age group it is as high as 20 per cent.

There is a huge disparity between the employment rates of highly skilled and low skilled workers in the Czech Republic. Of all the EU Member States, the Czech Republic has one of the lowest employment rates for low skilled workers, and also one of the highest unemployment rates for the same group.

**Table 16 – Employment and unemployment rates according to level of skill, 2003**

	Low skilled		Highly skilled	
	Employment rate (%)	Unemployment rate (%)	Employment rate (%)	Unemployment rate (%)
Czech Republic	24.3	22.1	85.7	2.1
EU-25	46.6	12.2	82.5	4.9

By 2003, around one third of workers with only primary level education had left the labour market. This is primarily due to the loss of unskilled jobs from almost all sectors of the economy. Low education and skills levels have an enormous impact on wage levels in the Czech Republic with unskilled workers earning as much as 70 per cent less than the average wage, while those with tertiary education earn around 180 per cent more than the average wage.

Low skilled workers are also over-represented in so-called atypical employment. There is a prevalence of unskilled or low skilled workers amongst those who work part-time for example, and while temporary employment is still uncommon in the Czech Republic, it is generally used only to fill low-skill posts in large, internationally owned firms.

Pay for low skilled labour in the Czech Republic is considerably lower than the average gross wage<sup>79</sup>. Women tend receive lower average wages than men, regardless of the educational background.

**Table 17: Average gross monthly wages, by education, 2003 (Czech Koruna)**

	<b>Total</b>	<b>Men</b>	<b>Women</b>
Total	19,510	21,983	16,404
Basic education (including incompleated)	12,786	15,121	11,337
Secondary without GCE	15,242	16,728	11,897
Secondary with GCE	19,909	22,858	17,515
Higher vocational and baccalaureat	21,548	25,476	19,178
Tertiary	33,678	39,136	25,541
Minimum wage in 2003	6,200	-	-

Source: the Czech Statistical Office (*Český statistický úřad, ČSÚ*)

#### *14.1.2. Barriers to Employment*

The Roma population in the Czech Republic faces specific problems due to their high levels of social exclusion. They are prevented from gaining relevant labour market skills which has lead to high levels of unemployment and low wages amongst the population. There are plans in place to address the education system and make changes to encourage the integration of Roma children to general schooling. Currently, Roma children attend special schools which are not specifically aimed at their needs, and so are failing them in terms of educational standards and results and result in weak integration into mainstream Czech society.

The taxation system in the Czech Republic is creating poverty traps for low-skilled workers<sup>80</sup>. Fiscal revenue demands combined with pressures for competitive corporate taxation mean

<sup>79</sup> EIRO: *Thematic feature - unskilled workers*. 2005.

<sup>80</sup> OECD: *Economic Survey of the Czech Republic*, 2004.

that personal income tax and both employee and employer social contributions constitute a heavy burden. This is particularly hampering formal employment at the low end of the labour market, where social benefits limit wage flexibility and poverty traps are widespread. The recent introduction of caps on social security contributions has cut the tax wedge<sup>81</sup> for better-paid workers. However, given the concentration of unemployment among the low-skilled, cuts at the lower-end of the labour market are more urgently needed in order to reduce poverty traps<sup>82</sup>.

There is also highly regionalised unemployment as a result of low labour mobility<sup>83</sup>. This has arisen from housing issues – subsidised mortgages and rent-control rules make moving house a very expensive process. Furthermore, certain regions have been affected by the consequences of restructuring and the decline in existing key sectors more severely than others<sup>84</sup>. Especially north-western Bohemia and north and south Moravia display a situation where labour market supply exceeds demand. This situation makes labour market access for those with lowest qualification levels particularly difficult. There is also inflexibility in the labour market due to rules around redundancy payments which restrict employers' abilities to make dismissals.

There is a lack of harmonisation in skills and qualifications between the supply and the demand on the workforce<sup>85</sup>. For example, the Czech Republic has experienced growth in the services sector with 55,000 additional workers employed in this field between 2000 and 2003. Simultaneously, there has been a decline in employment in industry and agriculture which means there is a need to develop new and relevant skills among the workforce, specifically in the areas of ICT and customer service. Insufficient capacity of public employment services (personnel and financial) is also creating an obstacles for low skilled and unemployed people in a sense that the capacity issues prevent the incorporation of the required number of job-seekers into programmes of the active employment policy (so far up to approximately 15% of registered jobseekers)<sup>86</sup>.

#### *14.1.3. National Policy Framework*

In its Recommendations on the implementation of the Member States' employment policies for 2004, the Council of the European Union urged the Czech Republic to put greater effort towards integrating the most at-risk groups on the labour market, with special regard to the Roma population. It also mentioned the need to increase participation in tertiary education and vocational training, partly with regard to people with low skills, as a factor promoting occupational and geographical mobility.

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<sup>81</sup> The tax wedge is the ratio of income tax plus employee and employer social security contributions less cash benefits as a percentage of labour costs.

<sup>82</sup> OECD: *Economic Survey of the Czech Republic, 2004*.

<sup>83</sup> Ibid.

<sup>84</sup> European Commission and the Government of Czech Republic: *CZECH REPUBLIC - National Action Plan for Employment for the period 2004 – 2006*.

<sup>85</sup> Ibid.

<sup>86</sup> European Commission and the Government of Czech Republic: *CZECH REPUBLIC - National Action Plan for Employment for the period 2004 – 2006*.

The response to the above was the adoption of a set of new labour market measures in the National Action Plan (NAP) for employment 2004-2006, together with reforms in education. The Ministry of Labour and Social Affairs focuses on the application of employment programmes at a local level for job-seekers from different cultural backgrounds, especially members of the Roma communities, asylum-seekers and immigrants. An action plan for what is called the 'Decade of Roma integration 2005-15' has also been drafted to address the labour market integration of the Roma population.

With regards to the educational reforms addressing the poor labour market situation of low skilled workers, the Government is implementing a four-year development programme '*Eliminating disproportions in the range of education available in the regions*'. In addition, a number of policies to improve access to training and vocational education for workers with low skill levels are being introduced. This includes setting up two pilot training centres to focus on updating the skills and qualifications of long-term unemployed individuals to enable them to participate in a changing labour market. Local and regional labour offices also play an important role in this process by motivating employers through employment subsidies to hire low skilled job-seekers.

The new policy framework is also focussed on preventing discrimination against people who are at a disadvantage in the labour market. A new Act on Employment came into force in October 2004 introducing changes to the unemployment benefit rules, tougher anti-discrimination provisions and measures to clamp down more stringently on illegal employment. The legislation also identifies five different groups with a national priority: people with disabilities, unemployed persons (those under 25 or over 50 years), early school leavers, pregnant women and women with small children. In addition, a new anti-discrimination act was approved by the Government at the end of 2004.

The Czech Government has also identified a number of legislative obstacles impeding the development of lifelong learning. An area of key significance is the creation of a transparent national system of qualifications and professional profiles, which is being formed in association with social partners. The Ministry of Education, Youth, and Sport will continue implementing the State Information Policy in education until 2006 with the aim of ensuring ICT proficiency among school-leavers. A new action plan to support and integrate people with disabilities was introduced on summer 2005 for 2006-2009, based on the targets and tasks of the Medium-Term Concept of the State Policy for Disabled Citizens.

## **14.2. Social Partnership in VET**

### *14.2.1. Project background*<sup>87</sup>

Economic and social development of European countries is largely dependent on how well the labour market supply is matched with demand in relation to skills and qualifications. The ability of education system to meet qualification needs depends on a wide range of factors.

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<sup>87</sup> VAPRO-OVP and NUOV: *Social partnership in vocational education in the Czech Republic*. The Final Report.

One of these factors is the participation of social partners in vocational education and training. Flexible and dynamic vocational education and training systems that can keep up with the pace of the industry changes can create substantial competitive advantage to countries and regions. However, in many new Member States, including Czech Republic, the participation of social partners in the VET process has not traditionally been well established.

In 1997, the first report on the involvement of social partners in VET was drafted with the main finding that the social partnership in VET was not well developed in the Czech Republic compared to the situation in the EU. Issues around vocational education and training were not traditionally discussed in the Czech tripartite forum on education as VET was the responsibility of the National Institute of Technical and Vocational Education<sup>88</sup> (NUOV), and NUOV was seen as an extension of the Ministry of Education, Youth and Sports. As a result a seminar was organised to stimulate gradual involvement of social partners. In addition, wider reforms were planned as a part of the country's pre-accession programme. At the same time, labour market integration of low skilled workers became one of the policy priorities not only in Czech Republic but also in Europe. Consequently the Czech Ministry of Education, Youth and Sport and NUOV welcomed an offer from the Dutch Ministry of Economic Affairs and Ministry of Foreign Affairs for co-operation in the field of vocational qualification development and social partnership.

The programme was financed under the Dutch Government's framework programme, Matra. The Matra framework finances projects designed to strengthen institutions and build the capacity of central government, local authorities and, above all, civil society organisations. They also seek to improve interaction between national and local government and civil society, and to encourage consensus on measures to strengthen democracy.

#### *14.2.2. Project Description*

The central aim of the *Social Partnership in VET* was to promote social dialogue and strengthen the role of social partners in vocational education and training, thus indirectly to increase the role of social partners in the design and implementation of training measures and the labour market integration of low skilled workers. The objectives of the project were established through close co-operation between the Czech and Dutch project partners.

General objectives were as follows<sup>89</sup>:

- To strengthen and define the role of social partners in VET at national and regional levels.
- To propose optimal methods of mutual co-operation at all levels.
- To set up permanent consultative structures in VET.
- To try to improve the involvement of social partners in the development of qualification standards in the Czech Republic.
- To strengthen the responsibilities of NUOV's (National Institute of Technical and

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<sup>88</sup> Národní ústav odborného vzdělávání (NUOV)

<sup>89</sup> VAPRO-OVP and NUOV: *Social partnership in vocational education in the Czech Republic*. The Final Report.

- Vocational Education) sectoral groups<sup>90</sup> by the involvement of relevant social partners.
- To bring VET targets and content in the Czech Republic in line with the future needs of the labour market in the Czech Republic and the EU.
  - To help align the Czech professional qualifications with EU standards.

In addition to activities at national level, the project aimed to test new ways of working in three different pilot sectors; commerce, electronics / ICT and food. The general objectives of the sectoral pilots were to increase co-operation with social partners at national and regional levels in the field of curriculum development, to update teaching documents, and to identify skill needs and trends in individual professions. All three sectors adopted a slightly different approach to achieve these objectives, all of which are explained below in more detail:

- **Model of social dialogue within the commerce pilot sector**

The work in the commerce sector focused on the development of qualification and professional profiles for those working in retail, in particular shop assistants. This work was done with a strong input from sectoral social partners and employers. In addition, activities attempted to encourage dialogue between educational institutions and employers at regional level.

- **Model of network building within the Food industry pilot sector**

In the food sector, the activities focussed on creating direct contacts to individual companies to get a clearer view of the current problems and trends in the Czech food industry. Another goal was to obtain information on the necessary competencies and qualifications in order to inform training institutions about the real needs of companies.

- **Model of creating national and regional level consultation structures**

Activity in the **Electrotechnics / ICT** sector centred on developing national and regional level consultation structures based on social partnership. These consultative structures consisted of social partners, individual companies, regional authorities and educational and training institutes. This work drew heavily on long-term co-operation between the Dutch and Czech partners in this area.

**Other project activities included:**

- National level meetings, including a study visit to the Netherlands, to compare and analyse the Dutch model of social partnership in VET and its adaptability to the Czech circumstances.
- Preparation of an assessment tool to facilitate the discussion about functions and responsibilities of social partners and other stakeholders in Vocational Education and Training.

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<sup>90</sup> There are 25 sectoral groups in Czech Republic. The sectoral groups are expert bodies that monitor activity in the sectors. Social partners are actively involved in most of these groups.

- A mobilisation and awareness campaign to deepen support for social partners in VET, resulting in the *Conference on Social partnership in VET* in October 2002, hosted by the Ministry of Education, Youth and Sports.
- A one-day workshop for all NUOV sectoral group coordinators to equip NUOV staff with skills enabling them to work and communicate with social partners and to build networks with companies.

#### *14.2.3. Social Partnership in the Project*

Social partnership, both in Czech Republic and the Netherlands was at the very heart of the project. The project was financed by the Dutch Ministry of Economic Affairs and Ministry of Foreign Affairs and was financially promoted by the Czech Ministry of Education, Youth and Sport. On the Czech side, the overall project was co-ordinated by the National Institute of Technical and Vocational Education (NUOV). The Dutch consortium consisted of representatives of social partners and national organisations on vocational education. VaPro-Ovp (employers' organisation in the field of processing industry) assumed responsibility for the overall project management. Other Dutch partners were Euformation (consultancy on education and training), SOL (training fund for food industry), Aequor (knowledge and communication centre for food and green sector), KC Handel (trade and commerce), FNV Bondgenoten (federation of trade unions), VNO-NCW (federation of employers' organisations) and VEV (body on electrotechnics and ICT, now known as Kenteq).

In addition to NUOV, the following organisations participated on the Czech side: Confederation of Industry and Transport, Chamber of Food Industry, Union of Trade, Chamber of Economy, Czech Moravian Confederation of Trade Unions, National Training Fund and Regional Employment Services. The social partner organisations were invited to participate in the project by the Ministry of Education, Youth and Sport. The Dutch Trade Union Confederation had also provided information about the project to their Czech counterpart.

Project activities were co-ordinated by a tripartite **Task Force** which functioned as a project 'think-tank'. The main task of the Task Force was to develop ideas about social partners' role and responsibility in VET, under the conditions of NUOV sectoral groups. The task force was made up of nominated Dutch experts, representatives of NUOV and the Czech social partners (Confederation of Industry, CMKOS and the Economic Chamber of Commerce and sectoral social partners such as Chamber of Food Industry and SVAZ Obchodu).

With regards to sectoral pilots in ICT and trade sectors, representatives of social partners and companies were involved both at regional and national levels. The food industry pilot focussed on direct meetings with companies, after initial talks with appropriate social partners.

One of the major activities of the project was to organise a conference on the role of social partnership in vocational education and training as a way of raising awareness. The aim was

to organise this meeting for 100 participants, mainly social partners. However, the actual involvement of representatives of social partners and companies was lower than envisaged. A majority of the participants were from the educational field, which reflected the actual balance of involvement in VET at the time.

#### *14.2.4. Project Outputs*

The project evaluation<sup>91</sup> carried out by the Dutch partners, as well as the evaluation by the Ministry of Education, Youth and Sports regarded the sectoral pilots as the most successful feature of the project. The sectoral pilot in the electronics/ICT sector was considered particularly successful. The pilot developed a *consultative structure* that had the potential to serve as a model for other sectoral groups in relation to organised dialogue between training providers and social partners. The sectoral pilot in the food industry developed a model for *network building* which is considered as a precondition for social partnership in VET. The sectoral pilot in the trade sector developed a model for *social dialogue* on the issue of professional qualifications and curricula.

To facilitate the assessment of the Czech qualification system a compliance tool was developed and used as an instrument to compare and assess the value and competitiveness of the Czech professional qualifications on the European market. This instrument was tested during the project period and allowed a comparison between Dutch and Czech qualifications for selected professions. The comparative process showed that even if the Dutch model of social partnership in VET was seen as an attractive model by the Czech counterparts, it did not mean such a model would be easily transferable to the Czech context. However, the exchange of experiences allowed the Czech authorities and other stakeholders learn lessons and some transferable elements from the Dutch context.

#### *14.2.5. Outcomes*

The project was implemented just before the country's accession to the EU. At the time social partner involvement in VET was limited but the issue was becoming increasingly topical in the EU. As a result the Czech authorities welcomed this project to help them to keep pace with the latest developments in the field.

The project showed ways to achieve effective and meaningful social dialogue. This was regarded as one of the greatest outcomes of the project. The role of social partnership in VET experienced extensive media coverage in a variety of magazines and newspapers as a result of the project and increased also the interest of the general public. A variety of social partners also became more involved, at different levels, in activities linked to education and training.

Another central positive outcome identified by the project stakeholders was improved communication and co-operation between education authorities and (tri- and bipartite) sectoral groups in the field of VET. However, opinions on the extent of this communication

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<sup>91</sup> VAPRO-OVP and NUOV: *Social partnership in vocational education in the Czech Republic*. The Final Report.



and the impact it actually had on shaping the VET landscape differed significantly. The Ministry of Education, Youth and Sports noted a rather significant change in the activity and attitude of sectoral groups. It was reported that following the project they now have more influence and are also open to addressing more general issues. However, social partners on the employers' side were more sceptical about the wider impact. They acknowledged it opened up communication channels between different stakeholders but in their opinion social partners should be given real decisive responsibility in vocational education and training before the concept of social partnership has any true meaning in this context. They also emphasised that projects such as Matra have no capacity to make fundamental changes to the role of social partners because changes must occur first at a political level before anything can change on a practical level. The project evaluation highlighted the same point by concluding that the project had enhanced the process of creating lasting social partnership in VET in the Czech Republic, however, at the same time it was acknowledged that more political commitment was required. The report also added that the Czech public authorities must be willing to give responsibility and competencies for VET consultation platforms in order to create a lasting social partnership. In spite of these views the project stakeholders mutually agreed that the project had produced unique and important outcomes and was not repeating work of other programmes or organisations.

According to the trade unions the project clearly showed that the existing tripartite system for education and training was not working as well as it should do. From their perspective the project improved the working relationship between trade unions and public authorities on vocational education. Furthermore, the comparative assessments on the Dutch and Czech VET systems highlighted the need for trade unions to be more involved in sectoral groups. Other project partners however still criticised trade union side for not taking part in the project implementation as closely as was hoped.

#### *14.2.6. Weaknesses*

As previously outlined the opinion has been divided on the extent to which project outcomes have, or are likely to, really impact on the role of social partners in informing and shaping VET. As noted above, a number of parties confirmed that there had been a real change in the attitude of sectoral groups and social partners. However, the Ministry's evaluation report stated that *'although all those involved in social dialogue agree on the necessity of social partners' active participation, the extent and mechanisms of an effective partnership yet remain to be clearly delimited. The project, **limited in time and scope as it was**, could not understandably solve this complex issue **entirely**. Lack of pro-active approach on the part of some social partners cannot be rectified by a project of this type either.'* This final point was also acknowledged by the Dutch project partners who felt that an actual involvement of social partners, and trade unions in particular, did not materialise to the degree it was envisaged at the start of the project. In their opinion the trade union side did not fully understand the benefits for being involved in defining and designing the framework for vocational education and training.

The trade confederation felt the limited resources available to compensate costs for the Czech social partners, especially travel costs, hindered the participation of union representatives on

the project activities. They also emphasised a need to find permanent solution to financing the participation of social partners in sectoral consultation groups. The Confederation has found it difficult to find representatives for the sectoral groups mainly because of the lack of funding. The comparison between the Dutch and Czech systems revealed that in the Netherlands participation is paid.

Finally, to some extent poor understanding of what constitutes real social partnership was identified as a weakness by the Dutch project partners. Wage negotiations rather than human resource management issues still occupy the capacity and the core of the activities of social partners.

#### *14.2.7. Sustainability and Recent Developments*

One of the strengths of the project, right from the start, was the fact that the Dutch project leaders took into consideration the longer term sustainability aspects. The project management team identified that if the lessons and results of the project were not transferable to other sectors, the project could not be identified as an example of good practice. On the other hand there were limitations to the extent to which the project management from the Netherlands could actually contribute to mainstreaming; this was something only the Czech partners could take forward.

The inception report underlined the importance of the Czech education authorities committing to implement standards and tools developed as a part of the project in order to ensure sustainability. Thus structures to ensure mainstreaming were implemented right from the start. As an example, each sectoral group was led by a co-ordinator with a specific task of disseminating results to the national level. The inception stage also focussed on identifying risks that could threaten the longer-term sustainability of the results. These were:

- Lack of financial incentives for social partners.
- Lack of legal framework / regulations.
- Potential political changes as a result of the 2002 elections.

The project management also focused on creating pre-conditions for participating partners to sustain their work. During the visit of a Czech policy delegation to the Netherlands the option was suggested to make a covenant between the Czech government and social partner organisations on the role and responsibilities of social partnership in VET<sup>92</sup>.

Such an agreement, however, was not reached during the project period. The feasibility of such a covenant was discussed several times with representatives of the federation of trade unions CMKOS, the confederation of industry (SPCR), the Union of Employers associations (UNIEZS) and representatives of the Ministries of Education and Labour. During these meetings it was suggested to make vocational education and training a topic in the tripartite forum, in which employers, trade unions and the Government discussed education issues.

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<sup>92</sup> VAPRO-OVP and NUOV: *Social partnership in vocational education in the Czech Republic*. The Final Report.

Previously the forum hardly dealt with Vocational Education and Training because this was the task of NUOV and NUOV was seen as an extension of the Ministry of Education.

Meetings with the project stakeholders during Autumn 2005 confirmed that such a covenant had still not been signed, in fact none of the stakeholders recalled plans for an agreement. As far as the trade union confederation was concerned, they did not feel there was a need for a specific agreement. The Ministry of Education emphasised that there is a law that regulates commitment and obligations of all parties in the tripartite committees at national level.

In spite of this, it was clear that some outputs were sustained and the project had given a real 'push' for a number of different developments on this field. NUOV is now actively promoting social dialogue at different levels and also uses the national tripartite forum to put forward proposals on the development of VET<sup>93</sup>. This was in particular manifested through a new follow-up project Cross, which NUOV used as a tool mainstream results and experiences. The Cross project was another co-operation between NUOV and the Dutch sectoral social partners (food industry and trade) in 2004-2005. In addition, some of the Matra's positive changes have also been reflected in the New Education Act, more specifically in relation to the role of social partners in vocational education and training<sup>94</sup>. They, however, still highlight necessity to continue this work and the need to embed the principles of social dialogue in VET in legislation.

The impact of the *Social Partnership in VET* is also manifested to some extent through the establishment of a new tripartite policy group for VET at national level, set up in summer 2005. This is a part of wider changes to the system of co-operation and social dialogue that the Ministry of Education is trying to implement across the sectors. This new policy group enables sectoral groups to be better linked to strategic developments at national level as the policy group subordinates the work of sectoral forums. In addition, new arrangements have allowed development of tripartite working groups that can support sectoral groups in addressing specific challenges or developments in the field or at European front. Another change has been a reduction in the number of fields – sub-sectors – from 800 to 200 in an effort to focus the work and aims of sectoral groups. Finally, the latest NAP stated that 'an area of key significance is the creation of a transparent national system of qualifications and professional profiles, which is being formed *in association with* social partners'. This again highlights the increasing role of social partners in the process for vocational education and training.

### **14.3. Role of Social Dialogue in Labour Market Integration Programmes in Czech Republic**

This section is looking more closely the involvement of social partners in labour market integration, in particular low skilled workers. It is also assessing in more detail the role of social dialogue in the design and implementation of integration policies and the potential influence of collective agreements.

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<sup>93</sup> Ibid.

<sup>94</sup> Zorka Husová / NUOV (2004) *Qualifying for Europe – Public and Private Responsibilities for VET*.

#### *14.3.1. Background*

Social dialogue in the Czech Republic has been operating in its modern form for around a decade. In general, collective bargaining in the country is bi-partite between employers and trade unions at enterprise level, with the use of company collective agreements (*PKS*) and higher-level (sectoral) collective agreements (*KSVS*). Some sectoral/branch level collective bargaining does take place but is still weak due to the lack of a legislative framework for collective bargaining at higher than company level. There is no collective bargaining at inter-sectoral level. Development of collective bargaining at national level has encountered problems due to employer's legitimacy and the unwillingness of certain employers' organisations to practise collective bargaining<sup>95</sup>.

Bargaining coverage in the Czech Republic is currently the third lowest in Europe, standing a rate between 27-35 per cent. It has shown a slight increase since 1999<sup>96</sup>. Trade union membership in the Czech Republic has been in decline in recent years and now stands at 30 per cent. Employer organisations are mainly organised along industry lines. There are two main organisations and the organisation rate is currently 35 per cent, with around 10,000 – 12,000 organisations and self employed workers being affiliated.

#### *14.3.2. Impact of Collective Bargaining*

There are no collective agreements addressing employment of low skilled workers or other disadvantaged groups in the Czech Republic<sup>97</sup>. Collective bargaining is still very much focussed on wage negotiations. This was confirmed, among others, by the Czech Ministry of Labour and Social Affairs that monitors the contents of higher-level collective agreements. However, the Ministry did not rule out the existence of *local* level agreements which would contribute to the integration of disadvantaged groups - but all interviewed parties regarded it to be unlikely. The general impression is that problems around labour market integration should be solved by legislation, policies and processes rather than through collective bargaining. In spite of this, the trade union confederation wanted to emphasise collective agreements very often address educational needs of employees, and therefore indirectly have an influence on those in a weaker position on the labour market.

The labour legislation does not provide special requirements on the employment of unskilled workers. However, the section 142 of the Czech Labour Code states that employers are obliged to provide training courses or on-the-job training for employees entering employment without qualifications. After completing the training, the employer must issue the employee with a certificate to that effect.

#### *14.3.3. The Role of Social Partners*

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<sup>95</sup> EIRO: *Factors constraining social dialogue and social partners' influence examined*. 2004.

<sup>96</sup> EIRO: *Changes in national collective bargaining systems since 1990*, May 2005

<sup>97</sup> The Czech Ministry of Labour and Social Affairs, the Economic Chamber and the Research Institute for Labour and Social Affairs (Czech Republic)

First of all, there are no independent unions in the Czech Republic set up to cater specifically for lower skilled employees<sup>98</sup>. There have been more discussions of the role of social partners in social integration since the Czech Government changed to a social democratic one in 1998. Currently, unions and employer organisations express their opinions on the issue of unskilled workers and other disadvantaged groups primarily at national tripartite level, in the Council of Economic and Social Agreement of the Czech Republic (*Rada hospodářské a sociální dohody ČR, RHSD*).

In relation to designing and implementing labour market integration programmes, it seems training (often aimed at low skilled end of the labour market) and awareness raising measures are preferred by the Czech social partners. Although some bi-partite collaboration between the two parties in terms of design (and in some cases implementation) of training courses does take place<sup>99</sup>, the training programmes tend to be most often implemented independently by either employers' organisations *or* unions with other partners. Employers in particular are active at designing and also implementing training courses for low skilled workers. However, social partners' activity in this field is to a large extent hindered by the traditions leading back to the system under the Communist regime. In the Czech Republic the State remains the only body that can award official qualifications. This has a direct impact on the training provided for disadvantaged groups by social partners, or other non-state institutes; education provided on the free market can lead to a certificate but they can not be linked to any officially recognised qualifications. This means that employers may not recognise training courses delivered by social partners, and consequently may not accept them. As a result, the Czech Economic Chamber (and the unions) are calling for a political change to provide social partners with the competence to offer training courses that are linked to recognised qualifications. The issue is also linked to the weak legislative structure on lifelong learning in the country.

Employers would also like to see some clarification from the government on the role of social partners – what are they really expecting from social partners in terms of participation in strategic planning and/or implementation of training, education and integration programmes over the next ten years. The trade confederation would like to see legislation going through allowing all employees to have five days a year paid release for education. So far the Government has not agreed on this.

Some examples of tripartite collaboration on the integration of low skilled workers can be identified. The Ministry of Labour and Social Affairs is preparing, in co-operation with regional social partners and schools, tailored training programmes for job-seekers who only hold a primary school certificate. These training programmes allow participants to finish off their compulsory and other studies and simultaneously take part in apprenticeship programmes.

As already identified, bi-partite collaboration around labour market programmes is much less common. One of the reasons for a relatively weak bipartite collaboration at national and

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<sup>98</sup> EIRO: *Thematic feature - unskilled workers*. 2004

<sup>99</sup> Lenka Dokulilová and Jaroslav Hála, Research Institute for Labour and Social Affairs

sectoral levels in the Czech Republic, as in many other Central and Eastern European member states, is strong tripartitism. In the Czech Republic, tripartite committees provide the institutional framework for consultation with the social partners on economic and social issues that relate to individual sectors. In addition, the national tripartite forum *RHSD* discusses issues around human resource development, education and employment. While these tripartite bodies do play a distinct role, their existence might be considered as less favourable from the point of view of encouraging autonomous social dialogue among the sectoral social partners. They could, however, provide a solid basis for bipartite social dialogue if economic and social circumstances make the 'retreat' of the government desirable and realistic. But it must also be mentioned that bi-partite dialogue on education and training is more developed in some sectors (e.g. transport) than perhaps the national situation indicates.

The representatives of the Government on the other hand felt social partners have their own specific concerns regarding disadvantaged groups. In their opinion employee representatives are concerned with new labour laws, and their primary concern is to improve labour market conditions of employed people, rather than those seeking employment. In relation to employers, the Government representatives feel the problems still lie in difficulties in getting companies to employ people from disadvantaged groups, even if the national system includes benefits for companies for doing so. In general their perception is that social partners view labour market integration as the responsibility of the Ministry of Labour and the government, rather than private sector. Regardless of these views, it is positive to see that both employers and employee representatives do take part in integration policies, not only in terms of planning but to a certain extent also in implementation.

If the involvement of social partners is to be increased, it was suggested to take place at all levels – national, sectoral and local. However, some regarded the local level as being important because social partners at this level would be best placed to understand the needs of companies and job-seekers themselves. Furthermore, at the moment, the local level is the most important level for bargaining. Bargaining at higher levels can be expected to increase in importance in the future as a result of introduction of new legislation improving conditions for sectoral and higher level bargaining.

With regards to consulting social partners on policies relating to employment of groups at a disadvantage, signs of more systematic consultation procedures can be identified. However, it was also brought up that participation of social partners in consultative policy forums is good and a step forward in the system, but if these forums are not provided competences to influence the policy, participation will not be effective in practice. Some social partners also feel the Government does talk about social partnership, but they only do it to give an impression of being open but in fact lack real commitment. Trade and employers confederations however were involved in preparing the latest NAP. They are also involved in the steering committee that prepared the latest National Action Plan for Social Inclusion for 2004-2006 (NAPSI).

#### *14.3.4. Priority Groups*

One of the national priorities at the moment is to improve the situation of women, especially women with children, on the labour market in the Czech Republic. While high employment among women is a characteristic feature of the Czech labour market, on the other hand women are often confronted with discrimination from employers, and it is usually women who take on poorly paid jobs in worse conditions. In general terms, the unequal status of women in the labour market is linked to lower wages, less involvement in management and decision-making, lower prestige and a greater risk to their jobs and higher levels of unemployment. All these features are influenced by low educational level of women: a high proportion of women (approx. 30%) only hold a basic education and less than 8% of women are university educated<sup>100</sup>.

Gender equality in employment is also one of the priority policy matters for the Czech trade confederation CMKOS. They have recently been a partner in Equal project looking at gender equality issues in the labour market. Above all, employment conditions of women returning to labour market after maternity leave are high on the policy agenda. The reason why women are such an important group for the unions is that women are represented in all groups that are considered as disadvantaged groups (e.g. ethnic minorities, disabilities).

Other groups that receive particular attention from unions are immigrants and those with low skills. The Confederation has just recently submitted a project application (structural funds) to co-ordinate an employment project with a primary objective of informing low skilled people about employment laws and conditions. The confederation also has a specific committee for young people which deals with issues around unemployed young people and early school leavers.

A quota on employment of people with disabilities requires companies to employ people with disabilities, or alternatively pay a fine that is linked to taxation. A new law intended to eliminate discriminatory practices against those in employment or seeking employment was introduced in October 2004 (Discriminatory Practices of Employers 'Act no. 435/2004) Labour Code. In addition, another fundamental piece of legislation was prepared - an 'anti-discrimination act', the draft which was approved by the government at the end of 2004. The latter should ensure that the issue of equal opportunities and discrimination is comprehensively regulated. When assessing the anti-discrimination legislation and the views of social partners, it can be said that unions and employers both advocate the application of non-discriminatory principles around employment legislation.

#### **14.4. Conclusions**

This case study has assessed in more detail Social Partnership in VET project, and the final section was looking more closely the involvement of social partners in labour market integration programmes. Although it must be acknowledged that the project created successful co-operation and consultation structures that increased the involvement of social

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<sup>100</sup> EIRO: The employment and status of women in the labour market. 2005.

partners in vocational education and training, the example has also provided some clear lessons and conclusions.

Firstly, the case demonstrated the limitations of individual projects to national contexts. This particular Matra project, as the project promoters themselves also identified, had a very wide scope. The aim was to strengthen the involvement of social partners in VET, however, the climate for social dialogue in vocational education in the Czech Republic was traditionally weak. Consequently, the impact that a fairly small project could have on such environment is limited without political back-up. This is not, however, to contradict the positive influence this project had, for example, on increasing awareness about the role of social partners in education and training. But this can be regarded as a wider notion about projects and the sphere of their influence.

With regards to transferring good practice models for social dialogue, whether it is related to education or labour market integration, this case has shown that these models can not be easily adapted to other countries. This is especially highlighted in cases between Western European countries with a stronger tradition of social partnership and Central and Eastern European countries with only 10-15 years of experience of social dialogue. However, it still must be kept in mind that changes can take place rapidly. As the Dutch project partners highlighted, discussions on employability and labour market integration hardly existed in any collective negotiations still a few years ago in the Netherlands, while they have now become an integral part of negotiations. And international comparative projects that exchange lessons from country to country are able to shed light on the positive and negative aspects from various angles, and provide tools that can be implemented in other countries.

The project also showed that human resource development is not on the agenda of the Czech social partners yet to the extent than in most Western European countries. However, it was positive to see that social partners are involved in not only designing and planning training and integration measures, but also involved in delivery. It also demonstrated that projects with the aim of strengthening the involvement of social partners in labour market programmes or training measures should also address the shortcomings around weak institutional capacity and limitedness of financial resources among social partners. These issues are further fuelled by declining membership rates (unions). In addition, in relation to social dialogue as an element of VET, clearer commitment from the Government is required to further define the role of social partners. The representatives of social partners should have a mandate from the institution they represent to entitle them to comment on the policy priorities.



## **15. KEY FINDINGS**

The case studies have demonstrated a variety of characteristics that can be considered to constitute good practice. Here the term 'good practice' is defined to mean effective practice, practice that promises results or best practice. Usually good practice is defined as '*approaches that work well and can be duplicated elsewhere*'.

This section starts off by outlining the key characteristics of effective integration policies, the characteristics highlighted by the case studies. This section brings to light, for example, the importance of getting employers involved and committed to policies and programmes. It also demonstrates how policies characterised by a high degree of flexibility can best take into consideration the diverse needs of individual project participants.

One of the objectives of this report was to categorise the different types of measures available aimed at increasing the involvement of social partners in integration policies. Thus the second section of the analysis focuses on summarising the effectiveness of such measures on the basis of findings from this study.

The third section of the analysis focuses on summarising key lessons learnt from the case studies. The lessons, for example, highlight the importance of setting measurable but achievable objectives and the importance of political support before policies that aim to increase participation of social partners in labour market integration programmes can reach their full potential.

The subsequent section provides target group specific conclusions. It demonstrates, for example, how integration programmes concentrated on training can, when creatively approached, address skill gaps and local labour market gaps. It also reveals the vulnerability of employment situation of disadvantaged groups during periods of economic downturn or restructuring.

The fifth section looks at factors influencing the level of social partner involvement in policies aimed at integrating disadvantaged groups in the labour market. The section illustrates that both external and internal factors affect the level of participation. External factors here relate to the overall economic situation as well as the policy environment. Internal factors refer to the perceived role, strength and capacity of social partners as opinion and policy formers.

Case studies show that in many cases employers' and trade union organisations have different approaches to what they perceive to be the best way of achieving the integration of disadvantaged groups, and the role played by social partner organisations in this process. The sixth section discusses some of these differences in preferred policy approaches.

The final section discusses the impact of social dialogue processes on integration of marginalised groups. The case studies indicated that the national level is the most dominant level of bargaining influencing integration of the Guideline 7 groups.

### **15.1. Key characteristics of effective integration policies**

- **Importance of creating routes to employment and training**

Several case studies illustrated how important it is to create 'routes' to employment for those faced by multiple problems in accessing employment. When aiming to reach those most at a disadvantage it must be remembered that labour market participation is not a simple matter for these individuals. Those who experience a wide range of barriers to employment often suffer from low self esteem, poor educational background and social exclusion and these issues are most effectively addressed with a wholesome set of measures.

The Roma integration programme from Pest County, Hungary, showed how holistic approach starting off with personal and social support leading to education and workplace training opportunities has the potential to produce *sustainable*, long term solutions. The approach takes into consideration a variety of difficulties in personal and social development of the participants. The first phase of the integration process focuses on confidence building, addressing health issues affecting labour market access, development of skills useful for everyday life and building better relations with the local community. The second and third phases, respectively, provide the participants with appropriate opportunities for basic skill, vocational and supported workplace training.

The Danish integration agreement between the government, municipalities and social partners is a similar 'routing' example that supplies a step-by-step integration framework for recently arrived immigrants. Under this tripartite policy framework, immigrants begin their integration programme by undergoing workplace introduction that involves shadowing other employees and language training. Language training is aimed to be provided at the workplace so as to avoid immigrants having to learn Danish for three years before they can enter the labour market. The next phase of the programme involves workplace and vocational training and continuing language training, before the participants are ready to move onto ordinary employment, which is expected to take place at an earlier stage than is currently the case. Individuals may benefit from all different phases, or alternatively only some depending on the individual needs (e.g. depending on previous qualifications and language skills).

As seen, the phases of the Danish integration process are similar to the Hungarian ones, although it pays less attention to social and community aspects than the Pest Country integration programme. Another difference between the Hungarian and Danish examples is the scope; whilst the Hungarian example is an example of a highly successful regional programme, the Danish Agreement constitutes a new national integration policy for the country to overarch all activities in the field.

The Rosetta Plan from Belgium shows how the opportunity to gain work experience is a route into sustainable employment for young unemployed, particularly those with fewer qualifications. An evaluation of the Plan indicated that only a small number of young people returned to unemployment after ending their first period of employment under the First Job Agreement (part of the Rosetta Plan). Indeed, more than 85% of the young persons are no

longer registered as unemployed 3 months after their entry to employment (First Job Agreement).

The Dutch case study illustrated the need for an effective linkage between ethnic minority job seekers and the public employment services. The Dutch experience was that especially jobseekers with an ethnic minority background under-utilised the “traditional” job placement services and required a more active and personalised scheme. The German case study equally focussed on creating more effective routes into training and employment, in this case for young disabled people. As a result of existing research it was considered crucial to increase the element of workplace experience in initial vocational training offered to this group to increase their chances of future workforce integration.

- **High level employer involvement**

The case studies demonstrated that benefits created by high level employer involvement are three-fold. Firstly, the creation of better linkages with employers can facilitate better social integration and easier access to employment opportunities. As shown in the German case, the experiences highlighted by the Federal Institute of Vocational Training (Bundesinstitut für Berufsbildung) showed that employer-based work experience is crucial to increase trainees’ sense of responsibility, occupational and social skills and therefore improve their employment opportunities. This finding is based on experiences from the vocational training centres (*BBWs*) aimed at young disabled people who cannot access training in the German 'dual system' and are too severely disabled to work in local vocational rehabilitation centres. Consequently the creation of a system that improves access to workplace training for these trainees is at the core of the German integration project initiated by Metro AG.

Secondly, whilst multi-faceted problems experienced by marginalised groups create challenge for integration, the labour market itself can also create a barrier for integration – which can be manifested through employer prejudice that is often caused by a lack of information. This is one of the reasons why the Irish social partners initiated Workway, an awareness raising programme to promote employment opportunities for people with disabilities and to increase awareness among private sector employers, with the focus on longer-term goal of changing behaviour and perception. The project idea was supported by the government and national employment service which agreed to fund the project. The project was characterised by extensive social partner ownership as the two key confederations led the project, thus highlighting the true value of social partnership approach to labour market integration programmes. The social partnership approach enabled the project to reach employers and get them involved, which other disability projects had not been able to do in Ireland, at least not to the same extent.

Finally, approaches taking into consideration the needs of employers can increase the trust of the business community to a policy or programme. The Dutch covenant on the employment of ethnic minorities benefited from the approach of the Centre of Work and Income that paid particular attention to the needs of SME employers. A free national vacancy line was established where SME employers were able to report their vacancies. After reporting of a vacancy, a SME advisor would contact the employer personally in order to go through the job

profile. Within 72 hours of the vacancy being reported, the SME advisor recommended one or more candidates. After a successful placement, the SME advisor maintained contact with the employer and the employee up to two months to limit the possibility of drop out and to ensure employer's satisfaction. This approach led to increased employers trust on the project, and is clearly one of the key factors behind the great success achieved by the covenant.

- **Individual, tailored approach**

From the basis of the case studies, another key success factor is a tailored approach to integration that takes into account individual needs of beneficiaries. They also illustrated that the use of personal advisers and 'learning agents' appear to be more effective than 'blanket' approaches. The Noste programme from Finland that is aimed at raising the education and training level of low-skilled older workers, successfully developed a method to encourage 'hardest-to-help' groups to take up learning and training by building on tailor-made training courses and outreach mentoring. The outreach work is carried out by volunteer TU mentors trained by the programme who act as learning agents between educational establishments, the target group and businesses. The mentors have played a decisive role in engaging individuals who would not normally enter mainstream education, perhaps due to low self-confidence or learning difficulties.

One of the success factors of the Covenant from the Netherlands was the one-to-one approach the Centre of Work and Income (CWI) adopted towards the ethnic minority job-seekers taking part in the programme. After the start of the covenant, the CWI hired 250 SME advisors who worked full time for the duration of the Covenant to offer a one-to-one service to ethnic minority job seekers. The one-to-one principle was designed to ensure a full understanding of the competences and needs of the ethnic minority jobseekers through the SME advisory system. The system allowed advisers to have a fairly limited caseload enabling them to get to know and understand their clients and their needs, competences and aspirations.

A tailored approach is also at the heart of the implementation of the Metro pilot programme for the integration of young disabled people in Germany. Metro is working directly with specialised training providers to devise tailored curricula and experiences suitable to the requirements of their trainees.

- **High level social partner involvement**

As many of the case studies clarified a high level social partner involvement in the conception and implementation stages of policy development has the great potential to facilitate creation of a vital and more meaningful employer involvement. Agreements on the integration of marginalised groups are also an important signal that the social partners can – in partnership and consensus - come to an agreement on these issues, like in the case of the Danish Integration Agreement. With the signing of the agreement and with close involvement in monitoring and evaluation of the Agreement, the Danish social partners also signal that they are willing to take some responsibility over integration matters.

Another example that shows the importance of social partners taking up responsibility over disadvantaged groups is the Dutch Covenant. The SME-representative organisation was

committed to mobilise SMEs to report vacancies, and their dedication to the Covenant was crucial to ensure the commitment of employers. At the start of the Covenant, SMEs were hesitant to co-operate, but through an intensive media-campaign organised by the SME-representative organisation employers gained trust in the Covenant and realised how they could play a valuable role in its success.

In the countries where social partnership and consultations are well established practices, the involvement of social partners in integration programmes can be self explanatory as all relevant parties understand the benefits of tripartite collaboration. Indeed, when the new Danish government decided to introduce new integration policy, involvement of social partners was seen as essential as they believed the implementation of the agreement would be much easier if social partners were involved already at the planning stage.

In countries where social partnership is still weak, foreign social partners and funding from the European Community can play a role in facilitating creation of meaningful social dialogue in the field of labour market integration. Social partnership in VET project from the Czech Republic, which was led by Dutch social partners, achieved a great media coverage on the role of social partnership in vocational education and training as a result of the project, and also increased the interest of the general public. A variety of social partners also became more involved, at different levels, in activities linked to education and training. The project also enabled local unions and employers' representatives review the tripartite systems of education and training from other countries and realise that their existing system was not working as well as it could do.

In Germany, high level social partner involvement has also been shown to be crucial to the formulation and implementation of national strategies to increase the availability of initial training placements for young people and the formulation of labour market and social policies.

Workway's main success factor was the strong leadership and ownership of social partners. Prior to Workway there had been many policies and promotional campaigns but no single framework or programme had been adopted which, on the basis of social partnership, combined the dual aspect of awareness raising and opportunity to maximise employment opportunities for people with disabilities.

In the context of the Noste programme the trade union representatives have played an irreplaceable role in engaging 'hardest-to-reach' individuals in training. Trade union involvement has been vital but also without involvement of employers' organisations, information would not have been disseminated as widely to individual employers.

- **Multi-agency approach characterised by true partnership working**

Project or policy partnership can play a key role in empowering disadvantaged groups, especially if the project has been successful at getting the right mix of partners. It is important to involve an appropriate blend of partners all of which can add value to the programme; decision makers, local stakeholders and beneficiary groups and other partners from the public,

private, voluntary and community sectors. For example, an official evaluation on the Workway initiative concluded that one of the key success factors was the fact that it involved all relevant stakeholders (representatives of the target group, policy makers, employers and employee representatives etc.) in identification of barriers and implementation of solutions. The partnership also displayed a good degree of flexibility by adjusting its structure according to the needs of the different project phases and their objectives. In practice this meant involving policy actors to the second phase of the project which were in the best place to contribute to dissemination and mainstreaming activities.

The experience from the implementation of the Minority Covenant in the Netherlands also showed the importance of engaging policy makers into the project partnership. The strong commitment of individuals at the top level of all relevant organisations secured a high level commitment and extensive media coverage, thus made a clear statement that the project was important. Undeniably the high level commitment increased the confidence of employers to take part in the programme.

Development of successful, genuine partnership also involves engaging target communities and partners in the decision making process. With this respect the Pest country integration programme exhibits good practice in terms of effective co-ordination of a multi-organisational project partnership in which the beneficiary group, the Roma population, was integrally involved in the project planning and implementation stages. This was an aspect perhaps to some extent overlooked by the Danish government in the context of the integration agreement as the organisations representing immigrants were not project partners in a same way than the social partners, local and the national governments. The German case study, on the other hand, strongly emphasised co-operation between social partners, the government and specialised training providers.

- **Planning for the long term and mainstreaming**

Policies that demonstrate good practice should include a clear mainstreaming strategy including identifying what needs to be done, by whom, how and when. As some of the cases highlighted, Workway in particular, identification of relevant policy makers and practitioners and gaining their commitment to the policy process is essential. Policy makers need to be involved in mainstreaming activity, both as the target audience and whenever possible as 'messengers'. Joint activities with relevant organisations and policy makers for 'lobbying' can create a stronger voice for the project and ensure wider impact.

One of the strengths of the Czech/Dutch Matra project on Social partnership in VET was the open discussions on the longer term sustainability. These debates started already during the planning stage with the inception report underlining the importance of the Czech education authorities committing to implement standards and tools developed as a part of the project in order to ensure sustainability. Thus structures to ensure mainstreaming were implemented right from the start. As another example, each sectoral group was led by a co-ordinator with a specific task of disseminating results to the national level. The inception stage also focussed on identifying risks that could threaten the longer-term sustainability of the results.

With respect to the Dutch case study, the clear goal setting for each partner organisation and the weekly measurement of results was indispensable for the success of the Covenant. At the start of the Covenant, a clear strategy was set up including an identification of what needs to be done, by whom, when and how. Responsibilities of each and every partner was clearly identified and agreed at the start.

One of the aims of the Metro project, which is part funded by the German government is to provide lessons on the importance and structure of employer based training for young people with disabilities. This is indeed an ongoing part of the project and its evaluation.

• **Labour market supply vs demand**

Integration programmes, especially local and regional projects, can be particularly useful for filling labour market gaps by matching the gaps with training programmes in these sectors – although individuals needs must also be taken into consideration. This method proved successful in the case of the Roma integration programme. The project did not expect education and training to automatically 'turn' into new employment opportunities but the programmes developed training courses *in response to* the local demand for labour.

**15.2. The success of different categories of measures**

The first task of this research was to categorise the different types of measures available aimed at increasing the involvement of social partners in the integration of disadvantaged groups into the labour market (see section 5.1). The table below presents conclusions regarding the prevalence and effectiveness of such measures as found in phases one and two of our research.

<b>Demand side measures</b>	<b>Supply side measures</b>
<p><i>Awareness raising campaigns</i> Used by both employer and trade union organisations as well as joint initiatives. Generally relate to items such as business case for employing particular target groups; setting out rights/obligations of particular groups and clarifying legislation.</p> <p>These can be effective, particularly when coupled with implementation measures (e.g. MKB covenant) and strong partnerships (e.g. Workway) but are non-binding and should therefore be linked with target setting.</p>	<p><i>Training and lifelong learning measures/validation or prior learning</i> Evidence shows importance of design and delivery of initial and continuing education involving social partners. This ensures training is linked to requirements of employers and the labour market. Targeted training measures often crucial to the integration of disadvantaged target groups.</p>
<p><i>Social auditing</i> Some evidence of CSR measures linked to the integration of disadvantaged groups (e.g. Metro group)</p>	<p><i>Work-life balance measures</i> Provide a relevant background to integration measures, particularly for employees with caring responsibilities.</p>

<p>Generally non-binding tool favoured by employers' organisations; can be effective when linked to target setting/monitoring.</p>	
<p><i>Financial incentives</i> Called for by both social partner organisations, but particularly employers' organisations; formulation should involve all relevant stakeholders to avoid creation of perverse incentives and lack of take-up. In some cases trade unions emphasise that such tools should not be used to shift cost of integration from employers to society.</p> <p>Case studies demonstrate that financial incentives can be successful, but must be linked to an assessment of possible deadweight effects, which is rarely the case.</p>	<p><i>Legislation/watchdog</i> Often favoured by trade unions to underpin other integration measures, but insufficient by themselves.</p> <p>Often rejected by employers and seen to act as hindrance to integration of disadvantaged groups as individual employers less likely to take "risk" to recruit from the target group.</p>
<p><i>Diversity plans</i> Diversity plans often used to underline business case of employing specific groups; generally aimed at gender equality, race or age.</p>	<p><i>Employment Service intervention</i> General and targeted PES provision acts as a relevant and often necessary background to integration measures.</p>
<p><i>Social clauses in public procurement</i> Little evidence was found of such measures, partly resulting from lack of clarity regarding their legality in procurement legislation.</p>	<p><i>Assistance with mobility</i> Provide a relevant background to integration measures.</p>
<p><i>Quotas</i> Generally not favoured by employers and in many cases not observed. In some countries trade unions also do not favour quotas as they are seen as discriminatory.</p>	
<p><i>Covenants with employers' associations</i> Dutch case study shows that these can be successful if working in partnership. However, often a lack of trade union involvement.</p>	
<p><i>Social enterprises</i> Few examples found of such initiatives,</p>	



partly as they are usually highly localised and small scale. Social enterprises are used in Germany to help to integrate disabled people with severely restricted capacity. Provide tailored employment opportunities, but little evidence of transfer to open labour market.	
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### **15.3. Lessons from Experience**

- **Importance of measurable but achievable targets**

The case studies revealed that there is a tendency to set high targets for the first year of operation, particularly in the cases of national programmes that require a high degree of political support. This was identified in particular in the context of the Danish integration agreement and the Noste programme from Finland. In the Finnish context this was also confirmed by the government representative who noted that setting up new frameworks and introducing new ways of working is a time-consuming process, and therefore *full* scale results of national policy programmes can not be expected within the first year(s) of the operation.

The need for the government to justify spending and ensure media attention was the reason why the Dutch Ministry of Social Affairs and Employment decided to increase the target of employing 10,000 job-seekers from ethnic minority groups up to 20,000 in one year. Although at the start of the Covenant, this number did not seem achievable, the method of output financing, the weekly assessments and daily reporting of the results on a website proved very successful. In times of failure, particularly at the start up of the Covenant, the result reporting ensured that actions were immediately undertaken to counteract the shortcomings.

The Workway initiative on the other hand lacked clear output and impact indicators which made an evaluation of the quantitative impact of Workway with regard to increased employment opportunities for people with disabilities impossible. The project partners highlighted that lack of resources precluded Workway from collecting before and after indicators to measure changes.

The Finnish and Danish case studies also showed the needs to be prudent with target setting for the early years of implementation as relevant legislative or other supportive structures and partnerships take time to be established and failure to achieve early targets should not create disincentives of disillusionment.

- **Limitations of project approaches**

When designing and planning for integration projects or pilot initiatives it must be remembered that project approaches have their limitations. Projects are limited in time and scope, and rarely can provide solutions that can solve integration problems *entirely*. For example, Workway initiative displayed that only so much social partners or individual projects can do in terms of integrating marginalised groups (in this case disabled people)

when there are ‘benefits traps’ that undermine the effectiveness of employment programmes and restrict further development of employment opportunities. In the case of Ireland this refers to the current social security system that poses integration barriers, for instance, through the loss of secondary benefits if an individual with a disability takes up employment.

Individual integration programmes can however influence national policy. Workway produced a policy paper highlighting the appropriate policy shortages and has had an influence on the national policy through the current national social partnership agreement. Some of the activities funded under the latest agreement aim to identify solutions for such barriers, and some of the findings and good practice elements of the programme are being embedded into new Sectoral Plans of the Government Departments (an element of the new Disability Bill). Lessons from Workway will also be reflected in the work of the public employment service, especially on the work of the disability committee.

Outcomes of projects aiming to increase social partnership in integration programmes are limited *without* political support and change in the country. Although the Social partnership in VET project from the Czech Republic did not result in a full political change in the country in terms of increased social partner involvement, the project impact is evident through an establishment of a new *tripartite* policy group for VET at national level. This is a part of wider changes to the system of co-operation and social dialogue that the Ministry of Education is trying to implement across the sectors. In addition, new arrangements have allowed development of tripartite working groups that can support sectoral groups in addressing specific challenges or developments in the field or at the European front.

- **Influence of overall economic situation**

The overall labour market situation is crucial in determining the level of integration of marginalised groups. If the overall labour market situation is poor, it is less likely that social partners can find an agreement for labour market integration policies and individual employers' commitment is likely to weaken. For example in the context of the Belgium Rosetta Plan employers' participation rate diminished significantly during an economic downturn, especially in the regions where unemployment was the highest and especially with respect to those furthest away from the labour market. To a certain extent this is also true in Germany, in the context of the countries poor economic performance in recent years.

Labour market situation can also hamper the transferability of successful integration programmes. With reference to mainstreaming of the Pest County integration programme in Hungary, the government representative highlighted that the transferability aspect of the programme is to a certain extent obscured by the fact that the programme was developed in the most prosperous part of the country.

- **High cost of customised programmes**

As the Danish, Finnish and Hungarian case studies demonstrated an integration process that is based on a flexible and tailored approach to learning, training and/or workplace integration does not come cheap. These case studies showed that on average, the price of the programme per participant is high, in actual fact more expensive than provision of social benefits.

However, stakeholders from all three programmes were convinced of the cost effectiveness of tailored programmes due to the sustainability of the outputs.

The Dutch case study illustrated the same point. After the ending of the Covenant, the project stakeholders were keen to introduce similar personal advisor service in employment offices. However, due to the high costs the funding was eventually withdrawn leading to the removal of mechanism that had succeeded both to increase employment rate of ethnic minority jobseekers and improve recruitment practices for SMEs.

- **Importance of “simplicity”**

The Belgian case study of the Rosetta Plan demonstrated the importance of ensuring clarity and 'simplicity' in the design of integration policies. Both employers and job-seekers struggled to understand the content of the Plan, which led into a simplification of the plan in 2004. The amendments are believed to have increased the take-up rate of the policy by employers and job-seekers.

#### ***15.4. Specific lessons according to the target group***

- **Immigrants**

When analysing good practice methods of the ways in which labour market integration is ensured for immigrants, integration policies must, first and foremost, appreciate the diverse needs and backgrounds of the target group. Integration measures that invest in human capital are particularly valuable. The Dutch and Danish case studies demonstrated that the primary reason for the lower rate of employment of immigrants is poor educational background or the lack of recognition of qualifications obtained in another country. Poor language skills of migrant workers can also create a considerable obstacle for effective labour market integration. For example, 2 out of 5 unemployed migrants in Denmark do not speak Danish. As a response to this challenge, the Danish authorities have started to provide language training at the workplace, so as to avoid immigrants having to learn Danish for three years before they can enter the labour market. Promoting diversity management and carrying out awareness raising campaigns among employers can also be important instruments to endorse the integration of immigrants in the labour market.

In order to maximise the potential contribution of immigrants, it is important to build upon their previously acquired experience and qualifications already obtained outside the EU. Therefore there is a greater pressure for the authorities to improve their national validation mechanisms if they are to ensure a smoother and quicker labour market integration of *skilled* immigrants. Social partners can play an integral role in this process, and already do so in a number of the study countries. The need for better validation methods is likely only to grow in importance in the light of forthcoming labour shortages; the authorities should view immigrants as a comparative advantage.

The experience from the implementation of the Danish integration agreement also revealed that offering universal access to training and integration provisions does not always lead to full participation. This can be a result of cultural, language, religious, family and even health

circumstances of immigrants. As an example, women from certain immigrant groups may not be expected to take up employment due to their traditional role within a family. Furthermore, the questions of social assistance and 'making work pay' are also of relevance in the countries with traditionally strong welfare systems.

Finally, although integration into the labour market constitutes a key element of the process of integration, it is less likely to succeed in the longer run if it is not backed up also by social, political and cultural integration into the host society.

- **People with disabilities**

While developing strategies to address employment integration of disabled people it is important keep in mind that this target group is highly heterogeneous comprising of different sub-groups with different needs and capacities. However, an argument has been made that whilst different sub-groups have traditionally preferred implementation of tailor-made programmes, this may not be the most effective use of training resources. Furthermore, it must be remembered that an integrated employment and access/return to the open labour market should be primarily promoted in cases where this is possible or desired. Full integration requires, on the one hand, support services and, but also, training opportunities adapted to the special needs of people with disabilities.

Whilst local and regional actors can play a central role in identifying barriers and creating local solutions to barriers hindering employment of people with disabilities in individual localities, issues relating to employer prejudice and financial disincentives can be most effectively tackled on a national basis rather than in isolation.

- **Ethnic minorities**

Effective labour market integration policies aimed at minority ethnic groups should always place equal opportunity policies at the very core and be sensitive to the complex challenges often experienced by the target group. According to the Roma Minority Government from Hungary, the Roma integration programme from the Pest County represented a particular milestone in the history of the Roma community due to the wholesome and responsive policy approach adopted by the project management.

The creation of routes to employment is particularly valuable for this target group. A holistic, multi-agency approach which starts off with social and community integration combined with training and building familiarity with working environment was found effective in the case of integration of the Romas in Hungary. The Dutch case study emphasised the importance of one-to-one approach in dealing with the target group and the significance of on-going support. It also illustrated how important it is to take into account the fact that ethnic minority jobseekers may do not use the "traditional" ways to find a job. For example, they do not tend to read regular Dutch newspapers to the same extent as their Dutch counterparts. The Covenant took these distinctive characteristics into account and focused promotional efforts, for example, on showing commercials on satellite TV in appropriate languages.

- **Early school leavers**

Throughout Europe, early school leavers are faced with similar barriers to employment. Poor educational background and a lack of work experience are the main reasons for the often weaker labour market situation of those who have left school early. The Rosetta Plan showed the significance of building 'on-the-job' experience for early school leavers and its value in the eyes of employers.

The Rosetta Plan also indicated how dependant the success of integration measured focussed on early school leavers is on the economic situation of the country. Although a significant number of early school leavers received employed through the Plan, the evaluation showed that the Rosetta Plan was significantly less successful in placing low skilled young people into employment during an economic downturn.

- **Low skilled**

Many workers have difficulty retaining their job and progressing in the labour market due to inadequate skills and qualifications. They are particularly vulnerable to structural change, whereby jobs in Europe are continuously being created in high-technology sectors while low-skilled production is increasingly being transferred to emerging economies.

Integration programmes concentrated on training can, when creatively approached, address skill gaps and local labour market gaps. For this purpose labour market intelligence and anticipation is crucial. The Noste programme, which is aimed at low skilled older workers, introduced 'new' decentralised management structure through which regional authorities were provided with discretion to decide funding priorities for their regions. This form of local decision making allowed local actors to define and strategically plan the content of the local training provisions to suit local labour market needs. The same applied to the Pest county integration programme that focussed on creating training courses in sectors facing skill shortages.

It is sometimes argued that low-qualified workers lack the motivation to participate in training due to a range of financial, infrastructural, psychological and personal barriers. In the case of Noste programme, the project developed an outreach model as an instrument to motivate employees to participate in training and to reconcile them with the idea of learning. The model proved successful in reaching the most hard-to-reach groups. Indeed, the national training authorities feel outreach work should become a permanent fixture of vocational training as such. Furthermore, the significant role of social partners in this process, union representatives in particular, can not be undermined.

It is also important that methods are available to employers to help them to recognise informal and non-formal learning of job-seekers who lack qualifications.

### ***15.5. Factors affecting the level of social partner involvement***

Both the European Commission Guidelines for Employment and the report of the Employment Task Force chaired by Wim Kok emphasised the importance of improved governance in achieving the goals of the Lisbon strategy. One important element in the EU's

approach to labour market governance is the strong involvement of social partner organisations not only in matters directly affecting the employment relationship, but throughout the policy cycle.

As pointed out above, such continued social partner involvement can contribute significantly to the success or otherwise of any policy measure because of the necessary buy-in and their crucial role in implementing any active labour market policy measures. However, traditionally, the disadvantaged groups covered by this study are not necessarily among the core constituency for social partner organisations, as they are often excluded from the labour market as a result of the barriers outlined in section 4.

In the first phase of this study, we were able to identify a wide range of policies and initiatives aimed at the integration of disadvantaged individuals. However, in the majority of cases, there was either little or no information on the involvement of social partner organisations in their inception, implementation and evaluation. In addition, as some of our case studies have highlighted, even where early indications pointed to the significant involvement of social partner organisations, this was not always the case for all social partner organisations on the ground.

The case studies displayed that both external and internal factors affect the level of social partner involvement in policy measures aimed at the integration of disadvantaged groups. External factors relate to the overall economic situation as well as the policy environment. Partly external, but classified here as an internal factor because its links to the history, culture and traditions of social partner organisations themselves is the level of social partner involvement in tripartite decision making and their perceived role as opinion and policy formers, as well as the means used to control the labour market framework through collective bargaining. Other internal factors relate to the strength and organisational capacity of social partner organisations.

- **External factors**

**Economic and political situation:** As mentioned in the previous section, the overall economic situation and its impact on labour market trends necessarily play an important role in the level of engagement of social partners – employers and employers’ organisations in particular in relation to the integration of disadvantaged groups. Employers necessarily have an interest in the supply of skilled labour. Labour shortages can lead to skills gaps and encourage wages to be driven up, affecting productivity and profit margins. In times of economic slow down and in situations where the supply of skilled labour is plentiful, employers have less economic motivation to seek to upskill and integrate disadvantaged groups. In our case studies, a number of employers referred to recruitment difficulties and the challenge of demographic change as motivating factors in their engagement with the respective projects and policies described. This was highlighted particularly by the case studies dealing with integration of immigrants.

The political situation and political pressures may also motivate social partners to become more engaged in this policy debate and the design and implementation of actions. The Dutch and German case studies clearly demonstrate the influence of political pressures and initiatives encouraging the development of joint measures. The Irish, Danish and German case studies similarly show the impact of high level political intervention in the involvement of particular large employers in policy implementation and pilot actions. The Czech case on the other hand displayed a situation where a change in the political climate towards social partner involvement is required in order to enable social partners to play more substantial role in education and training – in addition to the need to strengthen the institutional capacity of the social partners.

The Belgian case study on the Rosetta Plan however displayed a situation where political pressure actually restricted the involvement of social partners in the set up of the Plan. Whilst the Belgium social partners normally demonstrate a fairly high involvement in policy making, their involvement was limited in the case of the Rosetta Plan as the Government was were eager to push the Plan through before the next round of elections. The Plan ended up being highly criticised by the social partners and this eventually led to significant amendments to the Plan at a later stage.

For the trade union movement, their engagement with the integration of disadvantaged groups and their encouragement to devise policies and practices to overcome barriers to their participation in the labour market is part of their wider ideological agenda emphasising solidarity and integration.

**The legislative and policy environment:** Among the key lessons to be drawn from this study is the fact that while the involvement of social partners in the formulation, integration and evaluation of measures aimed at the labour market integration of disadvantaged groups is crucial, there is a limit to what autonomous social partner actions in this area can achieve without reference to the wider legislative and policy environment. This was particularly demonstrated by the Irish case study which showed that national legislative, policy and institutional barriers remain as some of the most extensive obstacles to employment of disabled people in the country (see the chapter 10). Linked to this is the importance of a holistic, joined up policy framework aimed at addressing the barriers to integration facing different disadvantaged groups.

In Germany, there are arguably four key factors influencing the role played by social partners in the integration of disabled individuals into the labour market:

- The legislative framework setting quotas for the employment severely disabled individuals
- The legislative framework setting down co-determination at enterprise level and the role played by works council representatives and representatives of severely disabled individuals in human resource planning
- The significant policy framework of demand and supply side measures to encourage the labour market involvement of disabled individuals

- The culture of social partner involvement in decision making at national level

Albeit controversial, quotas do have a role to play in encouraging the employment of disabled individuals. In recent years, Germany has adopted a mixture of a voluntary and obligatory approach to the fulfilment of quotas, as employers' organisation tend to argue that they act as a disincentive for employers. A system has therefore been adopted whereby quotas have been lowered, but there is a threat of raising them again should the more "voluntary" approach prove unsuccessful.

The German case study outlines the important role which can be played by representatives of employees and disabled employees at company level in framing so-called integration agreements and helping to shape human resource policy. Evidence shows that this has a more significant impact in larger undertakings and the potential of this system is currently under-utilised. However, it provides trade unions with a focus for their efforts in providing training for works council members and employees representatives in seeking to exploit the possibilities offered by legislation.

The importance of an accompanying framework of demand and supply side measures is also clearly demonstrated. Significant demand side measures are in place providing financial assistance to employers offering employment opportunities to disabled workers and other disadvantaged groups. On the other hand, a significant network of support for vocational education and training is in place to enhance the qualifications and competences of disadvantaged individuals. The case study highlights the importance of a strong link between supply and demand side measures to ensure that job seekers receive the types of qualifications and competences required by employers, wherever possible in a real workplace setting.

A lack of legal competence for social partners to offer training courses that are linked to official qualifications is one of the key obstacles for the Czech employers' organisations; it prevents them from adopting a bigger role in training of low skilled workers. The Czech Chamber of Commerce is interested in expanding their role in the delivery of training, but their activity is to a large extent hindered by the legislative barrier that allows only the State to award official qualifications.

- **'Internal' factors**

**"Culture" of social partner involvement and tripartism:** Our case studies show that the involvement of social partners in measures aimed at integrating disadvantaged groups is much greater in countries with a significant history of social partner involvement and tripartism. This is, for example, the case in the Nordic countries as demonstrated by our case study examples from Finland and Denmark. The Danish case study also shows that communication break down for whatever reason, can impact detrimentally on social partners' willingness to buy into policy measures and their implementation. Over the last 15-20 years Ireland has also developed a strong tradition of social partner involvement in policy formulation at national level. Belgium, the Netherlands and Germany also have a background of social partner



involvement in policy formulation which can lead to greater support for national policy initiatives.

In the new Member States, the relatively recent nature of the development of social partner organisations and in many cases their structural weakness mean that involvement in policy measures for disadvantaged groups is much weaker. Indeed there are also many cases that are characterised by a lack of understanding of the reasons why such involvement might be required. This was confirmed by some of the case studies but also by the first phase of the document review for this study which found that whilst numerous successful examples of integration policies were found from the 'new' Member States, most projects which were characterised by a high social partner involvement came from the EU-15. These examples only serve to underline the importance of initiatives such as the MATRA programme which aim to increase social partner involvement in policy making and strengthen their internal capacity.

Not discussed in any significant detail in this study, but clearly of importance to the position of disadvantaged on the labour market is the prevalent method of wage formation in each Member State. Employer organisation in particular tend to argue that the greater the local flexibility available in terms of wage setting, the more able individual employers are to provide employment opportunities for disadvantaged groups. This point is largely rejected by many trade unions, but such generalisation must not gloss over the reality of the many different methods of wage setting operating in different countries and sectors in the European Union. The precise impact of these different practices on the labour market situation of disadvantaged groups has been insufficiently explored in existing research and has not been at the core of this research but merits further investigation. This must be seen in the context of active labour market policy measures and therefore government support available for the integration of disadvantaged groups in the labour market.

**Strength and organisational capacity of social partner organisations:** As mentioned, another crucial factor in the involvement of social partner organisations in measures targeted at disadvantaged groups is their organisational strength and capacity. Where organisational structures are weak, there is a need to prioritise the core functions of social partner organisations (e.g. in relation to collective bargaining), and their involvement in targeted activities for disadvantaged groups is weaker, particularly without further external support. In many of the case studies it has been possible to secure the significant participation of social partner organisations in implementation by making government or other external funding available.

Indeed, one of the key findings of the Matra programme was that projects with the aim of strengthening the role of social partners in labour market programmes or training measures should undeniably address the shortcomings around weak institutional capacity and limited financial resources. One of the Czech trade confederations highlighted the need to find *permanent* solutions to financing participation of social partners in different tripartite forums. They felt the limited resources available to compensate costs for the Czech social partners, especially travel costs, hindered the participation of union representatives on the activities of

the Matra project. The Belgium employer's confederation raised similar concern by announcing that limited resources prevent them from becoming more active in setting up integration programmes for disadvantaged groups.

European Commission funding, ESF, PHARE and EQUAL in particular have helped to build the capacity of social partners to get more involved in the delivery side of integration programmes. This support has been particularly vital for the social partners in many of the 'new' member states, as many have witnessed a clear decline in membership rates. However, with reference to the 'old' member states, with a greater emphasis on the open method of co-ordination, rather than pilot funding programmes, opportunities from the EU for mainstream ESF funding are expected to decline. Nonetheless a range of projects highlighted in this study have been supported with either European or national budget lines aimed at assisting the integration of disadvantaged groups.

### ***15.6. Social partner approaches to the integration of disadvantaged groups***

Our case studies show that in many cases employer and trade union organisations have different approaches to what they perceive to be the best way of achieving the integration of disadvantaged groups into the labour market, and indeed the role to be played by social partner organisations in this process.

In Germany, the employers' organisations advocate a more "voluntary" approach with fewer legal requirements and quota obligations and instead more support for employers keen to recruit disadvantaged groups. It is argued that too many legal requirements act to the detriment of vulnerable groups in the labour market as are seen to make employers wary of offering insertion opportunities to individuals from such "risk groups". The trade unions on the other hand are keen to see stronger legislative provision, including greater powers to enforce the formulation and implementation of workplace integration agreements. They agree with employers' organisation on the need for more support to be available to employers keen to recruit individuals from such groups but argue that employers should not be able to transfer all the cost of hiring such individuals to the state and as a result to society as a whole.

In the Netherlands, the social partner approach has been to focus on joint recommendations to parties involved in collective bargaining and less on legal requirements. The Dutch employers in particular emphasise that they prefer voluntary approach. Besides collective agreements on the issue of integration, the Dutch social partners initiate and run many projects with and without support of the Dutch government.

In principle, the Danish social partners are not supportive of development of quota systems, while clearer differences were detected in the opinions of the Irish social partners. In fact, employment quotas are a fairly controversial matter in Ireland because the public sector has had 3% quota for the employment of people with disabilities in place for numerous years but has never achieved this target. Thus employers feel it would be difficult to demand the private sector to do the same. The unions do not support the creation of a quota system as such, but

they feel some form of obligation should be imposed on employers to consider employment of marginalised groups – simply because the voluntary system has not worked.

The Irish social partners mutually agreed that demand side measures, which provide grants and financial assistance to employers offering employment opportunities to disadvantaged groups, have proven helpful. The unions also underlined the importance of awareness raising campaigns as intolerance still exists in the labour market.

Training and gender equality programmes and measures aimed at low skilled workers were found to be some of the top priorities for social partners in most of the study countries. In general the availability of skilled labour is critical for employers, therefore they are particularly supportive of development of training measures. In Belgium the employers' confederation is particularly concerned about the mismatch between the labour market demand and the current education & training provision. Integration of immigrants is increasingly topical for employers in Ireland and Denmark, whilst the Finnish employers are concerned over the labour market situation of early school leavers. The unions in Ireland, Denmark and Hungary are particularly concerned over the poor labour market situation of people with disabilities.

As mentioned above, the impact of systems of wage setting on the employment of disadvantaged groups has been discussed in some countries, with employers generally calling for greater local flexibility, while trade unions oppose such moves.

### **15.7. *Impact of social dialogue***

Social partners are represented in all of the study countries in numerous tripartite working groups on labour market integration matters (policies and laws), often from the local to national level strategic forums. In most of the study countries, 'old' member states in particular, the social partner organisations also adopt very much 'hands-on' role in integration measures and have a longer tradition of being involved in policy delivery. The role of social partners in the integration policies in Hungary remains at the level of consultation; participation to actual policy delivery is still very marginal, if not non-existent. However, the Hungarian ministry of labour has recently launched a process aiming to develop methods that would enable social partner organisations to be more involved in the fight against discrimination. The social partners in the Czech Republic were found to take part in implementation of labour market programmes (mainly those funded by the Commission).

The case studies indicated that the national level is the most dominant level of bargaining influencing integration of the Guideline 7 groups. The Irish unions and employers clarified that they prefer embedding integration programmes and policies into the national social partnership agreements in order to ensure commitment from all relevant parties. In Finland, integration is almost exclusively dealt with in intersectoral agreements (income policy agreements), and is rarely a component of sectoral or local bargaining. However, the recent developments to strengthen local dialogue may also impact the degree of local bargaining on the labour market integration practices in the longer term future. The situation is similar in

Belgium and the Netherlands where the integration of disadvantaged people is primarily bargained at national level. In Denmark collective agreements at all levels address issues around lifelong learning, working conditions, low skilled, training, gender mainstreaming, immigrants, inclusive labour market and working time.

The impact of collective bargaining was found to be very different in the 'new' member states. The study found that it is not the tradition in Hungary or in the Czech Republic to discuss the labour market integration as a part of collective negotiations. Indications were given that the general view of social partners is still that labour market integration should be solved by legislation, policies and processes rather than through collective bargaining – although training needs of employees often feature in agreements.

## **16. CONCLUSION**

With the prospect of an ageing and declining population, the integration of disadvantaged groups in the labour market is vital for economic development and social cohesion of Europe and each Member State. The disadvantaged groups that were considered for this study often face multiple disadvantages in the labour market, and this research has confirmed that both demand and supply side measures are often required to achieve (re-)integration. The study has also summarised some of the key characteristics of integration programmes that demonstrate particularly good practice, and illustrated ways in which social partners can play a part in and enhance effectiveness of these policies.

Integration is a continuous, two-way process and should be seen as a shared responsibility between key public, economic and social actors. This report has demonstrated the capability of social partners to develop and deliver successful integration programmes on their own, as well as to play a substantial role in programmes developed on the basis of a wider partnership. In fact the study illustrated when policies are designed and implemented by the State or other levels of government, the success of the measure can greatly depend on the degree of consultation and participation of other actors, in particular social partners. An early involvement of social partners in policy formulation is crucial to ensure coherence of measures and a degree of ownership (or 'buy-in') over a project.

The involvement of social partners in the labour market integration of disadvantaged groups is important and benefits can be threefold. On one hand they can act as lobbying organisations in relation to government legislation and policy initiatives. On the other social partners can also act at company level (and sectoral) to implement recruitment, anti-discrimination, training and awareness raising initiatives. Finally, social partners can be in the best place to reach and involve employers as well as to provide access to specific target groups. Trade union representatives can, for example, act as mentors/learning agents between low skilled employees, training providers and companies. In addition, participation of social partner organisations can guarantee that the needs of employers are taken into consideration, thus increasing the trust and commitment of the business community to a policy or programme. Although some of the evidence suggested that the development of integration policies at company level was more effective in larger companies, other case studies illustrated that smaller and medium sized businesses can be effectively involved when appropriate support mechanisms are developed.

It must however be kept in mind that the integration initiatives implemented by social partner organisations can not be expected to provide full solutions to the integration problems in cases where national policy and institutional barriers (e.g. 'benefits traps') hinder the effectiveness of labour market interventions. However, it has been demonstrated that even in these cases social partner action has a significant potential to influence national policy.

The evidence from the case studies pointed out that employer and trade union organisations often have different approaches to what they perceive to be the best way of achieving the integration of disadvantaged groups into the labour market. Generally the employers'

organisations advocate a more “voluntary” approach with fewer legal requirements and quota obligations and instead more support for employers keen to recruit disadvantaged groups. It is argued that too many legal requirements act to the detriment of vulnerable groups in the labour market as are seen to make employers vary of offering insertion opportunities to individuals from such “risk groups”. The trade unions are generally keen to see stronger legislative provision, including greater powers to enforce the formulation and implementation of workplace integration agreements. However, the study evidence implies that the unions are not universally supportive of all legislative provisions, such as quotas, although they often feel some form of obligation should be imposed on employers when voluntary systems do not work. Most unions also actively lobby for the provision of more training for employees and promote adoption of equal opportunity policies. The key finding here however is that programmes developed by social partners are most effective in influencing national policy where a common approach has been agreed on. Therefore social partners should wherever possible work towards finding a joint policy approach.

Another essential finding was the important role played by overall economic, legal and policy environments, including collective bargaining outcomes, in the integration of disadvantaged groups. In a number of the study countries national level bargaining in particular makes a contribution to the integration of disadvantaged groups, although clear differences between different study countries do remain over priority groups. Periods of economic downturn can also have a detrimental impact on the employment opportunities of marginalised groups, low skilled in particular.

The initiatives that aspire to increase the involvement of social partners in integration policies must be tailored to national and local circumstances. Even textbook solutions can not work in all environments and each country and locality face different circumstances and operate in a specific context. Tradition of social dialogue and consultation vary significantly between the Member States. Whilst in many of the study countries social partnership and consultations are well established practices and social partners are involved in policies dealing with integration of disadvantaged groups at strategic and delivery levels, the situation is very different in some Member States where social dialogue processes are less developed. This applies especially, but not exclusively, to the 'new' Member States. In these countries many social partner organisations are characterised by weak institutional and financial capacity. Therefore policies that aim to strengthen the involvement of social partners should first and foremost address these shortcomings. The funding from the European Community (e.g. PHARE, TEPs, EQUAL) can help to build the capacity of social partners to get more involved in the delivery side of the programmes. In addition, twinning projects with other European social partners can provide lessons from experience, thus play a role in improving conditions for meaningful social dialogue.

After taken into consideration these findings the development of social partner action at European, national and local levels specifically on integration of disadvantaged groups is recommendable, with encouragement of mutual learning at all levels. This can enhance the transferability of the most effective integration policies and practices, and allow the key stakeholders to learn lessons from experience and identify policy elements transferable to

their own context. Social partner action at different levels can also facilitate dissemination of information for public authorities and other stakeholders about the contribution social partners can make to the design, delivery and evaluation of integration policies.

## **Annex 1:**



## **Annex 2:**