Organising Transitions in Response to Restructuring

Study on instruments and schemes of job and professional transition and re-conversion at national, sectoral or regional level in the EU

Final Report

European Commission

ORGANISING TRANSITIONS IN RESPONSE TO RESTRUCTURING

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Final Report

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PREFACE

In the present situation of financial and economic crisis, stagnating consumption and investment and growing unemployment, the need to prevent workers from dismissals and long-term unemployment is more needed that it has been for decades. As a recent Communication of the EU Commission has stressed, the employment dimension in the context of managing crisis, restructuring and industrial change at various level is reinforced strongly.[1]

More than ten years ago, in 1998, the High Level Group on the economic and social consequences of industrial change, "The Gyllenhammar Group" – set up as a result of the Luxembourg Jobs Summit in November 1997 – stated in their final report,[2] that companies should shoulder the main responsibility for the anticipation and management of change.

The group advocates an approach whereby industrial change is anticipated and managed through voluntary action undertaken at various levels, encouraged through incentives, as opposed to legislative measures. Legislation is viewed as useful in setting minimum standards, but solutions worked out through voluntary agreements are argued to be more effective than the imposition of penalties and sanctions, and are thought to lead to a more constructive and positive environment. The importance of developing a constructive social dialogue at all levels, particularly in areas such as information and consultation, is stressed by the Group. This is based on the belief that social dialogue based upon mutual trust and information is the best way to adjust to change on a continuous basis and to handle crises caused by industrial restructuring. The report argues that in order to reinforce the capacity for change, employers, workers and governments should share the responsibility for ensuring the employability of the workforce. It is therefore not surprising that the Group supports the need to create "a European framework for information and consultation".

In the event of a crisis the main responsibility for action according to the Gyllenhammar Report lies with the company. While government and politics generally should abstain from interfering with industrial change, the report also states that local authorities may intervene in co-ordination and mediating capacities.

More than ten years ago, some of the suggestions made by the Gyllenhammar Report have been put into practice: A general framework regulation with regard to information and consultation was passed in 2001 and implemented in 2004 covering all companies with more than 50 employees. In 2001 already, the "European Monitoring Centre of Change" was established as a resource and information centre to promote an understanding of how to anticipate and manage change. By this, the Centre reflects the suggestion of the High Level Group to establish a European wide observatory with regard to industrial change. Other key initiatives were put into practice at EU level focusing in the issue of industrial change, restructuring and anticipation: In 2002, the European Economic and Social Committee established the "Consultative Commission on Industrial Change" and a range of other initiatives were put into practice following the European Commissions' Communication on "Restructuring and Employment" in 2005, e.g. regular "Restructuring Forums" as platform for the exchange of ideas and debate involving high-level public and private representatives, which started with the first Forum in June 2005.

This study for the "Working Conditions and Adaptation to Change" Unit at DG Employment, Social Affairs and Equal Opportunities not only is situated in this European policy debate on industrial restructuring, managing and anticipating change but also is looking at the suggestions made by the

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[1] Commission of the European Communities: Communication "A Shared Commitment for Employment", Brussels 3.6.2009, COM(2009) 257 final.

[2] "Managing Change", Gyllenhammar Report, 1998.

Gyllenhammar Report on shared responsibilities in regard to industrial restructuring and the role of different actors from a certain angle: the reality of practice aiming at organizing job transitions and professional transition and re-conversion in the EU member states.

Our study in particular looks at mechanisms of support workers having been dismissed or threatened by dismissal in the context of restructuring which have been established in EU Member States in recent years in parallel to the typical support mechanisms provided by public employment services.

Though the main author has to take the responsibility for any mistakes which may still exist in the report, this work is the result of a collaboration of a team of researchers who have been working on the issue of restructuring and industrial change for a long time and in many other contexts. And only this good functioning teamwork and experience made it possible to gather the information presented in the following parts in an extraordinary short period of time.

EXECUTIVE SUMMARY

1. Already before the global financial and economic crisis the dynamics of restructuring have resulted in a growing variety of activities at different levels supplementing as well as improving "traditional" public employment services (PES) by more suitable instruments focusing in particular the employability of workers and/or the effectiveness of re-conversion and re-deployment. Also flexicurity as a guiding principle of European and national labour market policy reforms has contributed to change in employment policies and public employment services in many European countries.

2. While in the past such measures often displayed a rather "passive" character (e.g. such as early-retirement, "golden handshakes", i.e. severance payment packages and voluntary redundancies) learning processes both in the context of previous local and sectoral crisis situations as well as learning from good and innovative practice throughout Europe has resulted in the development of more pro-active measures and schemes of re-conversion and job transition today often are connected to occupational re-orientation, training and qualification as well as outplacement.

3. While this seems to be a common trend throughout the EU, there is a significant variety of country specific backgrounds and experiences, depending very much on the respective traditions and frameworks of welfare state rationales and industrial relations. In Nordic Countries such as Sweden for example, restructuring processes at the company level already since the 1970s are accompanied by measures in support of professional reorganization and transition. In countries with a high share of part-time work and fixed-term employment contracts such as the Netherlands or Belgium, there is a strong tradition of outplacement support measures. Outplacement, job transition as well as occupational and professional re-conversion also have become an important field of labour market policy in countries such as France, Austria or Germany in the context of structural change in manufacturing or restructuring in public services since the 1990s. Though active measures of occupational and professional transition and re-conversion in Southern Europe and the new EU member states in Central and Eastern Europe have been less important in the past, this has changed in recent years against structural changes in the context of globalization (e.g. on textile and other manufacturing sectors) also.

4. The study covers a wide variety of different economic and social national contexts and the 27 instruments and schemes identified as relevant accordingly show significant differences with regard to legal sources, types of support measures, scope, co-financing by enterprises or the status of workers. However, if the notion of "transition" with regard to professional orientation and employment is taken into account, there are three major groups or clusters of schemes identifiable: A *first group of* mechanisms and schemes which proactively seek to organize "transitional labour markets", job transition, reemployment and outplacement, often in the context of dealing with redundancies in the context of restructuring. This could be company based, sector/region based or even covering – at least by nature - a whole country. *Secondly,* there is a type of mechanisms, schemes, programmes and funds which are not focusing on actively implementing and organising transitions but rather improving the capacity for job and professional transition by training, i.e. the capacity of workers as well as unemployed persons to find a new job. Also here, there are sectoral as well as company based and national approaches, mechanisms and initiatives. *Thirdly*, there is a group of measures and schemes presented in this report which are mainly aiming at improving the efficiency of systems and their institutions (in particular the PES). The objective here is either to better support professional and job transition or to improve the efficiency of dealing with restructuring and mass redundancies in general.

5. The in-depth analysis of the schemes and instruments has revealed an impressive plurality of mechanisms existing throughout the European Union: There are mature mechanisms, funds and instruments existing already for decades, rather recent ones and a large group of mechanisms

which have been subsequently adjusted and reformed according to new challenges and framework conditions (e.g. the current economic crisis). In fact, the picture of practice and systems in a constant state of flux seems to be a significant result of our study – only few mechanisms remained unchanged over a longer period of time.

6. Our survey also shows that *no common path* exists with regard to inventing, organising and funding employment and professional transition in response to restructuring. Instead, the 27 schemes presented in this study display specific national framework conditions of both labour policy and industrial relations, in particular the state of social dialogue and partnership. If any underlying “driving factor” for certain types and models of transfer regimes should be identified, then it’s the conditions of social dialogue and labour relations: The main structural factors, e.g. organising of collective bargaining at various levels, role of social partners in labour market policy, tradition of co-determination and employee participation seem to be an important factor of influence for certain kinds and types of transfer practice. This is particularly illustrated by the sectoral initiatives and funds on skills and training which exist in various countries. It is quite obvious that most of the schemes and programmes presented in our study would simply not exist and would not be able to be run efficiently without *active social partner involvement* at all levels.

7. A major result of the survey is that there is a *common objective* which is shared also by national key actors: Throughout the EU there is a common trend of acknowledging transition as a major challenge of labour market policy in today’s context. In times of globalisation and accelerated change in every part of our economy and society an efficient system in place of organising professional and job transfer seems to be crucial. Here, our survey shows that this challenge is felt not only in the well-known cases of labour market innovation in Northern and Continental Europe but also in countries which normally are not quoted in this context.

8. A further important result of the study is the fact that both sides of the industry are *sharing responsibilities* both in terms of co-financing (e.g. employers pay fees, employee resign from severance payments rights) as well as in terms of active involvement in the organisation and management of mechanisms and instruments. In the majority of examples analysed this also implies certain *obligations of the restructuring company*, in terms of following certain procedures, financial contributions and/or other duties. However, only few schemes analysed in the study display a clear “mutualisation of risks” that is, co-financing job and professional transition practice or company based outplacement services on a permanent basis.

9. Though the study presents – for the first time – a comprehensive overview and in-depth analyses of schemes and mechanisms supporting job and professional transition processes in the context of restructuring, the analysis – carried out in a relatively short period of time – leaves open some major questions and also raises issues for further activities.

10. From the point of view of the authors in particular two follow-up activities would be very valuable: *First*, the issues of “costs and efficiency” in order to assess the success and effects of a scheme/mechanism/fund should be studied more thoroughly. Though the study presents on a case by case basis existing financial figures and major results of evaluations (if they exist), our knowledge here is limited. A *second* – and even more important - issue for follow-up activities would be to organize an exchange of experience and information of actors directly involved in the schemes and mechanisms presented in this study in order to identify current trends, increase our knowledge and draw conclusions from the EU level point of view.

1 INTRODUCTION

BACKGROUND AND OBJECTIVES OF THIS STUDY

Already before the global financial crisis the dynamics of restructuring has resulted in a growing variety of both national and European activities supplementing as well as improving “traditional” public employment policies by more suitable instruments focusing in particular the employability of workers and/or the effectiveness of re-conversion and re-deployment as a recent stocktaking of different instruments and tools prepared by DG Employment, Social Affairs and Equal Opportunities has shown.[3] Also flexicurity as a guiding principle of European and national labour market policy reforms has contributed to change in employment policies and public employment services in many European countries.[4]

The development of such initiatives has been further accelerated in the context of the current global financial crisis and its impact on the real economy, which is affecting European labour markets profoundly resulting in a significant increase in job losses and a rise in the unemployment rate. This has lead to the development of several initiatives both at the European as well as national level in order to mitigate the worst effects of the crisis, for example by extending and improving short-time working schemes as a labour market instrument in many European countries[5] or by joint European level initiatives focusing on both short-term and longer term measures of supporting labour market recovery and adaptability as in the context of the European Employment Summit in May 2009.[6]

As the current economic situation is fostering restructuring processes at international, national, sectoral as well as company level and the competition in both manufacturing and services, employees, entrepreneurs and other key actors are facing an increased need to develop suitable and effective frameworks for human resources development, training and skills development as well as measures of professional and occupational transition, re-conversion and mobility in order to mitigate effects of acute crisis situations.

In particular against the background of the current challenges on European labour markets many European countries are faced with the need either to develop or further improve mechanisms and instruments to mitigate and cushion the effects or threat of collective redundancies as an effect of company restructuring. While in the past such measures often displayed a rather “passive” character (e.g. such as early-retirement, “golden handshakes”, i.e. severance payment packages and voluntary redundancies) learning processes both in the context of previous local and sectoral crisis situations as well as learning from good and innovative practice throughout Europe has resulted in an impressive variety of national concepts of more pro-active character. One result for example is that activities in the context of re-conversion and job transition today often are connected to occupational re-orientation, training and qualification as well as outplacement.

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[3] See the “Checklist of Restructuring Processes”, published by DG Employment, Social Affairs and Equal Opportunities in May 2009. The document lists hundreds of different instruments and schemes which were collated at a workshop organized by the Commission in February 2009.

[4] See “The role of Public Employment Services related to ‘Flexicurity’ in the European Labour Markts”, Report for DG Employment, Social Affairs and Equal Opportunities, March 2009.

[5] See for example the overview of national measures in: Galgoczi, B. and Glassner, V. 2009: Plant level responses to the economic crisis in Europe, ETUI-REHS Research Department, WP 2009.1, Brussels. See also the Eurofound Report: “Tackling the recession: Employment related public initiatives in the EU member states and Norway”, Dublin 2009.

[6] See: http://ec.europa.eu/social/main.jsp?catId=103&langId=en&eventsId=173&furtherEvents=yes.

However, as comparative reports, peer reviews and the analyses of comparative indicators in the context of the European Employment Strategy, the implementation of the Lisbon goals or Flexicurity indicators frequently show, there are significant varieties as well as gaps throughout Europe with regard to both activities and results of preventive labour market policy, job mobility and professional transition.

While in all European countries redundancies in the context of restructuring and economic crisis today are accompanied not only by passive measures such as severance payments and/or unemployment benefits but also by active measures in order to facilitate job transition, there is a significant variety of country specific backgrounds and experiences, depending very much on the respective traditions and frameworks of welfare state rationales and industrial relations. In Nordic Countries such as Sweden for example, restructuring processes at the company level since the 1970s are accompanied by “job security councils” which are based on collective agreements and support processes of professional reorganization and/or transition. In countries with a high share of part-time work and fixed-term employment contracts such as the Netherlands or Belgium, there is a strong tradition of outplacement support measures. Outplacement, job transition as well as occupational and professional re-conversion also have become an important field of labour market policy in countries such as France, Austria or Germany in the context of structural change in manufacturing or restructuring in public services since the 1990s.

In contrast to this, active measures of occupational and professional transfer and re-conversion in Southern Europe and the new EU member states in Central and Eastern Europe have been less important in recent years against the background of highly dynamic labour market developments. However, in the context of the effects of structural changes in the context of globalization (e.g. on textile and other manufacturing sectors) measures of actively managing and accompanying structure change have been deployed.

FOCUS AND METHODOLOGY OF THE STUDY

This study is focusing on schemes, instruments and mechanisms of support for redundant workers and for workers likely to be affected by restructuring which have been set up in parallel to and complementing the typical support mechanisms of public employment services (PES).

Though these schemes and instruments display a wide variety of legal forms, objectives and operational modalities – hereby displaying different contexts and frameworks of social and economic policy and industrial relations as well as different challenges in the context of structural change and restructuring – there is a common general objective: the organisation and facilitation of transitions in order to avoid unemployment.

There are further common features and aspects:

- A shared *objective*: to provide support for workers in risk of redundancy or already made redundant by supporting them financially for a period of time and helping them to re-enter as quickly as possible the labour market through activation measures.
- A *shared responsibility* of relevant actors involved in the process, in particular companies, workers and outside actors such as public bodies.
- Certain *obligations of the restructuring company*, in terms of following certain procedures, financial contributions and/or other duties.

Though current developments, innovative approaches and reforms in the field of active employment policy, training and skills development (including the aspect of re-skilling and professional transition) are quite well documented at the European level (e.g. by regular reviews by the European Employment Observatory, the annual employment in Europe Reports or the monitoring and reporting process in the context of the European Employment Strategy), we know quite little about such measures and instruments aiming at organizing professional transitions and re-conversion in the context of restructuring. There are some well-known and regularly cited examples such as the Austrian "*Arbeitsstiftungen*", the "*Job Security Councils*" in Sweden or the German "*Transfer-Gesellschaften*" but our knowledge about similar mechanisms and modes of practice aiming at organizing employment transition is quite limited, in particular with regard to those countries, which normally are not quoted as prominent examples in comparative reviews, e.g. in Southern, Central and Eastern as well as North-Western Europe.

Against this, the purpose of this study is to provide an overview of these schemes covering the whole of the European Union and 27 member states. The result of this is, that our study is describing different instruments and their specific context in 25 EU member states with only two countries remaining with no schemes/mechanisms indentified for our research purposes. The selection of schemes was guided by a "workers-centered" approach asking, which instruments, operational schemes, funds and/or programmes are available for employers in a restructuring situation and workers either made redundant or threatened by *redundancy* as a consequence of restructuring at the company level as an alternative to unemployment and relying on the traditional support mechanisms of the PES?

Therefore, our study is not covering instruments which have become prominent in the context of the current economic situation in order to avoid dismissals, most notably short-time work schemes. Also known as "temporary unemployment", "forced holidays", "sabbaticals", these mechanisms have become the most important instrument at company level to avoid redundancies as recent comparative surveys have shown.[7]

Since this instrument – at least originally - has been established in most countries in order to tackle employment effects of "sudden, unexpected and unavoidable" drops in company outputs and does not include any element of professional transition and re-conversion, short-time work schemes have not been covered in our study.

In general the identification and selection of schemes and mechanisms was based on the following information sources:

- Systematic screening and evaluation of reports and data made available at the European level, in particular: EEO reviews and documents, national government reports in the context of the implementation of the EES and NRPs, annual Joint Employment Reports including supportive documents and analyses, information provided by other European and international institutions (e.g. in the context of the Eurofound's EIRO network, OECD) and other relevant reports.
- Additional data and information provided on the basis of the national experience of our research team and information provided by representatives of governments, professional institutions and social partners.

Based on this selection process our survey was able to identify and study in depth a sample of 27 schemes/instruments/funds in 23 EU member states aiming at organizing professional transition and re-conversion as the following overview illustrates.

IN-DEPTH ANALYSIS OF SCHEMES

Our in-depth analysis was mainly guided by a catalogue of indicators arising from the research issues which are important to understand the functioning and rationale of the respective schemes, e.g. the nature of the scheme (public, private, or mixed), legal sources and scope, modalities of financing, main beneficiaries and conditions of funding, main promoters of the scheme (for instance public

[7] Quite a comprehensive overview is provided by Galgoczi, B. / Glassner, V.: Plant level responses to the economic crisis in Europe, ETUI Brussels, Working Paper 2009.01.

authorities, social partners, professional organizations etc.) and the role and responsibilities of key actors involved. An important issue of our analysis also is the status of workers during the coverage period (employed by the restructuring company, unemployed, employed by the scheme, other). Finally and if possible based on available evaluations and documentations our analysis covered issues such as conditions of success and pitfalls to be avoided, concrete benefits of the respective schemes as well as cost-related questions (global costs, costs per worker supported). The following table is illustrating the main aspects we addressed in the in-depth analysis.

MAJOR ASPECTS ANALYSED

Aspects	Comments
Profile and nature of the scheme	Characterization of the scheme, i.e. public or private or mixed. History and background context
Legal source/form	Law, collective agreement etc. as well as scope and eligibility aspects
Specific objective and promoter(s)	Description of the major objective(s) and main promoter(s) of the scheme
Overview of operational functioning	Brief overview of the operational functioning of the scheme in detail
Financing	Modalities and rules of financing
Main beneficiary	Beneficiaries entitled to receive support, conditions of support
Type of support	Type of support and duration
Status of workers during coverage period	e.g. still employed by the company, unemployed, etc.
Role and responsibility of actors involved	Role and obligations of companies involved in the scheme, other actors involved and their tasks and responsibilities
Evaluation results (if applicable/available)	Information on the cost/effectiveness ratio, i.e. global costs and costs per worker supported and outcomes/results (e.g. placement quota) Major factors of success factors and concrete positive results and benefits

STRUCTURE OF THE STUDY

Our study is structured into four major parts:

Chapter 2 is presenting a classification of existing schemes according to major aspects such as the nature and character of the scheme in relation to PES and certain restructuring operations, target groups, focus of support measures, financing rules, role of key actors, status of workers affected and costs.

In *chapter 3* each scheme will be described in more detail in the respective national contexts. For this purpose we have clustered the schemes according to major national groups/clusters as it has been done in the context of other European wide comparisons of employment policy and labour politics.

Chapter 4 is presenting a comparative evaluation addressing major horizontal aspects with regard to organizing transitions that seem to be important in explaining for instance the variety of different forms of schemes, the uneven distribution of such schemes in Europe as well as factors of success.

Finally, *chapter 5* is summarizing major results of our study as some general conclusions.

2 ORGANISING TRANSITIONS - OVERVIEW AND CLASSIFICATION

2.1 OVERVIEW

A first and important result of our survey is that despite the large variety of different national regulatory as well as political contexts, traditions and background in Europe, there is a common trend with regard to major tasks of public employment services: There is a general shift away from "traditional" public employment services focusing more of less solely on "passive" measures of income support towards a more "activating" approach which seeks to reduce unemployment and increase the labour market placement chances of individual unemployed by measures such as guidance, re-training and re-orientation, placement etc. Though the examples analysed in this study sometimes display fundamental differences in terms of nature, scope, objectives and other aspects, this new emphasis on more actively supporting and/or organising employment, job, professional or occupational transitions is a common features, unifying countries such as Finland or Portugal as well as Ireland or Romania alike.

ORGANISING TRANSITIONS - OVERVIEW OF SCHEMES, MECHANISMS AND FUNDS

	Schemes, mechanisms and funds	Country
1	- Labour Foundations	**AT**
2	- Outplacement and Employment Cells Scheme (*Cellule de Reconversation*)	**BE**
3	- Training vouchers scheme	**BG**
4	- Individualized Public Employment Service	**CY**
5	- Organising transitions in the context of the flexicurity operational model	**DK**
6	- Competence Development Fund for Industry	**DK**
7	- Transfer Companies	**DE**
8	- Reacting to Mass Redundancies	**EE**
9	- Strengthening the efficiency of employment transition in PES	**EL**
10	- Occupational Observatories	**ES**
11	- Occupational transition contracts (CTP) (*Contrat de transition professionnelle*)	**FR**
12	- Mobility Leave (*Conge de mobilité*)	**FR**
13	- Change security operational model	**FI**
14	- Skillsnet Scheme	**IE**
15	- Cassa integrazione ordinaria (IGC) and Cassa integrazione straordinaria CIGS	**IT**
16	- Sectoral Training Fund	**IT**
17	- Mini Labour Exchange	**LT**
18	- Job Retention Plan under *Comité de Conjoncture*	**LU**
19	- Training and re-training programme	**LV**
20	- Mobility Centres	**NL**
21	- Sectoral Training Funds	**NL**
22	- Enterprise Training Fund	**PL**
23	- Integrated Intervention Office for Business Restructuring (AGIIRE)	**PT**
24	- Enterprise Training Fund	**RO**
25	- Job Security Councils	**SE**
26	- Employing the disadvantaged jobseeker	**SK**
27	- Rapid Response Service Teams (RRS)	**UK**

This trend not only is strongly influenced by common problems, structural change and challenges in the European economy and labour markets resulting for example from the megatrend towards the service economy or globalisation. There are also strong indications that this shift also results or is influenced by European employment policy orientations, in particular the European Employment Strategy and the Lisbon Strategy.

2.2 CLASSIFYING TRANSITION SUPPORT MEASURES

There are various possibilities of classifying the various instruments, schemes, mechanisms and/or funds aiming at professional transition and re-conversion. The mechanisms presented here, differ and may be arranged to clusters or groups on the basis of legal sources, types of support measures, scope, financing or status of the workers covered by the mechanism. There are also differences between the major “models” of “types” of welfare state organization, social and labour relations systems usually identified by social and political scientists (e.g. “Nordic”, “Mediterranean”, and “Continental ”,“ Anglo-Saxon ”,“ Central and Eastern etc. types).

However, if the notion of “transition” with regard to employment, professional capacities or occupation is taken into account, three major groups of measures are identifiable in our sample:

A *first group of* mechanisms and schemes which proactively seek to organize “transitional labour markets”, job transition, reemployment and outplacement, often in the context of dealing with redundancies in the context of restructuring. This could be company based as in the case of the German or Austrian “transfer” and outplacement units/institutions, sector/region based as in Sweden or Belgium or even covering – at least by nature - a whole country as in the case of the Danish model of “Flexicurity”. The focus on job and professional transition is also illustrated by the two French schemes, one scheme in the Netherlands and the instruments from Belgium and Luxembourg.

Secondly, there is a type of mechanisms, schemes, programmes and funds which are not focusing on actively implementing and organizing transitions but rather improving the capacity for job and professional transition by training, i.e. the capacity of workers as well as unemployed persons to find a new job. The variety of nature and character of schemes, programmes and initiatives analyzed in this group is quite strong: There are sectoral as well as company based and national approaches, mechanisms and initiatives strongly shaped and organized by social partners and others which are mainly driven by the state. Finally there are initiatives, which are mainly enterprise driven and others shaped by a strong trade union influence.

Thirdly, there is a group of measures and schemes presented in this report which are mainly aiming at improving the efficiency of systems and their institutions (in particular the PES). The objective here is either to better support professional and job transition or to improve the efficiency of dealing with restructuring and mass redundancies in general. This group also is very heterogeneous with regard to traditions of social dialogue and social partnership. This group is also containing countries, where no strong tradition of active labour market policy exists and where labour market problems are different from the highly industrialised continental and Northern European countries, i.e. the Central and Eastern European “new” member states and in Southern Europe.

The following table is presenting these three groups and the respective schemes, mechanisms and funds analysed in our study. It should be noted here, that this clustering of measures and instruments of course depends on what we are looking and that the characterization therefore is quite arbitrary. If – as we will do later – the examples are analysed from other angles of interest (e.g. financing, role of different actors, status of workers), this will result in different clusters of measure and countries.

CLASSIFYING SUPPORT MEASURES FOR IMPROVING PROFESSIONAL AND JOB TRANSITION PRACTICE

Type	Characteristics	Schemes, funds, mechanisms
Focus transition, outplacement and reemployment	• Either temporarily (as in Austria, Germany or Belgium) in the case of restructuring or continuously (Nordic Countries) focusing on "transitional labour markets" • Active involvement and shared responsibilities of key labour market parties (PES, social partners, companies) • In the case of Nordic Countries: Rationale of "Change Security"/"Employment Security" • Social partners and collective agreements at national, sector or company level playing a key role in designing and implementing measures • Idea of shared responsibilities and "shared pain" in terms of financing between public funds and co-financing by employers and employees • Background of large scale restructuring in the context of EU integration (Austria), globalization (Denmark, Finland, Germany)	• DK: Flexicurity operational model • SE: Job Security Councils • FI: Change security operational model • FR: Occupational transition contracts (CTP) • FR: Mobility Leave • NL: Mobility Centers • BE: Outplacement and Employment Cells • LU: Job Retention Plan • DE: Transfer Companies • AT: Labour Foundations • IT: Wage Guarantee Fund
Focus training and skills	• Based on the idea of professional/occupational mobility • Very much orientated towards the individual jobseeker and effective professional transition • In the context of larger restructuring/globalization also targeting those workers who are threatened by unemployment • Often state-driven (France, Belgium) or social partners driven (Denmark, Italy, Netherlands)	• NL: Sectoral Training Funds • DK: Competence Development Fund for Industry • IT: Sectoral Training Fund • IE: Skillsnet Scheme • PL: Enterprise Training Fund • RO: Enterprise Training Fund • BG: Training vouchers scheme • LV: Training and re-training programme • ES: Occupational Observatories
Focus efficiency of systems	• Individualized PES support measures a common trend both in Central and Eastern Europe and Southern Europe • Background of high unemployment rates and low income security of the unemployed • EU regulations (collective dismissals, information obligations of employers) important driving force for change in PES and ALMP	• UK: Rapid Response Service Teams • PT: Integrated Intervention Offices • EL: Strengthening the efficiency of PES • CY: Individualized Public Employment Service • SK: Employing the disadvantaged jobseeker • EE: Reacting to Mass Redundancies • LT: Mini Labour Exchange

3 ORGANISING TRANSITIONS – AN ANALYSIS OF EXISTING SCHEMES

3.2 FOCUS TRANSITION AND OUTPLACEMENT

Denmark, Sweden, Finland, France, Netherlands, Belgium, Luxembourg, Germany, Austria, Italy

OVERVIEW

Scheme/Fund	Year of Establishment	Main beneficiaries	Legal Source, Type of mechanism, scheme	Status of Worker	Type of support	Company Co-Financing
Flexicurity operational model (DK)	Several historical roots	People at work and those unemployed	Collective Agreements	Employed and unemployed	Financial aid, training, guidance, outplacement	Yes
Job Security Councils (SE)	1974	Workers affected by restructuring processes in companies	Collective Agreements at sector level	Employed and unemployed	Financial aid, training, guidance, outplacement	Yes
Change security operational model (FI)	2005	Workers made redundant or threatened by redundancy	Tripartite agreement	Employed at the restructuring company	Financial incentives, guidance, training	yes
Occupational transition contracts (FR)	2006	Redundant workers	Social law	Unemployed	Further training, guidance, job search	Yes
Mobility Leave (FR)	2006	Workers made redundant or threatened by redundancy	Company-based anticipatory agreements	Employed at restructuring company	Financial aid, training, guidance	Yes
Mobility Centres (NL)	2008	Workers made redundant or threatened by redundancy	Collective agreement/ policy agreement	Employed at restructuring company	Financial aid, qualification, guidance, job search	Yes
Outplacement and Employment Cells Scheme (BE)	1992	Workers made redundant or threatened by redundancy	Collective Agreements	Employed at restructuring company or at an outplacement unit	Financial aid, guidance, outplacement	Yes
Job Retention Plan (LU)	2007	Workers threatened by redundancy	Social legislation	Employed at restructuring company	Financial aid, further training, guidance, job search	Yes
Transfer Companies (DE)	early 1990s	Workers affected by collective dismissals	Social Plan, collective agreement at company level	Employed directly at the transfer company	Financial aid, further training, guidance, outplacement	Yes
Labour Foundations (AT)	1987	Workers affected by collective dismissals	Social Plan, tripartite agreements	Employed directly at the Labour Foundation	Financial aid, further training, guidance, outplacement	Yes
Wage adjustment funds (IT)	1954	Workers in companies in crisis	Public Employment Service	Employed	Financial aid	Yes

DENMARK: FLEXICURITY OPERATIONAL MODEL

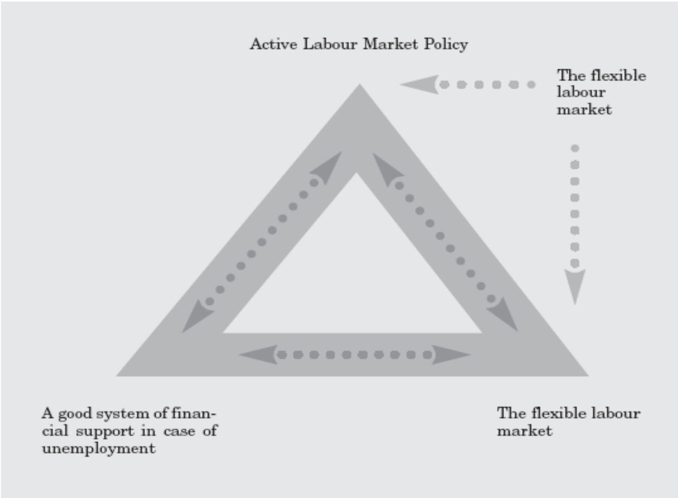
The Danish experience of dealing with restructuring is characterised by a broad social consensus that economic change is necessary and restructuring should not be seen as a threat but as an important opportunity. Here, it should be stressed that the Danish labour market traditionally is characterized by a high level of job mobility. Approximately one out of three Danes or about 700,000 wage earners change his or her job every year. Danish wage earners have on average had more jobs in the course of their working lives than their counterparts in every other EU country.

In this context, a remarkable feature of the "Danish model" seems to be the absence of "resistance to change". Danish employees not only believe that it is good for people to change job every few years but they are also amongst the most satisfied workers in Europe (see below). While more than 70% of employees from Denmark and Sweden believe that it is good to change jobs every few years, less than 30% of those from Austria, Germany or Poland share this view.[8]

High numerical flexibility and mobility in Denmark is acceptable for the employees since they can rely on highly developed and efficient instruments and mechanisms of professional transition and employment security, receive a high level of unemployment benefit while they are unemployed and have a relatively good chance of returning to a new job. The "flexicurity operational model", which is linking flexibility with security, proposes a way to reconcile the interests of employees with those of employers in the context of change and adaptation to new framework conditions. It is not surprising that the concept has been embraced by politicians at both national and European level.[9]

The term "Flexicurity" may be described both as a condition and as a policy concept. It is used to describe the special Danish three-sided mix of (1) flexibility in hiring and firing, (2) a strong social security system and (3) an active employment policy. Therefore, the system is also sometimes described as "a golden triangle".

The Danish "Golden Triangle"



Source: LO Denmark 2006, p. 36

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8 This has been confirmed by a recent publication of the Danish National Bank pointing out to the ability of Danish workers in transition situations finding new jobs. See Denmarks National Bank 2007.

9 Just to mention two initiatives at the EU level: In November 2007, the European Parliament adopted a report on Flexicurity ("Common Principles of Flexicurity") and in December 2007 the European Council adopted common principles of Flexicurity based on a Communication of the EU Commission (COM(2007) 359 final).

The Danish labour market model is based on strong historical roots. The employers' right to freely hire and fire the employees dates back to the so-called September Settlement of 1899 between the workers and employers. The unemployment benefit system has also existed for almost one hundred years. In a way, the concept of flexicurity works as a kind of unwritten "contract" – or historical compromise rooted already in the 1899 agreement – between the state, the employers and the wage earners. Without the implicit and explicit support of all three parties, flexicurity does not work. In this context again, the issue of "trust" should be raised as a core element of flexicurity: Contracts are honoured and expected to be honoured; collective agreements are universally implemented and the parties reaching agreements are confident that they will succeed.

The Danish model operates within a larger framework of social dialogue and collective agreements which support it. Here, the existence of autonomous, strong and widely accepted social partner organisations committed to the voluntary negotiation and implementation of collective agreements also are regarded as crucial elements of the system. Also the fact that governments of all political colours respect the freedom of the social partners is a key. Whist the system looks bipartite for the external observer at a first glance; it is in fact tripartite based to a large degree: Government actively respects the legitimacy of social partners in the area of managing change and engagement in delivering important elements of agreements as the examples in the following parts of this report show. There is a continuous hands-on tripartite dialogue on the labour market policy in itself, both at national and regional levels. The same is true for the vocational training system which creates genuine synergies in employment creation and labour force skill development.

Operational functioning

The purpose of Danish active labour market policy and the flexicurity operational model is not to create more jobs, but to provide the key pre-conditions for the creation of jobs. It generally contributes to a highly effective supply of labour by ensuring that the unemployed part of the labour force is actively seeking jobs and has the qualifications needed to fill new positions. It also provides a targeted effort towards preventing marginalisation and long-term unemployment by ensuring that the unemployed maintain their qualifications. Thus training is a key component of Danish active labour market policy.

Therefore, participation in ongoing training in Denmark is very high. Training is important regardless of employment status, and plays a separate and vital role in Danish flexicurity. This is underscored by the fact that vocational training in Denmark is of a general nature with curricula which are not specific to any one enterprise. This means that the training undertaken will be directly relevant in any Danish company. When a person becomes unemployed, an individual action plan is made either together with the job centre or with the worker's trade union. The action plan documents the steps which need to be taken in order to qualify the unemployed person for currently available jobs. In cases where further training or retraining is needed, this normally takes place with full unemployment benefit.

It is an important part of the active labour market policies that the social partners play a major, hands-on role in the job centre system. At the national, as well as local level, tripartite bodies advise and guide the public authorities. This is of particular importance at regional and local levels, where trade union and employers' representatives can help ensure that the policy fulfils the task of matching the available workforce to the demands of local enterprises. Seen from the employers' view: they have a flexible labour force, and from the wage earners' view: they have a safety net, consisting of an unemployment benefit system and an active employment policy.

SWEDEN: JOB SECURITY COUNCILS

Sweden has a longer history of experience in the use of training, reconversion and professional transition in restructuring than most of Europe's economies. The overall challenges facing the Swedish economy over almost 40 years have been specifically associated with re-equipping an existing workforce to work in an economy dominated by the provision of services and where the nature of employment in the manufacturing industry has been transformed in skills terms.

Sweden has been heavily engaged in active labour Markey policies of all shapes and sizes over a number of years. During the 1990's about 3% of Sweden's GNP was spent on government labour market programs, compared to 2% in Germany and less than 0.5% in the U.S. In Sweden these programmes included extensive job training, public sector relief work, recruitment subsidies, youth programmes, mobility bonuses, and unemployment benefits.

When Sweden's active labour market policies are considered, note has to be taken of the country's strong tradition of responsibility taken directly by powerful social partners who enjoy considerable autonomy from the public authorities. The Swedish system of industrial relations, with collective bargaining coverage of around 90%, creates an environment where negotiated solutions aim to balance flexibility and security in the labour market and where the social partners have largely shaped labour market regulations and working and employment conditions at industry and local level. This environment has resulted in innovative practices and solutions for dealing with job losses and structural changes.

PROFILE

Fourteen Job Security Councils (*Trygghetsråd*) cover more than two million Swedish workers or around a half of the working population. The translation of the Swedish into the term "Job Security Councils" is something of a misnomer. The councils are not at all focussed on security at the individual job level in a way that would be understood in certain countries in Europe. Rather the Job Security Councils recognise that overall employment security at the individual level is born out of the effective management of multiple job transitions that often require skill changes over the period of a working lifetime.

The Job Security Councils are an ideal example of independent social partner action in the area of active labour market policies. Job Security Councils were first established in the economic crisis of the early 1970's by Swedish employers and trade unions dissatisfied with the operation of the Public Employment System. In the case of collective redundancy due to restructuring or shortage of work, the Swedish social partners have negotiated security and adjustment agreements in order to help workers who have been given notice to find new jobs quickly, by way of adjustment measures and financial support. By supplementing significantly the role of public employment agencies, these agreements contribute to improving the security of employees and to enhancing matching efficiency and geographical and occupational mobility in the labour market. The programmes are administered by independent organisations specifically designed for this purpose, the *Trygghetsråd* (Job Security Councils) and *Trygghetsstiftelser* (Job Security Foundations).

The first Job Security Councils were established in 1974 during the wholesale restructuring of Sweden's textile, heavy industry and shipbuilding industries. At the time, the main instruments used to address labour market imbalances were traditional active labour market policies, provided by the Public Employment Service (PES). The PES was increasingly criticised for not providing adequate support to displaced white-collar workers and more generally for offering support "too late". The PES would rarely get actively involved in ongoing restructuring processes as its primary target group was unemployed job seekers rather than current employees affected by restructuring.

For a number of years after their first establishment, Job Security Councils and transitional employment agreements, (agreements between social partners on active measures and financial support for job transition during restructuring), primarily covered white-collar employees in the private and public sectors and employees in the cooperative sector. Corresponding arrangements were also developed for government employees (The Job Security Foundation, TS) and for employees in banking and finance (Employment Security Foundation, BAO) in the early 1990s.

More recently the Councils have been found to work equally well in meeting the needs of increasingly skilled blue collar workers in today's changing national economic structure and climate. Since the early years of the century, Job Security Councils have been established in blue collar activities in the manufacturing sector. A good example is the Trygghetsfonden set up in 2004 by the Svenskt Näringsliv (the Confederation of Swedish Enterprise) and the Swedish Trade Union Confederation (LO) and covering around one million blue collar employees and 100,000 private sector companies in the manufacturing sector.

Operational functioning

Job Security Councils are established to administer and perform the employment support activities described in the agreements reached between the employer and the trade union. The Job Security Council itself is an organisation independent of either the trade union or the employer. Each Council has a supervisory board of representatives from the different social partners involved in the agreement, with the membership split equally between the employer and employee representatives. The board decides the scope and content of the support that is to be granted. Within these parameters, the Job Security Councils' own employees, primarily advisors and consultants, have a high degree of freedom to prepare individualised support for each employee affected. The measures provided are flexible and the support activities tailored to the needs of each individual, taking into account their qualifications, professional interests and personal preferences and concerns. The provision of solutions designed to meet the needs of each individual is considered to be one of the strengths of the system.

The activities of the Job Security Councils are financed by the employers through an annual contribution amounting to 0.3 % of a company's wage bill. In certain circumstances, local agreements can be drawn up which provide less comprehensive support but also lower payroll contributions – ranging from 0.18 % to 0.3 % for affiliated companies and from 0.7% to 0.58 % for non-affiliated ones.

The type of organisations that provide and implement the support activities vary between the various Job Security and Job Transitional Agreements. Some Job Security Councils have created their own organisation with 'in house' advisors or consultants, while others entirely or partly engage private consultancy companies and temporary work agencies. To illustrate this, the Council for white-collar employees in the private sector has created its own structure, *TRR Outplacement*, designing and performing the support activities 'in house', including guidance and training activities. Conversely, the largest council in terms of affiliated employees for blue-collar workers in the private sector outsources all support activities and has signed contracts with nine suppliers of outplacement services. The support offered is of a high quality with the major household name employment and outplacement agencies like Manpower and Adecco playing key roles.

The Job Security Council plays an important role at different stages in the restructuring process and it is important to note that the work of the Councils starts before dismissals take place. In the early stage of the process, counselors may provide the employer and trade union representatives with expertise related to the restructuring process itself. Once the decision has been taken on the restructuring strategy to pursue, the second phase entails guidance and support to the employees affected by the restructuring activities.

The support measures offered by the Job Security Councils may take several forms, including severance payments and complementary unemployment compensation above the standard unemployment benefit, in order to guarantee a decent level of income during the transitional period.

According to conditions set out in the Job Security Agreements, financial support can be ensured through paid leave, earnings supplements, sponsorship enabling individuals to try out a new job to see if it suits both parties, extended occupational health services, early retirement and pension benefits. Some Job Security agreements also provide wage differential support between the wage of the previous job and the wage of a new but lower paid job.

More important than financial support and economic compensation, individual plans are designed and developed through a number of meetings with the advisors appointed by the Job Security Councils. The first step is often an assessment of the worker's skills and requirements. Workers are assisted in drawing up a professional training path aimed at enhancing their employability and promoting their occupational mobility. The most recurrent measures for individuals affected by redundancy include the following readjustment measures: information about labour market and training possibilities both locally and globally; personal guidance, advice and counselling (advice on education and career choices); coaching on job search processes; personal development activities individually or in groups; financial support for further education and training; and support in finding new employment through the councils' own channels or other routes, or support in starting a new business. The relationship between the displaced worker and the Job Security Council advisor continues as long as the person remains as a client. The support activities in some agreements last for a maximum of five years or until the client has found a new job or chosen to discontinue their relationship with the council. However a typical average duration to support a satisfactory transition is six to eight months.

Evaluation results

In early 2000, the Swedish Government commissioned research to assess the effectiveness and success of Job Security Councils. The evaluation report suggests that the councils play an important role in providing workers with support in the event of restructuring and are described as highly valuable, not only from an individual perspective but also from an economic as well as societal perspective. Those affected tend to receive support from their Job Security Council soon after receiving notice and largely succeed in finding new employment or starting their own business. A relatively large share of redundant workers proceeds to further education. The committee also found that most of the displaced employees receive the same or higher pay in their new jobs. The risk of long term unemployment is also said to be reduced. As a result, the fiscal effects of Job Security Councils are found to be positive for the State, particularly as the cost of unemployment benefits and active labour market measures are reduced when the support activities of employer supported Job Security Councils are implemented.

According to data from the second largest private sector Job Security Council in Sweden, TRR, the council has supported 158,000 redundant employees from 20,000 affiliated companies during the last ten years. Over 60 000 received additional redundancy payments from TRR and eight out of ten people looking for a new career or new employment have succeeded in doing so. More recent statistics, which focus on the short-term effect of the support measures, reveal that more than two thirds of TRR clients found new employment at the same or a higher salary in their new job. Most of these new jobs were in small or medium-sized companies with fewer than 100 employees. An opinion survey undertaken by TRR in 2007 revealed that a significant majority (90%) of clients had either a very positive or positive overall impression the support received. Three out of four managing directors in affiliated companies found TRR useful in situations where their company had to reduce the number of their employees.

FINLAND: CHANGE SECURITY OPERATIONAL MODEL

In order to improve the efficiency of public labour market policy and employment creation, the Finnish government in 2004 implemented a new policy called "*Change Security*". The focus of the new mechanism is to place PES more closely to labour market needs, involve key actors more actively, better preventing workers to become unemployed and react more quickly in order to create re-employment.

It is important to stress the intensive involvement of the Finnish social partners in the programming of "Change Security": A tripartite income policy agreement for 2005 to 2007 included a series of tax cuts as well as moderate wage developments in order to maintain the competitiveness of Finnish companies and promote employment growth. In turn, Change Security which came into force in July 2005 should provide more and better support for those who become unemployed or those facing dismissals. As a core element, "change security" is providing dismissed workers with greater financial security during the stage of transition between jobs and fostering more efficient cooperation between employers, employees and labour authorities.

The mechanism builds upon clear and shared responsibilities and tasks: It applies to workers who are in the process of dismissal due to economic reasons and have worked for the same employer or different employers for 3 years. Workers are free to choose for the change security package, which includes a raised benefit. In order to get the raised allowance the employee will have to draw up an employment plan and carry it out actively. Change security consists of paid time off during the notice period for the purpose of job seeking, an employment programme, employer's increased obligation to inform and negotiate and more effective employment office services in order to provide as swift reemployment as possible of dismissed employees.

OPERATIONAL FUNCTIONING

According to the 'change security'[10] operational model, before commencing the restructuring process an employer is obliged to start a negotiation process and prepare a plan for action , an evaluation of the scale of the dismissals and details of employment measures. The employer is also required to negotiate when reducing the workforce. S/he must outline to the employees' representative a proposal for an action plan to promote employment at the start of the cooperation procedure. An action plan must always be drawn up in cases where a dismissal threatens at least ten jobs. The objective is to enhance cooperation between the employer, employees and the employment office.

The employer is required by law to inform the local employment office of substantial redundancies. The formal negotiations carried out according to the regulations stipulated in the Act on Cooperation within Undertakings need to be informed to the local labour administration. There is a formal guidance by the Ministry of Labour and the Economy on how to proceed in cases where more than 10 employees are threatened by unemployment. The same list of actions can in some cases be carried out also in cases where there are less than 10 employees involved. The main procedure is as follows:

- The employer provides a comprehensive list of information on all employees involved which might help the authority to plan further action (e.g. training);
- The local labour market office arranges a meeting at the workplace to inform those possibly affected. The information package covers all issues related to possible future unemployment (how to search for a job, training possibilities, unemployment benefits, etc.);
- Apart from providing information, there are other important tasks carried out by the employment offices: They have to advise employers and employees and help them to implement

[10] Further information: http://www.mol.fi/mol/en/99_pdf/en/92_brochures/change_security_20050715.pdf.

the action plans. They also train consultants to specialise in the field of change security who then act as “mobile resources” in the event of large-scale lay-offs.

- A design of an individual plan on job search, training etc. is started;
- In the case of more large scale restructuring a special programme is launched by the local employment office at the work place.

This procedure illustrates the intensive cooperation between the three main parties in the change security model in practice. While the employers’ proposal should include details of using planned employment services and an account of how the employer will support the employee's training and job-seeking activities, the final action plan is prepared together with the staff as a part of the cooperation procedure. If fewer than ten employees are to be dismissed, the employer must set out the ways in which it will help the employees in question to find work or training on their own as well as gain access to employment through public employment services during the notice period.

The change security measures also cover staff reductions due to economic and production-related reasons where only a small number of employees are to be dismissed. It also covers employees on fixed-term contracts. The model not only is applied in the context of restructuring in the private enterprise sector but also in change situations in the public sector as the following example shows.

Change Security in the context of the Reform of Finnish Transport Administration

Since 2008, the Finnish Transport Administration is at the focus of a major restructuring process. According to a broad consent, significant benefits are achievable from the merger of the present transport infrastructure agencies into a larger and more effective Transport Infrastructure Agency covering all forms of land and water transport, and also from the merger of present safety agencies into a Transport Safety Agency covering all modes of transport. The most important benefits are considered to be an improvement of effectiveness, operational quality, efficiency and productivity, achievable through the strengthening of transport system concept and by utilizing the best practices of similar functions in different agencies. According to the reform programme, the six infrastructures and safety agencies of the administrative sector of the Ministry of Transport and Communications (Ministry) will be merged to form two larger units: the Transport Infrastructure Agency and the Transport Safety Agency which will be established as of 1st January 2010.[11] There are also certain elements of “social innovation” in the reform process: With regard to labour relations the reform process is guided by the Finnish Government’s policy on “change situations in the state administration” as well as by a decision of the Ministry of Finance from 2007 on change management and change security in the state administration. In addition, a change security operating model and remuneration in certain transition situations have been agreed between government and trade unions through public-sector employment contracts and collective agreements. Basic principles of these guidelines are worth to be highlighted here: No-one will be made redundant as a result of the change. Personnel will transfer to the new agencies on current terms and benefits. A change security agreement as well as security clauses on the status of personnel will be negotiated and agreed with government bargaining agents. In supervisor appointments, from senior management downwards, attention should be paid to gender equality in accordance with the Government Programme. Steps should be taken to ensure that remuneration is incentive and competitive. Wage security and payroll systems should be standardised through negotiation and agreement with more than 30 personnel organisations. Sufficient funds shall be budgeted for personnel’s further and supplementary training as well as retraining, and for the maintenance of professional skills. Statutory employer-employee negotiations under the Act on Cooperation within Undertakings will be arranged. Particular attention will be paid to safeguarding wellbeing in work.

Within the Change Security operational model, the increase in unemployment allowance is significant, and provides laid-off workers with financial incentives to start an employment

[11] Further information: Ministry of Transport and Communication: “Transport Administration Reform Interim Report: Main Principles of the Reform“, Report of the Reform Management Group, Helsinki, 13 October 2008

programme. For example, in 2006, workers earning EUR 2,000 per month would see their unemployment allowance rise from 56% of the gross pay to 70% per month. However, the increase is not automatic – it required activities on the part of the jobseeker and cooperation with the labour office. The increased allowance can be received for 20 days provided the jobseeker is looking for work independently, but up to 185 days if the jobseeker enrolls in job-application training and other labour-market training in accordance with the employment programme.

Another important major benefit of Change Security to dismissed workers is paid leave (5 – 20 days) during the notice period in order to conduct job-search activities. This could be independent job search, attending an interview or participating in outplacement services. The length of the maximum leave depends on the duration of the employment relationship (e.g. 20 days for employees whose employment relationship is more than 12 years).

Performance and achievements

A study completed in 2007 showed that the change security model has worked relatively well. The overall picture of the implementation of the model is positive. Early intervention of the labour administration, activation of job seeking measures and rapid utilisation of training are perceived as particularly positive. The biggest problems relate to publicising the model and to skills deficits as well as the readiness of both employers and employees to take full advantage of change security.

The Ministry of Employment and Economy together with the social partners are currently cooperating in improving the system of change security.[12] In this context, one major objective is to improve the opportunities for employees of SMEs to participate in training before their employment finally ends.

France: Occupational transition contract and Mobility Leave

In the context of French social law, several schemes have been implemented to facilitate the return to employment and/or transition to new occupations for redundant workers. Often, these schemes take place in the context of a social plan (*plan de sauvegarde de l'emploi*), when at least 10 workers are made redundant in companies with more than 50 workers. The social law regulation of social plans imposes the setting up of a redeployment plan aiming at facilitating the return to work of the employees made redundant.

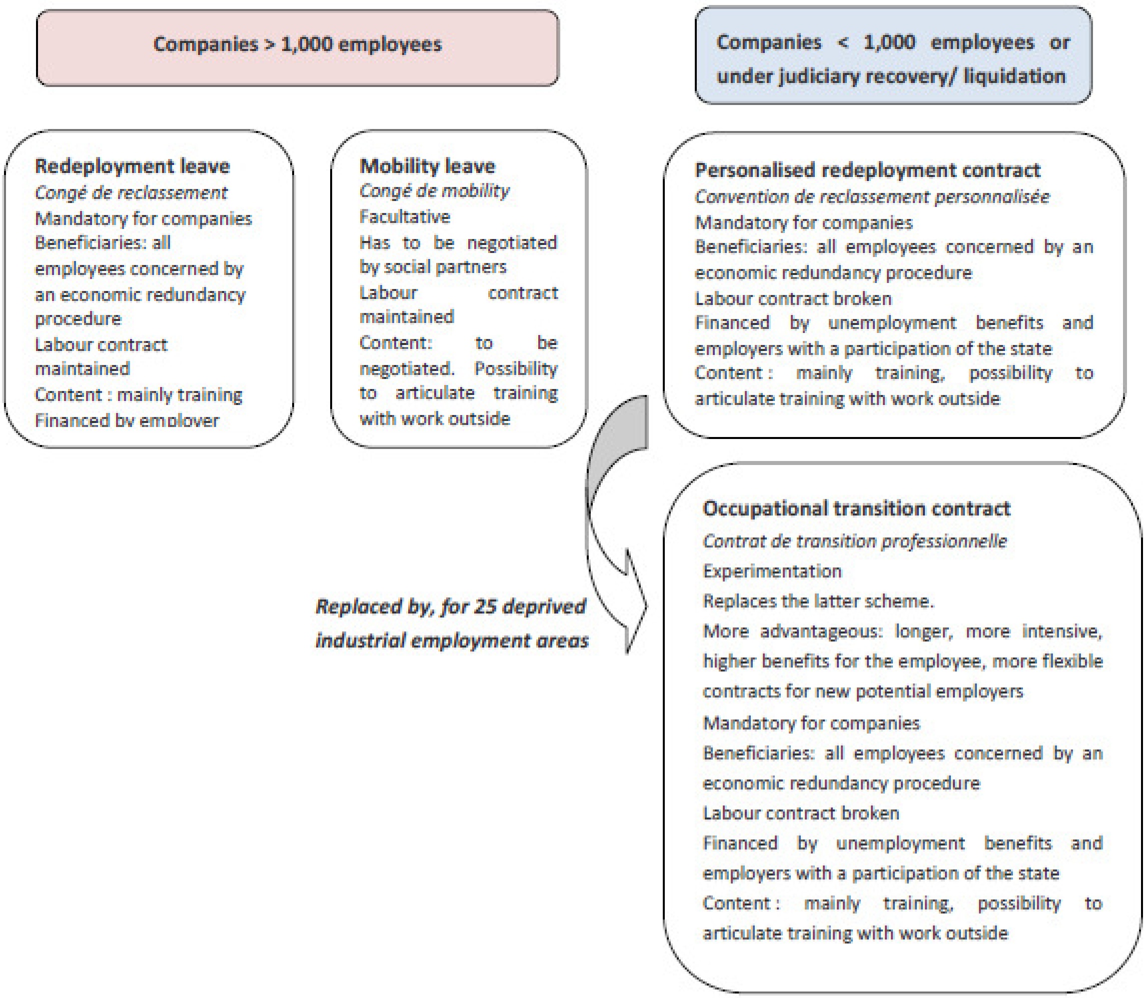
For long, the main mandatory schemes have only concerned large companies, over 1,000 employees ("Redeployment leave" – *congé de reclassement*). In order to offer a similar approach to every workers, a redeployment scheme was recently created, in 2005, for employees from companies with less than 1,000 workers ("*Personalised redeployment contract*" – *convention de reclassement personnalisée*). A reinforced version of the latter scheme was experienced a bit later, in 2006, in 25 employment areas hampered by industrial restructuring, following an original "transitional" approach ("*Occupational transition contract*" – *contrat de transition professionnelle*).

Another scheme, not mandatory, shows another approach to job anticipation, transition opportunities and redeployment. The "*Mobility leave*" – *congé de mobilité* is a possibility open to companies with more than 1,000 employees. At the difference of the former schemes, which nature and modalities are defined by law and put into practice with the public employment service, this scheme relies on company-based anticipatory agreements (GPEC) between the social partners. The very logic is to anticipate, for jobs and occupations threatened by economic change, the ending of the contract and the transition towards new jobs, through a reinforced personalised guidance, training measures, possible work periods in other companies while still keeping – for the duration

[12] "The Lisbon strategy for growth and jobs 2008-2010", Ministry of Finance, 36c/2008, p 90.

foreseen by the agreement – one's own wage and labour contract. The employee is given a big deal of security to face the coming change, and she can prepare in advance her redeployment with the help of the company.

Overview of major French schemes to support occupational mobility and transition



Source: Own

Apart from these schemes and programmes, further action has been developed in order to support transitions practice in particular funds for vocational training, e.g. the "Joint fund for the securisation of professional pathways" (*Fonds paritaire de sécurisation des parcours professionnels* - FPSPP)[13], or the "Adaptation and training contracts" from the National funds for employment – *conventions*

[13] The Fund was put in place by an intersectoral agreement reached in January 2009. It is the new name given to the former *Fonds unique de péréquation* (Unique balancing out fund). Its role is still to ensure that the funds collected by joint organisms in the context of the financing of the vocational training are fairly balanced between the different sectors (which depend on the sectoral agreements). Contracts have been signed between the FPSPP and the State to develop training actions at the sectoral or intersectoral levels. These contracts fix the respective financial effort of the different actors: FPSPP, State, unemployment benefits, local authorities, branches, etc.

d'adaptation et de formation du FNE. [14] Finally, several partial unemployment schemes have been developed to meet the challenges of the economic crisis, but are not presented here.

OCCUPATIONAL TRANSITION CONTRACTS (CTP)

Based on the experience made in larger companies with the "redeployment leave" (*congé de reclassement*) scheme, the CTP (*contrat de transition professionnelle*) scheme was introduced after 2005. First, a redeployment scheme was created in 2005 for employees from companies with less than 1,000 workers and companies under recovery or liquidation (called "personalised redeployment contract" – *convention de reclassement personnalisée*). The occupational transition contract (CTP) is a reinforced version of this latter scheme, limited for the moment to certain employment areas. It was experienced a bit later, in 2006, in a first series of 7 employment areas particularly touched by industrial restructuring processes. Being given the persistence of the economic crisis and the first positive assessment of the scheme, it was expanded to other territories (18 new territories were added during the year 2009). There are now 25 employment areas where this scheme is implemented. In all these targeted areas (and only there), the CTP replaces the general scheme for workers made redundant from companies with less than 1,000 employees, namely the personalised redeployment contract as mentioned above, in comparison to which it is more advantageous.

The contract offers to redundant workers a reinforced accompaniment lasting up to 12 months. The conditions for accessing the scheme are less strictly regulated than the other French schemes. There are no seniority or eligibility conditions, while in comparison (for all employment areas except the 25 here targeted), the other redeployment schemes are only proposed to former employees having worked at least two years in the company, or to redundant workers eligible to unemployment benefits. This first aspect – a scheme open to every worker made redundant – is hence very noticeable.

The beneficiary is paid by the unemployment benefit regime. During the duration of the CTP, the beneficiary receives an "occupational transition allowance" equal to 80% of the mean wage during the preceding 12 months. To receive this allowance, there are no conditions regarding the entitlement to the jobseeker allowance. In comparison to the other schemes (for other territories in France), it is thus more favourable to the employees.

The reinforced character of the scheme also appears in the bigger frequency of the meetings between the former employee and a personal advisor from the PES: at least once a week. As well, in a way to enhance the beneficiary's reconversion chances, access to training is made easier. Moreover, he or she can experience working periods in companies, for instance to put a new professional project in practice after a training period, with the help of a specific working contract for new employers.

CTP contracts should be fixed-term contracts of 6 months, renewable once for less than 6 months. These contracts do not open a right to a severance allowance (except more favourable sectoral agreement), so that to give an incentive to employers. These working periods should lead to a normal payment, directly paid by the employer.

On the other hand, a bigger deal of security is offered to beneficiaries, as the allowance amounts up to 80% of the latter wage, this being valid for any former employee. Moreover, beneficiaries should

[14] For companies facing economic difficulties due to the crisis, their goal is to facilitate the continuity of the activity and the adaptation of employees to new jobs. The primary objective is hence to maintain workers in their company, but the funds can also serve with some conditions to redeploy workers outside. They target small or medium-sized companies (fewer than 250 employees) and offer a facilitated access to training courses or certification of prior occupational experience. The aid covers the wages of the workers in training and the different costs. The contract between the company and the State lasts at least one year. The company duty is to maintain the jobs of the employees concerned by a training measure for the duration of the contract plus 6 months.

benefit from a compensatory benefit when the wage is lower than the occupational transition allowance (equal to the difference between the latter and the net wage).

Operational functioning of CTPs

The scheme intervenes when the redundancy has been executed. It is obligatory for companies. The labour contract will be terminated and the beneficiary is on unemployment benefits. A personal adviser is designated as soon as the contract is signed. The beneficiary should have a first interview in the 8 first days; in the month following this first interview, the beneficiary should be proposed an action plan to facilitate her return to employment. This action plan, formalising the respective rights and duties of the operator and the beneficiary, may include, depending on the needs:

- A detailed skills assessment
- Social accompaniment
- Accompaniment, guidance and help, if the beneficiary has the project to start an independent occupation or a business
- Accreditation of prior experience
- Training measures oriented towards jobs and sectors with labour shortages
- Work periods

The content of the plan should take into account the personal skills of the beneficiary, his/her family duties, personal constraints, and the characteristics of the employment area. The personal adviser should have a weekly meeting (either face to face or by phone) with the beneficiary. At the end of the CTP, the beneficiary receives a passport summarising his/her competencies, skills and the different measures followed during the year. The action plan can incorporate working periods, which cannot exceed 9 months over the overall duration of the CTP (12 months).

From a more operational point of view, after the redundancy has been pronounced, each employee concerned should be informed by the employer, by way of a written document, including an information brochure, a reply coupon and a model of the contract. The employee has 21 days to answer. She can be helped by the PES agents. The labour contract terminates at the end of the 21-day cooling-off period. This breaking of the contract does not entail any termination notice period. The CTP starts the day after the day of the breaking of the labour contract. The occupational transition contract is formalised in the 15 days. The redundant worker can neither pretend to the specific transition measures nor to the specific transition allowance or the compensatory benefit. He or she will be entitled to the jobseeker allowance and accompaniment and advice provided by the public employment service. The CTP is concluded between the beneficiary and a local branch of the Adult Vocational Training Agency (AFPA), which belongs to the Public employment service, the so-called “Transitio CTP”, which has a counsellor in the coordinating employment agencies of all the territories where the scheme is experimented.

Concerning the financing of the scheme, the allowance is directly paid by the unemployment benefits. For each beneficiary of the CTP, the employer has to pay (towards the PES) a contribution equal to the payment in lieu of notice (between 1 and 2 months of wage depending on the seniority of the employee). The employer also pays the remaining sums corresponding to the employee’s individual right to training, under some conditions and limits. Training measures in direction of the beneficiaries can be financed by the joint registered collection agencies in charge of gathering funds for vocational training at company level. Local authorities in charge of vocational training can also participate through a contract signed with the State. The State has also invested public funds to develop the CTP over the concerned territories, in particular with an effort sustaining training measures.

Assessment and impact

Given the experimental character of the scheme, the coverage so far is limited: According to official sources, there were 6,500 beneficiaries covered by the CTP scheme as of June 2009.

An evaluation of the first wave of experimentation has shown positive results. In consequence, the scheme was expanded to new employment areas. Today, a possible generalisation is foreseen, with no concrete commitment of the Government for the moment however.

Based on the first wage of CTP schemes in 2006 and 2007, covering seven employment areas and about 2,900 beneficiaries, an evaluation shows quite positive results (Remy, Salzberg 2007): The scheme is attractive, as more than 77% of redundant workers have accepted to follow it. 61% of the participants have found a new job or established their own business at the end of the 12 month period. This rate varies quite significantly from other employment areas which have been not running this scheme (from 48% to 76%). The evaluation also showed, that 44% of all participants have changed their occupation and moved to another profession.

Also a more detailed evaluation prepared in October 2009 by the Ministry of Labour (Bobbio, Gratadour, Zegnani, 2009a and 2009b) which compared the CTP with the *personalised redeployment contract* (CRP) and with results in the absence of such redeployment schemes came to positive conclusions with regard to employment and professional transfer practice resulting from the CTP scheme. The survey shows that after the support period 70% of the beneficiaries of the CTP are in employment at this date, including 54% on a permanent job or at least a 6 months fixed-term contract.

The Mobility Leave scheme

The mobility leave scheme (*congé de mobilité)* differs in many aspects from the CTP and CRP schemes and illustrates an efficient anticipatory approach to job anticipation, transition opportunities and redeployment. The mobility leave is a possibility (hence not mandatory) open to companies with more than 1,000 employees. In contrast to the obligatory schemes, whose modalities are defined by law and put into practice with the public employment service, this scheme relies on company-based anticipatory agreements. Only if a workforce planning agreement has been reached, such a scheme can be developed. The very logic is to anticipate, for jobs and occupations threatened by economic change, the ending of the contract and the transition towards new jobs, through a reinforced personalised guidance, training measures, possible work periods in other companies while still keeping – for the duration foreseen by the agreement – one’s own wage and labour contract. The employee is given a big deal of security to face the coming change, and she can prepare in advance her redeployment with the help of the company. The mobility scheme offered to the employees allows them to anticipate the future and to be prepared to a professional redeployment. In one sense, they agree on the coming ending of their work in the company, but benefit from a series of measures to anticipate and best prepare redeployment. The transition is facilitated through a series of personalised tools, in particular training.

Operational functioning

The main characteristic of this scheme is that it should be developed in the context of an anticipatory company-based social dialogue. It can only be implemented if an agreement was reached in the past and has defined the modalities of the implementation of the scheme; in the absence of such an agreement, no such leave can be proposed to the redundant employees (they can have access to the other transitional schemes presented before, however).

Therefore, everything should start from a collective negotiation at the level of the company. When an agreement has been reached, it is this agreement that will stipulate all the different practical modalities of the scheme. This anticipatory collective agreement is called GPEC (Employment and Competence Management Anticipating Scheme – *Gestion prévisionnelle des emplois et des* *compétences*). The elaboration of a GPEC within a period of every three years is obligatory for companies employing a staff of more than 300. The agreement should incorporate an assessment of the evolution of competencies, jobs, occupations, and measures concerning the human resource policy and workforce planning. Though mandatory since 2005, few companies have concluded such an agreement (by the end of 2008, only 570 companies out of 47,000 covered by the scheme did so).

If social partners agree on it, the GPEC agreement can then include the possibility for employees to benefit from a “mobility leave”, in order for them to experience a transition on the labour market. Regarding the practical modalities, the agreement should at least cover the following aspects:

- Define the conditions of eligibility for the employees: seniority, type of occupation, etc. The agreement can target specific categories of workers (or establishments within the group for instance), provided it respects anti-discrimination laws, or it can concern all employees on an equal par.
- Define the modalities for employees to adhere to the mobility leave; the respective rights and duties; whether it belongs to the employee to ask for the mobility leave or it should be the initiative of the employer; etc.
- Organise working periods, balancing between work, training; define how the leave will end
- Determine the wage level and the severance pay (which cannot be inferior to the legal severance pay in case of an economic redundancy)
- Define how the representatives of the workers are consulted and informed when the employer proposes a mobility leave to the employees.

It can either be the employee who asks for the leave to begin, or to the initiative of the employer to propose the starting of the leave. The collective agreement should define when the mobility leave can be launched for an employee. It can either be at any time, i.e., before, during, or after, an economic redundancy process. When the mobility leave starts, then the beneficiary can alternate training and working periods following a transition plan. The participant will receive a personalised guidance. The collective agreement should plan all the accompaniment measures to be implemented for the beneficiaries: setting up of a specific redeployment unit, actions to be undertaken by this unit, duration, etc.

Concerning training measures, the type of training measures to be proposed to the beneficiaries has to be defined in the agreement. Professional transition and vocational training for a new occupation is foreseen by the mobility leave scheme. The beneficiary can either train for a new occupation within the company or outside, in an atmosphere of employment security (maintenance of the labour contract during the whole duration of the leave, maintenance of a good level of payment). If the agreement stipulates it, a working period can consist in an occupational mobility course within the company, to prepare the beneficiary to a new sort of occupation. Payment conditions are different in working periods and training periods: In training periods the level is fixed by the collective agreement. During the period corresponding to the termination notice as fixed by the labour contract, the wage remains the same. During the period exceeding the termination notice time, the wage should be at least equal to 65% of the mean wage over the last 12 months and at least equal to 85% of the minimum wage. The wage is partially exempted from social contributions. During working periods, the wage is directly versed by the new employer. The collective agreement can define a complementary allowance (at the expense of the initial employer) to compensate a loss in wage.

With regard to the duration of the mobility leave scheme, there is no minimal or maximal restriction stipulated by law and the agreement is free to define the duration. However, a mobility leave cannot be renewed in time. When the mobility leave terminates, the labour ends and the collective agreement should determine the severance pay which cannot be lower than those defined by law in case of an economic redundancy.

Assessment and impact

Though no detailed impact assessment of the mobility leave scheme exists so far, the following comments may be drawn: A major success factor of this scheme is that it is defined in the context of an anticipatory agreement, rather than in the context of a crisis situation and the "heat of a social plan". The success is based on the quality of social dialogue at the company level.

From a quantitative point of view, available figures indicate that only few large companies have negotiated such a leave. Only 7 agreements were signed in 2007 and 15 in 2008, according the Ministry of Labour. It may however seem that the current crisis has result in a growth in such agreements. For companies, the incentive is to avoid the collective redundancy procedure; even though it is necessary that the Works council be informed and consulted in the case the leave would concern more than 10 employees. However, it is more difficult to negotiate an anticipatory agreement in times of turmoil. For workers, it offers a good deal of security mixed with new occupational opportunities. Flexibility is offered to new employers (specific fix-term contract). For the initial employer, the scheme is a good approach to employment and competence management in the face of economic change. If restructuring is unavoidable, as it is the case in some sectors, workers representatives can negotiate a good agreement in favour of the employees: long duration of the leave, good compensatory allowances, financing by the employer of retraining, etc. Moreover, the mobility leave is longer than the classical redeployment schemes, which generally last up to 12 months. Here there is no time limit. The leave is suspended during working periods.

There are several good practice examples illustrating the positive effects of the mobility leave scheme as well as the character of tailor-made solutions for the specific company/employee needs:

- The leading pharmaceutics company *Sanofi Aventis* has established a mobility leave programme specifically targeting the group of medical field staff, an occupation in crisis. The scheme which has a duration of up to 18 or 24 months resulted in a high rate of redeployment, mainly in other occupations mainly, e.g. as a nutritionist, a nurse or follow a management school. The success was insured by the good social dialogue but also by the wealth of the company, which could ensure 2 years of wages during the leave, then high severance rates, and a well-developed redeployment unit.
- Also the *Accor Hotel* group also signed a mobility leave agreement, for hotel managers. But the duration is quite low in comparison: 3 to 6 months.
- *Schneider Electric* engaged in a mobility leave with loans and aids to project initiators.

Netherlands: Mobility Centres

In the Netherlands there are diverse scheme supporting the training and the professional transition of the employees on the labour market. The social partners reached an agreement, which then become known as the "*Flexibility and Security Act*" Law in 1999, on facilitating transitions on the labour market. The Law provides a solid basis for a more flexible labour market, in which workers can move more easily from one job to another, taking advantage of private employment agency services, including temporary agency work. In this respect the Law contains three main ingredients: (1) limiting the consecutive use of fixed-term contracts; (2) eliminating administrative obstacles for temporary work agencies while integrating agency contracts in employment law and replacing public regulation to a large extent with collective bargaining; (3) providing for a regulatory framework for non-standard contract forms in the labour code, by introducing a presumption of law to prevent manipulation and introducing minimum protection and payment.

The public employment services in the Netherlands are cooperating closely with the private employment agency sector, focusing on a strengthened knowledge exchange, on providing access to databases and the exchange of best practices and experiences. The cooperation furthermore aims at taking advantage of agency work as an access channel to the labour market. These forms of cooperation between the national agency work federation and the public employment services (*Centre for Work and Income* – CWI) have furthermore contributed to improving the understanding and knowledge on sides, employers and the employees, thus enhancing labour market participation and re-integration. More recently, as the result of the financial and economic crisis, in the Netherlands to get people who lost their job back to employment as soon as possible, 30 new employment service centers have been opened. In these centers, the UWV *Werkbedrijf* – the agency responsible for administering unemployment benefit - employers and vocational educators work together to guide people from job to job or to arrange re-training.

An important scheme for re-employment is the "mobility centres" scheme**.** The concept of mobility centres can best be explained by a statement made by Minister Donner from the Ministry of Social Affairs and Employment in January 2009: "*At present, we are talking mainly about guiding workers who lose their jobs as a result of the financial crisis. A month ago, I opened this country's first employment mobility centre in the neighbouring town of Eindhoven. The aim of mobility centres (which is what we call job centres or career change centres) is to prevent unemployment by helping employees faced with redundancy to find new work in good time or to secure them to another employer".*[15]

So far mobility centres in the Netherlands have succeeded in transferring workers faced with redundancy to other job opportunities. For this purpose they adopt a customised approach. Some employees will be placed directly with new employers, while others undergo refresher training. The common denominator for all concerned is how to get people back into work as quickly as possible. In accordance to available data at least 80 per cent of the employees who loose their job and enter the mobility center should find another job within a lack of time of almost 1/5 year. The main aim is to prevent that these people apply for social security benefit.

PROFILE

Mobility centres are units within companies where employees can obtain advice, information and training support on future career opportunities both inside and outside the company. More specifically, mobility centres are temporary public-private partnerships with the goal of intensifying speedy and timely assistance to job seekers and businesses in order to prevent forced lay-offs as much as possible. Employees who are threatened by unemployment will then be assisted in finding a new job, or temporarily be sent on practical courses to other employers, if necessary through additional education and training.

The initial impetus to establish a mobility centre – called also job or career change centers – may stem from a company's need to reduce staff numbers. The rationale for the mobility center is, therefore, to assist employees being made redundant to find employment opportunities outside the company by maintaining and improving the employability of employees by means of training and building up employability. This type of mobility centre is sometimes called "curative or "reactive" mobility centre because the impetus for its formation is a reaction to a problem e.g. redundancy or closure. The disadvantage of this type of mobility centre is that it can be viewed as a resource for "losers" in an organisation i.e. those that are being made redundant. Management while agreeing to the establishment of mobility centre during times of employee downsizing, may be in favor of closing it when the redundancy programme is completed because its existence is a reminder of a time which they would rather forget. In addition, mobility centers can help employees to find alternative career opportunities and they can also assist them to cope with organizational change. The experience of

[15] http://internationalezaken.szw.nl/index.cfm?fuseaction=dsp_document&link_id=161054

Dutch companies which have established mobility centres is that even when the down-sizing programme is complete they can play an important role in facilitating employee mobility within the organization (i.e. “preventive” and “proactive” mobility centres). Mobility centres have also been linked to an internal employment service within a company and often perform the services which a national or regional employment agency would provide to a person seeking to enter or re-join the labour market. Mobility centres are used not only to face period of crisis but also in times of labour shortages. In this respect they can play a role in assisting managers to recruit personnel from other parts of the organisation. They can provide an information dissemination role to employees on job opportunities in other parts of the organization and by identifying the training requirements which employees must acquire in order to achieve those job openings. In summary, in the Netherlands the profile of the mobility centres is originally to assist companies to help redundant employees to find alternative jobs outside of the organisation. However, some innovative companies have developed mobility centres also as a means of facilitating employee mobility both internally within the organisation and in to and out of the organisation. Hence, it may be argued that the work of the mobility centres focuses on operational matters but also deals with strategic issue.

At the mobility centres, local authorities, employers and the UWV (the agency responsible for administering unemployment benefit) work together to help personnel who are at risk of becoming unemployed to find a new job.

Strengthening mobility centres

On 25 March 2009, the Dutch Government presented *'Working on the Future'*, a policy agreement augmenting the 2007 coalition agreement 'Working Together, Living Together'. Within the new policy agreement the Dutch Cabinet made extra resources available for implementation costs and for reintegrating jobseekers into the labour market. Since the first of March 2009 a national network of thirty mobility centres has been established at offices of public employment services with a specific role in regional labour market policies. Their most important task is to bring all regional public and private parties together in order to encourage them to collaborate more closely and more effectively. This will make it easier to guide jobseekers towards still open vacancies, and to anticipate where future demand for employees will lie. The currently in company mobility centres in the Netherlands are linked to 30 branches (relatively high proportion in the automotive industry and supply companies, metal industry, estate agent industry). In addition, mobility centres in the Netherlands currently act as an advisor for almost 565 companies with minimum 50 employees. Mobility centres organize the joint implementation of agreements with public and private partners such as municipal authorities, regions and sectors, temporary work and professional education-business knowledge centres, industry associations, re-integration agencies, outplacement organizations. A mobility centre has a Mobility Centre Coordination Office (CCM) which usually serves as a national Contact Point.

Operational functioning

In most cases mobility centres are created in close collaboration and consultation with businesses. Within a mobility centre the employees affected by redundancy still remain under a contract of employment of the affected company. As such, employees at the mobility centre fully use the knowledge and the expertise of the HRM experts and business consultants while turning HR information into labour market information. Mobility centres work closely with regional networks of public and private partners as well as a full range of public and private service providers. The main objectives are to intensify employment finding via faster provision of existing services (for groups, on a project basis and services at the outset); intensive collaboration with diverse sectors which establish service point (such as the SME service point, technology desk) and the construction and design of arrangements as well as the use of training and development funds; the development and intensification of Public Private Partnership (on a project basis). Supporting of labour mobility and facilitation of training efforts are two other important functions of the Dutch mobility centres. The former is made operational via the supervision of the movement from work to work which implies the preventive re-integration and implementation of the severance scheme “from work to work” arrangements on behalf of the employer. The facilitation of training efforts is developed by the employer through the use of demand-driven modular and project based training as well as (as above indicated) the linking of agencies specialized in study-and-work training. Company training via professional educational business knowledge centres is also relevant.

In-company mobility centres are financed by the companies. The operation of a mobility centre will require an input of resources both in terms of staff, training expenditure and operating expenses. Experience has indicated that it is possible to operate a mobility centre with the minimum of resources: Glanbia plc operated a mobility or job centre staffed with a manager and an administrative assistant. Semperit operated an informal mobility centre type operation with a number of services being provided to employees by a single manager. This manager was able to draw on the resources of the local FAS office. The budget for the mobility centre must include the cost of training and life-long learning provision as well as the cost of capital equipment such as computers. Operational costs such as light/heat must also be factored into the budget. The mobility centre budget should include provision for communication and marketing costs. The experience of companies that have operated mobility centres is that there is a real need for ongoing communication with its various client groups. It should be remembered that in many cases the mobility centre may have two main client groupings, employees and managers, and both need to be continually informed of the services provided by the centre. The communications should ideally feature case studies of employees who have benefited from using the centre's services.

Assessment and Impact

In the first five months of 2009 43,000 people have found a new job via a work mobility centre, according to Social Affairs Ministry figures. Five thousand of them were able to start work immediately after leaving their previous job. The rest found a new job after being unemployed for a matter of months. Under the programme, employers register both their surplus staff and their vacancies with mobility centres.

Mobility centres have various advantages. They provide a support function to management to increase organizational flexibility and adaptability and they can also provide advice and support services to staff to increase their career flexibility and long term prospects. The lessons learnt by the companies in the Netherlands which have used mobility centres is that they can be effective in assisting employees to successfully make the transition to a new career outside of the organization as well as to assist and guide them to another job in situation of redundancy.

Mobility centres also play a positive role in developing internal solutions to staff/skill shortages by encouraging employees to develop new skills which can facilitate them to transfer parts of the organization where there are staff/skill deficits. In this respect mobility centres can act as an internal employment service unit withi the company by alerting employees to new opportunities within the organization and identifying the skills they need to acquire to take advantage of such job opportunities.

Belgium: The Outplacement and employment cells scheme

The Belgian scheme of “*Tewerkstellingcel*” or “*Cellule de Reconversion*” refers to the totality of support service and recommendations rendered, at a charge, by a third party (the outplacement office) by order of an employer. The main aim is to allow the dismissed employees or the employees threatened with dismissal to find employment with a new employer or to set him/her independently as soon as possible. Instead of being left alone looking for another job, employers are obliged in Belgium to offer an outplacement trajectory to workers with 45+ years who are subject (or threatened) of dismissal. Since 2009 enterprises with at least 20 employees announcing a collective dismissal are obliged to create an employment cell for all employees in order to support in terms of training and guidance the workers who have been dismissed and re-orientate them towards another job. The employment cell can be defined as a cooperative team which consists of the employment agency, the employer, the employee representatives, the outplacement office, eventual sectoral education funds and the outplacement fund. Its function and aim is to implement outplacement activities in situation of restructuring and to follow them up.

A distinction should be made here according to whether the re-orientation or reconversion of the employees is internal or external. Within the framework of external reconversion the cells (composed by the employee, and employer representatives and external expert) acquire advisory and coordinating authorities. Within the framework of the internal reconversion, the company appoints a number of external consultants to take care of counseling, competence screening, the consequences of training course and the identification of internal job opportunities.

The scheme has been introduced in Belgium through collective agreement at the inter-professional level. In particular, the content of outplacement is regulated by collective agreement (*Collectieve arbeidsovereenkomsten* or CAO's) 51 (1992); CAO 82 (2002) and CAO 82 (2007) at the federal level as well as at the regional level by the Flemish Decree 13 April 1999. CAO 51 specifies the services that an outplacement office can offer such as, psychological support, help and substantial accompaniment in seeking for a new job, logistical, and administrative support. Moreover, in the agreement it is stated that the outplacement office cannot interfere in the communication between the employee and the potential employer, but it can be used as a mediator for the recruitment and the selection of the employee. The agreement states also that the outplacement office is legally obliged to accompany the dismissed employee for a further period of two years in case he/she did not find a job. Since 2002 outplacement is a right in case of employees with 45+ years (CAO 82). Since 2007, under the influence of the Generation Pact new procedures have been established in case of outplacement. In particular, in accordance to CAO 82 outplacement is compulsory for employees 45 + in case of collective dismissal. It also says that the initiator or main responsible is the employer and it sets up the duration of the outplacement at 60 hours (divided in three phases of 20 hours each) for a maximum of 1 year.

An important aspect of the outplacement and the employment cells scheme in Belgium is its direct linkage to social dialogue. In particular, not only when companies are in the process of being restructured, the outplacement decision is taken within the framework of a social plan, which is negotiated by employers and employees representatives, but the social partners have also decisional power with regard to which guidance to offer to the employees under the outplacement status, such as the features of the training program to follow with regards to content, hours, individual or collective (group) etc. Another relevant feature is that in situation of restructuring employers who cannot appeal to specific provisions because of the insolvency of the employer can get help from the Flemish Government *"Herplaatsingfonds"* (Outplacement Fund). This Fund was started by the Flemish Government in order to guarantee equal treatment on the level of professional integration in case of company bankruptcy.

Operational functioning

Individual or collective redundant employees in Belgium get assistance via the outplacement and employment cells scheme to find a job as soon as possible with a new employer or to develop a new career as self-employed. The assistance given contains three elements: (1) emotional support for the redundant employee who receives counseling to cope with the redundancy; (2) logistical support with the search for a new job which covers secretarial work (e.g. typing or passing on messages; the use of an office space with phone, fax and modern facilities; the use of a photocopier; a reading room where papers and specialized press item can be consulted, as well as trade journals and database); (3) personal support from a consultant, who will guide the job seeker through the various stages in the search for a new job. As a result of the new Economic Recovery Plan 2009, temporary workers (minimum work duration of one year), dismissed in restructuring are also allowed to participate in the employment cell.

Employees affected (or threatened) by redundancy are indicated to follow a specific program of outplacement which is structurally sustained by the existence of employment cells. They represent the active tool to accompany the transition to another job of the employees who are in outplacement. The most important elements of the outplacement program consist of the following three steps: (1) an assessment of the job seeker's strengths and weaknesses (e.g. leadership skills, communication skills). The assessment is based on the candidate's past, acceptations for the future, preferences and interests. As a result, a career plan can be mapped out; (2) an approach to the job market: jobs are selected in keeping with career plan mapped out at the previous stage, potential employers are approached, and a communication strategy designed to that effect (e.g. training in interview techniques, telephone manners etc.); (3) evaluation of job offers, help with negotiating working conditions with employers, and support during the placement and integration into the new work environment.

All companies with at least 20 employees are legally obliged to establish "employment cells" for all the employees who are dismissed within the framework of a collective dismissal. Companies which employ less than 20 employees are not obliged to create an employment cell, unless they wish to reduce the age requirements for bridge pension (early retirement). In the last case they will have to ask for a specific recognition of company in status of restructuring. It is the regional Minister of Labour who has responsibility to verify and declare the status of restructuring of the company. When a company is formally declared in status of restructuring the dismissed employees have the possibility to register themselves in the employment cells and must also register as job seeker with the local employment agency. Then a plan is made to coach the employees who are in outplacement to find a new job. In this respect the employment agency plays the role of the Social Advisor (or SIA) that is responsible for the organization, the coordination and the monitoring of each cell. As such a dossier is kept in each cell in order to monitor and evaluate the work done. For employees who are younger than 45 +, the company is obliged to create a cell for a period of 3 months, whereas for employees who are 45+ the call must be created for a duration of 6 months. Employees who entered into an employment contract of definite duration or an employment agreement for interim work and whose contracts are not renewed due to the restructuring and who have a continuous length of service of at least one year within the company, can sign up with the employment cell, but they are not obliged to do so. Employees who have reached at age of 58 years or have a length of service of 38 years at the end of the period covered by the indemnity are also not obliged to sign up with the employment cell.

The costs of outplacement are supported by the employer but they are reimbursed via a reduction in social security contribution. Before 2009, the reimbursement of the outplacement costs was based on the actual outplacement costs, i.e. the costs which are invoiced by the outplacement provider to the employer, and limited to a maximum of 1,800 EUR per employees. Under the new Economic Recovery Plan 2009 the amount of the reimbursement of the outplacement costs will depend on the age of the employee and on the fact whether or not she/he has entered into one or more employment contracts with one or more new employers for a period of at least 120 days during the validity of the reduction card for restructurings. The following table is presenting a detailed view on the maximum amount of reimbursement and age of the people in outplacement under the new 2009 legislation:

New regulatory framework in case of outplacement

	Age of the employee	Maximum amount of the reimbursement costs
at least 30 hours of outplacement	less than 45 years	500 EUR
	45 years or older	1,000 EUR
at least 30 hours of outplacement and being reemployed during at least 120 days	Less than 45 years	1,000 EUR
	45 years or older	2,000 EUR

Source: Belgium at Work , Taylor Wessing, May 2009

The table illustrates that in accordance to the current data available the amount of outplacement offered via outplacement funds (*Herplaatsingsfonds*) is increased steadily after 2002-2003. In 2007, there is a reduction of this number due to the period of economic re-lunch: a big number of employees who received guidance as the result of outplacement were able to find a new job. Between 2006 and 2007, there has been also an increase in the number of people supported via outplacement. Likewise data also illustrate that there has been an increase in the requests for cost reimbursement with regards to outplacement service. More specifically, there has been a reimbursements costs of 999 979 EUR and 494 392 EUR in 2006 and 2007 respectively.

Evolution in the number and costs of outplacement

Year	2003	2004	2005	2006	2007
Outplacement funds (*Herplaatsingsfonds*)	464	1514	1116	1330	992
Persons supported (data received by the employment agency)	-	-	-	726	1651*
Reimbursement		0	-	+/-600**	312

* data reflect situation of company restructuring; ** calculated op the base of the effective contribution.

Source: *Werk naar Werk: De Markt van Outplacement* , HIVA-VIONA onderzoekprogramma , 2008

ASSESSMENT AND IMPACT

Outplacement and employment cells they have an advantage for both employers and employees. Through outplacement, the employees made redundant have the possibility to be re-employed on one hand. On the other hand, employers who have initiated a programme of outplacement can benefit of a reduction of social security contributions. This has significantly contributed to lowering the threshold for employers to take on laid off the workers and, therefore, positively favored the implementation of the outplacement trajectory. Moreover, for successful outplacement (leading to a job) the outplacement costs will be reimbursed to the employer at a higher rate.

Broadly speaking outplacement was introduced in Belgium during the recession period at the beginning of the 1980s. During this period, several methods of career guidance were used: career breaks, part-time employment, early retirement etc. But outplacement is a different way of organizing a career, namely a specific approach allowing the employee to leave the company in better circumstances. Outplacement is suitable in period of recession or also market conditions and this certainly has helped its implementation and evolution across the different years.

Some factors which have favored the more recent implementation of outplacement in situation of restructuring are: (1) the (recently reinforced) legislative setting regulating outplacement (i.e. the recent amendment which introduced as compulsory outplacement for 45+ employees) (2) the creation of the "*Herplaatsingfonds*" in situation of insolvent companies. When companies go bankrupt, the older employees are usually the main victims. To prevent the outflow of workers – both young and old – from the labour market the "*Herplaatsingfonds*" has been created. By subsiding the outplacement of employees in case of bankruptcies, the fund aims to prevent unemployment, which is a valuable strategy for promoting active ageing (3) the employer is obliged (under the payment of 1,800 Euro to the RVA or *Rijksdienst voor arbeidsvoorziening*) to foreseen career guidance to the dismissed employees. Outplacement is used more readily when maximum employment is put forward as a priority from management as well as the trade unions' side. However, there exist some differences between collective and individual outplacement with regard to the fact the former is most often carried out over a limited period of time. Individual outplacement is less time restricted and the outplacement agencies offer a guarantee: they will resume their task if the employee loses the new job within a set time (usually one year).

LUXEMBOURG: JOB RETENTION PLANS

At a first glance, the principle of the job retention plan is not to support and facilitate employment and professional transition but to implement measures at the company level in order to avoid redundancies and help the workers to remain in work. However, by the job retention plan, alternative solutions to redundancies are discussed and implemented in restructuring companies, therefore fostering also transitions.

The job retention plan (*"plan de maintien dans l'emploi"*) was introduced by a legislation of 22 December 2006, which came into force on 1 January 2007. This legislation introduces a legal obligation on employers to notify the Committee for the Economy any redundancy for other reasons than individual motives. This committee (*Comité de Conjoncture*, created 1975) is a tripartite structure composed of representatives of employers and employees, and of ministers and administrations. It meets twelve times a year. On the one hand, the committee monitors the economic trends of the Luxembourgish economy and writes a monthly report to the Government. On the other one, it issues opinion on demands coming from companies concerning partial unemployment and early retirement.

Since the coming into force of the legislation, when it is notified with a project of economic redundancy, the committee can invite social partners in companies to negotiate a job retention plan with the aim to avoid redundancies. Social partners can also themselves launch the initiative of a job retention plan when they anticipate difficulties. The job retention plan will then incorporate a series of measures not only directed to the employees themselves (training, redeployment) but also to the organisation of the company itself, for instance by way of partial unemployment, part-time work, reduction of working time.

For this twofold approach to be effectively implemented, incentives are given to the employer. Indeed, the job retention plan is entitled to receive state funding, in particular for the training of workers who are threatened by a job loss in the context of the restructuring. Moreover, the implementation of the plan depends on the opening of discussions with the company between social partners. The negotiation of a job retention plan should be linked to the opening of anticipatory discussions concerning jobs, workforce and the management of competencies.

The economic committee monitors the implementation of job retention plans and can offer advice and support to social partners.

The notion of "job retention" was not easy to be understood by social partners and particularly by trade unions. It was necessary that the Minister of Labour explains the philosophy of the law. Today, it appears as the cornerstone of the Luxembourgish flexicurity approach, aiming at offering new opportunities to employees facing the restructuring of their company. Replacing "job security" with "employment security", the approach aims that employees experience secure transitions on the labour market without experiencing a period of unemployment.

OPERATIONAL FUNCTIONING

The initiative to launch a job retention plan can either come from the social partners when they anticipate economic difficulties with consequences on jobs or from the economic committee when it registers more than 5 lay-offs (not for individual motives) over a period of 3 months (resp. 8 lay-offs over 6 months) , or when it anticipates economic difficulties. The consultation between social partners will mainly concern the instruments to implement. The primary objective of the job retention being to avoid redundancies, instruments are of different nature as the following (non-exhaustive) list illustrates.

- **Instruments for maintaining employment in the company:**
  - working time reorganisation and arrangement;
  - early retirement;
  - voluntary part-time work;
  - reduction of working hours with the possibility of participating in continuing training or retraining;
  - part-time unemployment;
- **Restructuring instruments**
  - voluntary departures;
  - reduction of fixed-term contracts;
  - redeployment measures including training and qualification, with an aim of reassignment in the same company or the sector;
  - design of new occupations.
- **External reassignment**
  - in cooperation with the public employment service, job-hunting (analyse of clients and furnishers, networks, federations, etc.), outplacement;
  - temporary loaning of manpower;
  - requalification financed on public funds.

Most all of these different instruments can be implemented in the absence of a job retention plan; however the existence of such a plan gives the company better access and financial conditions. In particular, the following measures are linked to the setting up of a job retention plan:

There is the possibility of “reemployment aid” in the context of a temporary loaning of manpower. A company having concluded a Job retention plan can resort to a temporary labour leasing scheme provided this measure has been formalised in the plan. In this case the company can benefit from a “reemployment aid” (*aide au réemploi*). The original company keeps paying the integrality of the salary of the concerned workers; the company benefiting from the employee leasing pays a certain amount to the company (anticipated in the leasing contract); the Funds for employment gives to the original company a reemployment aid corresponding to 90 % of the difference.

If based on a job retention plan the company also is able to receive further support, e.g. partial reimbursement of the cost of an early retirement or aid targeting employees over 40 (tax deduction for new employers recruiting a beneficiary of a job retention plan aged more than 40). Furthermore, subsidies for training and qualification measures are possible (the Employment Funds can finance up to 50% of the cost, including wages, social contributions) of training aiming at redeploying employees within the company, and up to 80% of training programmes aiming at a redeployment outside the company. Finally, for the years 2009 and 2010, there is reimbursement of the 16 first hours of partial unemployment.

The duration and principles of implementation of the plan which has to be approved by the Economic Committee and the Ministry of Labour should be defined by the negotiation between social partners.

To sum up, the job retention plan offers a structured and negotiated approach to restructuring at the company level, in order to cushion the effects of the restructuring on employment. Substantial efforts have been made by public authorities to facilitate the maintenance in employment of workers threatened by economic and technological change.

ASSESSMENT AND IMPACT

Public data are missing concerning the number of beneficiaries of this scheme and the effect on transitions. The Ministry of Economy indicates that there were only a few cases of job retention plan before 2009. Since the 1st January 2009 to the end of October 2009, 23 plans were signed. But additional information on the effects of these plans is lacking.

Concrete outcomes and information on practical effects of job retention plans are illustrated by recent examples (see textbox below).

Job retention plans: Practical experience

One of the major applications of this scheme was the restructuring of the *Villeroy & Boch* ceramics company, a major company for long present in Luxembourg. The closure of its production lines being anticipated by June 2010, a job retention plan was signed well before in order to avoid any mass redundancy. This plan incorporates six days of extra leave per employee in order to attend training or travel to job interviews, reduction of working time, the setting up of a redeployment unit, and the reintegration in the scope of the company of formerly outsourced activities. Nevertheless it might be hard to redeploy workers as many are aged and have only worked at *Villeroy & Boch*, with very specific skills. The state provided €85,000 in funding for the company's training fund. One of the noticeable aspects of this plan is that it was negotiated in a more or less "calm" atmosphere between social partners, despite the shock created by the announce of the closure of the factory.

Another company having launched a job retention plan is for instance the manufacturer *TDK* (electronic components). There, 56% of the employees concerned by the scheme found new jobs before the end of their notice period. 70% of employees were monitored by an internal outplacement programme. The funding amounting to €350,000 and mainly was used for training.

The retail chain *Monopol* was supported by the Luxembourg Trade Confederation in its ambitious plan not to dismiss any worker before ensuring he or she be taken by another company belonging to the employer federation, this during the duration of the job retention plan.

GERMANY "TRANSFER COMPANIES"

The main aim of German employment transfer companies ("*Transfergesellschaften*") is to prevent immediate unemployment and job losses in case of dismissals due to economic reasons. Instead of becoming unemployed the worker will be "transferred" to an external company specially established for this purpose and be offered a bridge for a certain period in order to find a new job. Employees in transfer companies will receive financial aid by the former employer and the federal labour market agency as well as support in form of vocational training and guidance.

In its current shape this transfer scheme was established in 2004 within a general reform of the German labour market policy, the so called "Hartz-Reforms". However, the scheme already has been in existence already since the "employment promotion act" in 1998 ("*Arbeitsförderungsgesetz*"), being financed through the German short-time work benefits funds, first the so-called "structural short-time works funds" ("*Strukturkurzarbeitergeld*") and since 2004 by the "transfer short-time work benefit" ("*Transferkurzarbeitergeld*") with the German public employment support system. Here, it should be noted that the German labour market policies distinguished between short-time work due to cyclical reasons (regular short-time work) and short-time work caused by structural reasons. The concerned transition schemes are only related to the latter and legally rest upon §216 a/b of the German Social Security Code.

A further important aspect of the transfer companies is their direct linkage to social dialogue and collective bargaining at the company level: In case of collective dismissals and the duty of the employer to negotiate with employee representations about the employment effects and accompanying measures cushioning these effects, "*social plan measures*" ("*Sozialplanmaßnahmen*") normally are negotiated by the social partners at company level. Beside agreements on severance payments (“golden handshake”) and in case of larger numbers of employees affected, “transfer companies” are created in order to support the transition/transfer into a new job.

Originally, transfer companies are rooted in the large scale restructuring processes in the context of privatization in East-Germany after re-unification at the beginning of the 1990s, when a large number of so-called “employment companies” (“*Beschäftigungsgesellschaften*”) were established as a main instrument to tackle unemployment in the Eastern German regions. In fact, these companies functioned as a public employment sector reflecting the massive labour market problems in Eastern Germany. Due to a strong pressure in particular of trade unions, the idea of employment companies was then re-invented throughout Germany as a reaction to restructuring in the context of firm closure, relocation and privatization of public services. However, the term was changed into “transfer”, stressing the idea of transition and/or bridge from one job to another.

This intention is especially supported by the German unions, seeking for labour market policies which secure employees from immediate job losses in case of structural economic problems in the companies. Furthermore this instrument was favoured because workers were not simply dismissed with some severance payment but were provided with qualifications which facilitate their reintegration into the labour market. Additionally the former employer could not simple get himself out of the affair but still is responsible for his employees to some extent, at least in financial respect.

Prominent examples of employment transfer companies established in the context of large scale restructuring and workforce reductions are Siemens, AEG, Opel, Nokia or the German Telekom whith the latter being surely one of the biggest ever employment transfer companies in Germany: In 2003, and after negotiations with the trade unions the transfer company “Vivento” was established which employed around 16,500 employees that were no longer needed in the German Telekom company.

Operational functioning

In most cases transfer companies are created outside the affected company as an independent business entity.[16] These external companies are specialized in further training and re-conversion and work together with the local authorities and the affected company. The legal form of the respective transition company is developed in close cooperation between representatives of both the company and the employees and under the assistance of the local labour agency. They agree on the conditions for a social plan which determinates the concrete conditions regarding financing, provided training possibilities, reporting and the duration of the transition company.

Affected employees are transferred into the new company for a maximum one year with the aim to find a new job. During this period most employees have the opportunity to receive financial help by short-time work benefits (“transfer short-time work benefit”). With the replacement of the former instruments regarding structural short-time working, the related financing modalities changed too. The previous legislation anticipates only an “adequate” involvement of the employer, while under the new legislation since 2004 the local labour agencies provides only a grant of 50% for the expenditures of necessary transition measures and a maximum € 2.500 per employee participating in such measures. Further expenditures have to bear by the employer.

One pivotal element of transition companies is the limited financial losses for the affected employees while taking part in such transition measures. With the granting of short-time work benefits for maximum 12 months, employees receive 67% of their former net-wage if they have children and 60% if they are childless. Often these compensations are topped-up by the employer nearly up to the former salary. Such addition funds are normally agreed in the social plan. The expenditures for the

[16] For the operational functioning of this transfer scheme see also figure in the annex.

public expenditures for the labour agencies decreased steadily in the last years. While in 2005 total expenditures for “regular” short-time work account for around €220 million, the latest figures for 2008 reports expenditures amounting to around €131 million.

Expenditure for “structural” short-time work schemes and persons supported 2005 - 2008

Year	2005	2006	2007	2008
In 1000 EUR	219.087	199.267	183.705	131.232
Persons supported	19.450	16.720	11.301	19.857

Source: Federal Agency for Labour

Beside financial compensation the provided qualification measures are a key aspect of transition companies. The funding of these training measures is supported by a joint programme of the European Social Fund and the German Federal Labour Agency (*“Bundesagentur für Arbeit”)*. Thus the transition company decides in cooperation with the local labour agency which training measures are appropriate for each employee. Nevertheless latest research show, that the use of this funding method is only used cautiously by the contracting parties. Reasons for it can be traced back to the additionally bureaucratic efforts and the preconditions for grants demand by the labour agencies.

These burdens also affect the use of this instrument regarding the company size. Transition companies have little relevance for small or medium-sized companies due to the bureaucratic and financial expenditures. Hence most companies using transition companies in case of dismissals have a workforce of more than 60 employees. This is a major reason for trade unions demanding an improvement of the scheme, in particular by developing employment transfer mechanisms at sectoral level.

Assessment and impact

At first glance transition companies have most advantages for employees: Immediate unemployment is avoided and the affected worker receives the opportunity to get prepared and seek a new job in a certain period of transition. Affected employees further receive professional help regarding their job search and can use their release from work actively. Finally the workers are only confronted with no or only marginal financial losses during the transition measures.

Nevertheless transition companies also have some advantages for the employer side. Foremost transition companies create clear responsibilities for all participants with calculable cost for the employer and a fixed legal framework, which avoids legal disputes concerning job protection. In this respect the secured transfer of former employees to a new employment, additionally minimized potential public image damage for the company which is often caused by huge dismissals. Lastly transfer companies are a quite flexible instrument, which can be adjusted to every single case and the given company situation.

Due to insufficient data a general evaluation of this scheme is not easy to carry out. Exact figures about the number of transition companies and workers supported are missing since the public data only reflects those numbers receiving support from the short-time work funds. Above that, there are hardly any data and figure on the kind of measures implemented and success indicators, such as placement figures.[17]

[17] One of the rare evaluations was carried out in 2009 focusing on the ESF Programme 2000 – 2006 on accompanying qualification measure. See Deeke/Ohlert 2009.

AUSTRIA: LABOUR FOUNDATIONS

Labour foundations ("*Arbeitsstiftungen*") are an instrument used successfully in Austria for almost 20 years now for deploying "surplus" labour potential in a flexible and meaningful way. They also aim to develop solutions for regional structural change and labour market adjustments. The foundations are used when there is a threat of redundancies (outplacement foundations) or when particular staffing bottlenecks occur (implacement foundations). The aim is the development and implementation of individualised (re-) integration processes by offering a broad package of supportive measures. The possibility of a longer-term entitlement to such measures, ranging up to three years (or four years for those aged 50 or over) also means that training programmes lasting several years can be completed while benefiting from this support.

In Austria, this instrument - which is based on initiatives of the Austrian trade unions and carried out as a joint programme of trade unions, employer organisations and public authorities - was first used in the framework of the VOEST-Alpine Steel Foundation (1987). Positive experiences with this scheme led to its spread throughout Austria, and it also served as a model in other countries. It proved to be an extraordinary instrument, serving equally the interests of companies, employees and the regions. Austria's accession to the EU in 1995 brought with it a need for adjustments in economic structures, and this was accompanied by workforce reductions within larger enterprises. To cushion the effects of EU entry, and of structural change in the food and haulage sectors, the social partners took initiatives leading to the creation in 1995, after a brief preparatory period, of the two sectoral foundations AUFLEB in the food sector (*"Ausbildungs- und Unterstützungsverein für Arbeitslose in der Lebensmittelbranche"*) and AUSPED in the road transport sector (*"Ausbildungs- und Unterstützungsverein Spedition"*). These were active across the whole of Austria, and up to October 1996, 2,600 people took part in them.

The nature of the foundations has evolved further over the years. The circumstances in which outsourcing takes place mean that four types of foundation can be distinguished: enterprise foundations; insolvency foundations; sectoral foundations; and regional foundations. Procedurally, as far as the implementation of the measures for the participants is concerned, there are no differences between them. Alongside these foundation types, there are what are known as foundation-style measures. Again, these are procedurally identical to the labour foundations, the difference is, that they are implemented by the Austrian Employment Service.

Example: The Vienna Employment Promotion Fund – WAFF

The WAFF ("*Wiener ArbeitnehmerInnen Förderungsfonds*"), established in 1995, was the first institution of active employment policy which was created by an Austrian province. Activities of the WAFF are primarily funded by the Municipality of Vienna and developed on the basis of a close cooperation of all key actors in the field of labour market policy: apart from the Vienna Municipality, the regional trade union federation ÖGB, the Vienna Chamber of Labour, the Economic Chamber WKÖ, the Federation of Industry and the Vienna labour market service AMS are all represented on the WAFF board. As the main instrument of active labour market policy the WAFF focuses on:

- Improving the opportunities for employees in Vienna to develop their careers by continuing training and education
- Remove disadvantages in the labour market and support equal opportunities for women and men
- Strengthen Vienna's appeal as a business location.

The work programme for 2008 which has been approved by a board of trustees is aiming at the improvement of the labour market situation of more than 20,000 persons in Vienna and support for more than 800 local enterprises mainly in three target areas:

- Practical support for nearly 10,000 unemployed persons in close cooperation with the Vienna AMS
- Support measures in the field of qualification and further training by counselling, information and financial resources for around 13,400 persons
- Support for individual enterprises in the context of recruiting of qualified staff and further training measure for employees.

Source and further information: www.waff.at

In 2005, 1,800 people were supported by outplacement foundations, while 4,900 were approved for participation in an implacement foundation (Holzer 2006). In 2006, 45 of such implacement foundations existed throughout Austria. The clear increase in this field (2,100 people more than in the previous year) is in particular attributable to training in the health and care sectors. A labour foundation contains a range of instruments whose concentrated use can produce synergies in the promotion of employment. Central elements within the labour foundations are career guidance, various training measures (qualification), active job searches, work experience programmes and (in the case of outplacement foundations) assistance with business start-ups. This comprehensive approach by the labour foundations, through the use of combined packages of measures, has proved particularly effective. Setting up a labour foundation entails cooperation and financing by a very diverse group of actors at different levels.

As a response to the 2008 economic crisis, the regulations of labour foundations have been reformed in order to extend the scope of application, in particular in order to cover also smaller companies (e.g. by lowering the threshold of the minimum number of participants) or certain types of employees (e.g. some foundations are now open for agency workers becoming redundant.

Operational functioning

The establishment of an employment foundation is based on an agreement between social partners at company or sector level in collaboration with the regional labour market service authority AMS. Participation in the labour foundations is voluntary – employees may choose to claim other AMS services and/or draw unemployment benefit. For those who do opt for participation in the foundation, the first step after admission is a six-week orientation period. The latter enables the employees to cope with the job-loss and to develop a new perspective on future occupational/professional goals. Depending on their plans, participants may then choose from a variety of options, such as active job search, basic and advanced training in a new or the former occupation (including initial vocational training, secondary or academic education) or launching a new enterprise. Each participant has the chance to draw up an individual integrated training and counseling package. The foundation spell / funding period may last up to four years.

The financial sources of labour foundations are clearly based on the principles of shared responsibilities and solidarity: Co-financing may be contributed by the enterprise (e.g. provision of offices and technical equipment), the participants themselves (disclaim of severance payments), workers still employed by the enterprise (solidarity contributions), and public funding (AMS, regions, local authorities etc.). The precondition in any case is that participants are entitled to receive unemployment benefits (so called “foundation unemployment benefit”, “*Stiftungsarbeitslosengeld*” which may be prolonged in correspondence to the participation in the foundation. The average length of participation of trainees in labour foundations is around 10 months.

The different types of labour foundations are characterized also be different types of financing as the following overview illustrates.

Financial modalities of different types of Labour Foundations

Type	Public funds	Private funds	Maximum duration of funding
Company foundations	No co-financing apart from the payment of “foundation unemployment benefit” according to §18.5 AIVG (Law on Unemployment Insurance).	Companies and possibly workers (by contributions) are financing the establishment and maintenance of the foundation as well as the training courses.	Maximum funding period are 156 weeks, in justified cases maximum 209 weeks

Financial modalities of different types of Labour Foundations (cont.)

Insolvency foundations	Co-financing for the establishment and maintenance of the foundation by AMS as well as the training costs up to **50%** of total costs. Apart from that participants receive "foundation unemployment benefit" according to §18.5 AIVG.	Co-financing by company and/or workers (often in the context of a social plan and/or severance payment packages)	Maximum funding period are 156 weeks, in justified cases maximum 209 weeks
Regional foundations	As in the case of insolvency foundation but only up to **25%** co-financing of total costs.	Co-financing by company and/or workers (often in the context of a social plan and/or severance payment packages)	Maximum funding period are 156 weeks, in justified cases maximum 209 weeks

Source: Austrian Labour Market Service AMS

The different sources of financing and average financing rates of labour foundations are illustrated by the example of the insolvency foundation of the region of Tyrol ("*Arbeitsstiftung Tirol*"). Here, three sources of co-financing exist: participating/cooperating companies in the region contribute a fee per head of 5,000 (4,000 in the case of small companies) Euro per participant on an annual basis. Public co-financing for training measures and participants' living costs is provided by the regional AMS labour market service and the regional authority of Tyrol. On this basis a maximum of 7,000 Euro are available per participant per year for training and qualification measures. Living costs are covered by foundation unemployment benefit of around 580 Euro per month (8,715 Euro per year).

Assessment and impact

Having been in existence for more than 20 years now, the Austrian labour foundations have been the most important instrument of dealing with large scale restructuring and significant structural change both at sectoral as well as local level in the Austrian economy. Though of having been established in response to large scale redundancies in traditional industries such as steelworks, the foundation have been adjusted and adopted subsequently in order to respond to other adjustment processes and their labour market effects, e.g. EU integration or the current economic crisis. Quite recently and in response to the effects of the global economic and financial crisis the instrument has been improved to increase the coverage of smaller companies in particular.

The labour foundation approach today is regarded as a success story by all relevant key players in Austrian labour market policy, notably the trade unions, employers organizations and the major political parties. This broad consensus seems to be crucial since the labour foundation concept and its efficiency is based very much on the commitment and shared responsibilities of both sides of the industry as well as public authorities.

Italy: Wage Guarantee Fund

Context: "*Social Shock Absorbers*" in Italy

Labour market policies in Italy are mainly passive rather than active, in that they give priority to monetary transfers (i.e. cash benefits) - partly through a system "*social shock absorbers*" (*ammortizzatori sociali*) to ease the blow of redundancies - instead of seeking to increase the employability of those out of work. Another key aspect of labour market policy is the marginal role played by public job placement centres in matching labour demand and supply. Within the context of the "social shock absorbers" the instrument traditionally used in Italy to manage redundancies in situation of crises is the "*Wage Guarantee Fund*" (*Cassa Integrazione*). This fund guarantees an income - though one lower than the normal wage - for workers in firms undergoing severe difficulties and restructuring. This instrument also contains an element of outplacement. There are two types: The ordinary fund introduced already in 1945, which may be used in situations of temporary crisis caused by the economic climate; and a special fund, introduced in 1968, which can be used by firms or entire sectors undertaking restructuring as a result of severe structural difficulties.

"*Job security contracts*" (*contratti di solidarietà*) can be stipulated in Italy as alternatives to the special wage guarantee fund. These are company-level agreements based on solidarity among employees who reduce their working hours in order to avoid lay-offs. In this case the income support disbursed by the state (via the INPS) is equal to 60 per cent of the pay lost because of the reduction in working hours, and it lasts for a period of between 24 and 36 months. This form of work-sharing has been introduced in 1984. The Law No. 236/1993 provided further incentives for the use of defensive job-security agreements as a means of dealing with labour surpluses, by increasing the assistance from the wage guarantee fund to 75 per cent of the loss of pay and granting additional benefits (reduction of social security contributions and financial incentives). It also made the provisions of Law No. 863/1984 on the matter more comprehensive by specifying that the reduction in working hours may be calculated on a daily, weekly or monthly basis. However, if the purpose is to permit the hiring of new personnel, *i.e.* the "offensive" job-creation agreement, the employer is paid a contribution for each new employee hired and is also allowed to use recruitment by name.

Reforming the shock absorbers systems

The shock absorbers system in Italy has undergone various changes, first in 1991, when the government implemented the 1975 European Community Directive on collective dismissals. A new system to handle redundant personnel was introduced at that time, namely "mobility procedures" (*mobilità*), the aim of which is to facilitate re-entry into work. Workers "in mobility" receive supplementary benefit and are enrolled on a regional "mobility list" (*lista di mobilità*). The mobility list is compiled by the Regional Labour Office and approved by the Regional Employment Commission. The workers registered in this list are workers who have been dismissed for reasons of collective workforce reduction or redundancy. For workers who have been dismissed from enterprises eligible for special intervention from the wages guarantee fund, registration on the list confers entitlement to an availability allowance (*indennità di mobilità*) for a period that varies according to their age. In addition, Law No 223/1991 stipulates that every employer who is taking on new employees must reserve a 12 per cent of the hiring for workers registered on this list. Firms which hire personnel from the mobility list are granted tax concessions. A worker may be enrolled on the mobility list for a maximum period of one year. This period, however, may be renewed for a further year in the case of workers aged between 40 and 50, and for a further two years in the case of workers aged over 50. Allowance to registration in the mobility list is extended to workers in companies with at least 50 employees. However, Law No. 236/1993 also extended registration on the availability list to workers who have been dismissed from enterprises with fewer than 15 employees for a justifiable reason connected with the reduction or change of activity or work. These workers are not entitled to the availability allowance, but enjoy all the other benefits associated with registration (reserved quota for hiring, vocational training provision, etc.). Under the current economic crisis in Italy the shock absorbers are extended to workers in economic activities not covered by the standard shock absorbers, such as retail trade and tourism, as well as to project workers, temporary agency workers and apprentices. Project workers in particular become eligible for a one-off payment equal to 10% of their pay in the previous year if they have worked on a single contract basis in crisis sectors or regions for at least 3 months, without contribution being paid for at least 2 months. On 13 February 2009 the government signed an agreement with the regions to further strengthen the shock absorbers targeted at workers involved in the economic crisis. The national resources will be equal to 5.35 billion EUR, and the regions will contribute EUR 2.65 billion.

A further scheme widely used to handle the jobs crisis is *early retirement*. It was so prior to the reforms of the pensions system introduced by the Dini government in 1995 and by the Prodi Government in 1997, which applied more stringent rules. It is so also today under the current economic crisis.

In 2008 and early 2009 the Government adopted various temporary measures to provide some income security to workers likely to be hit by the recession through an increase of resources devoted to finance additional unemployment benefits further to those foreseen on a permanent basis under current legislation (so called *ammortizzatori in deroga*).

PROFILE AND NATURE OF THE SCHEME

The Wage Guarantee Fund (*Cassa Integrazione Guadagni*) is a special public fund used to protect workers' income for employees affected by redundancy. It is financed by companies and the state and administered by the National Institute of Social Insurance (*Istituto Nazionale per la Previdenza Sociale* - INPS). It was established by Act 788 of 1954, with a view to protecting the workers' earnings in the event the enterprise has difficulties. While initially it covered only industrial enterprises, its scope was progressively enlarged, so that it now also covers small building enterprises (as of 1963), agricultural enterprises (1972), the marketing sector of industrial enterprises in economic difficulties (1978), contracting catering companies in industrial enterprises in economic difficulties (1978), journalists in press and TV activities in economic difficulties (1993), employees in commercial enterprises with more than 200 employees (1991), some categories of self-employed workers (e.g. workers in workers' cooperatives), and in general other specific categories of workers in specific events such as natural disasters or regional or sectoral economic crisis.

In cases laid down by law, the Wage Guarantee Fund makes up the pay of employees affected by lay-offs or short-time work, up to 80 per cent of the lost pay. In industry, the Fund operates through two forms of intervention (ordinary and special), governed by a series of laws (i.e. Law No. 1115 of November 5, 1968; Law No. 164 of May 20, 1975; Law No. 675 of August 12, 1977; Law No. 223 of July 23, 1991, which greatly reduced the distinction between the two forms). The special form can be granted only to employees (workers and managers) of companies with at least 15 employees. Payments under ordinary intervention are granted by the National Institute of Social Insurance to workers who have been laid off or put on short-time working because of immediate circumstances which cannot be blamed either on the employer or on the employees, or because of temporary market situations. Payments under special intervention are granted by the Ministry of Labour and Social Insurance, on the advice of the "Inter-ministerial Industrial Policy Committee" (CIPI), to both blue-collar and white-collar workers who have been laid off (and to blue-collar workers put on short-time working) because of company reorganization, restructuring or conversion, or a company's economic difficulties that are of particular social importance as regards local employment.

A trade union information and consultation procedure, usually leading to a phase of bargaining, is a prior condition for the admissibility of an employer's request for the Fund's intervention. Devised originally as a means of temporary income protection for employees, in the expectation that the company and its employees would soon resume normal activity, the wage guarantee fund has gradually been extended even to cases in which there is no prospect of a return to the normal production and work pattern, so that it has in fact become a welfare instrument for the management of labour surpluses or overstaffing. Under the Law No. 223/1991, however, there was an attempt to restore the Fund to its original function of providing assistance during purely temporary labour surpluses. It imposed a rigid time-limit on eligibility for making up lost pay, and recourse to special availability-for-employment and workforce-reduction procedures in cases where the surplus is structural or there is no prospect of re-employing the surplus employees. This objective has only partially been achieved, because as a result of the serious and consequent economic crisis suffered by Italy from 1992 onwards. As a result, the legislators have intervened to modify the legal rules governing the Fund's operation, both extending the time-limit on eligibility for special intervention to make up pay and extending such eligibility to areas where it was formerly excluded. In particular, as above indicated special intervention is now also available to commercial enterprises with more than 50 employees, to artisanal enterprises whose main customers are enterprises experiencing serious economic difficulties, to agricultural and stock-rearing co-operatives and to catering and restaurant enterprises. The Fund also operates, under separate regulations similar to those governing its ordinary intervention, in the construction and agricultural sectors.

Operational functioning

The ordinary Wage Guarantee Fund (*Cassa Integrazione ordinaria*) operates mostly in cases of suspension or temporary reduction of activity or due to causes beyond the will of the enterprise or the workers. In the context of market fluctuations and economic crisis leading to restructuring and suspension of activity in the building industry due to bad weather, the special wage guarantee fund (*Cassa Integrazione Straordinaria*) will be applied.

Workers whose contracts of employment have been suspended on these grounds can be paid 80 per cent (sometimes up to 100 per cent) of their previous earnings within a prescribed ceiling (in 2009 it is 886 EUR per month; the ceiling is increased up to 1,065 EUR in case of monthly earnings which exceed 1,917 EUR per month). These amounts are reduced with the application of a percentage of 5,8%. Due to the current economic crisis, data from INPS point out the speedy increase in the use of both the ordinary and the special fund. Consequently, data from the INPS illustrate that there has been an increase in the spending for *Cassa Integrazione* in Italy since the last years. The total spending for the wage guarantee fund in 2009 amounts to 4.5 billion EUR which is more than half of the 6 billion EUR available from the government for general social spending. The ordinary wage guarantee fund's benefit amounts to 80 per cent of the wage for 13 weeks, possibly extended for up to one year (in disadvantaged areas of the country, the limit is extended to 24 months). The special wage guarantee fund's benefit is paid for a period ranging from one to two years. More specifically, this benefit can be paid for up to 12 months (in case of company crisis), 24 months in case of company, restructuring and business reconversion. The period of wage guarantee fund is included for the calculus of the social contributions with regard to the pension.

Industrial firms with more than 15 employees and large-scale retail companies with more than 200 employees, which are unable to re-employ suspended workers on conclusion of the special wage guarantee fund scheme, may begin collective dismissal procedures and register workers on availability lists. The mobility allowance varies from 80 per cent to 64 per cent of the wage for a period of between 12 and 48 months, according to the age of the worker and the geographical area.

The social partners play a minimal role in the system of social shock absorbers, the range and parameters of which are established by law. In particular, when firms place workers on the ordinary or special wage guarantee funds the law provides for prior consultation with the trade unions (at company or territorial level) in order to examine the program that the company intends to adopt, the number of workers involved in the measure, the criteria used to select the workers, and the possible rotation of workers in the event of temporary lay-offs. In case the redundancy or lay off covers workers in different productive units within a region (or different regions within the national territory) the request for the presentation of the program needs to be presented within three days after the communication of redundancy to the trade unions, to the regional or territorial labour office (members of these respective offices will also participate to the discussion together with the national (local) social partners) and the Labour Ministry. The consultation phase has lasts 25 days, reduced to 10 days for the companies with at least 50 employees. To benefit of the fund employees will need to present - within 25 days starting from the date they have received the last payment - an application to the Labour Ministry. In case of restructuring, re-organisation and business reconversion the application needs to be also presented to the territorial labour inspectorate. The general condition to be entitled to benefit of the fund is to have registered at the unemployment agency. For the special unemployment benefit it is to have been made redundant on grounds of cessation of activity, completion of work, cuts in personnel, recession etc.

Assessment and impact

Due to the heavy economic and financial crisis de use of the wage guarantee fund (special and ordinary) is steadily increased in Italy (since 2008). More particularly, in accordance to the most recent available INPS data in 2009 the use by companies of the ordinary fund increased by 409 per cent whereas the recourse to the special fund is increased by 90 per cent. The trade unions as well as *Confindustria* (the main employers' confederation) have expressed their concern with regards to the current economic situation and the high level of unemployment of 7.4 per cent in March 2009 (OECD, *Employment Outlook*, 2009) and strong inter-regional differences in this respect between the North (unemployment rate around 5%) and the South of Italy (unemployment rate around 21%).

Reform of the system of social shock absorbers has been on the agenda of all Italy's governments in the 1990s. The need for reform has also been expressed by the second Berlusconi government (2001-2005) in a White Paper (Law 30/2000). The White Paper foresaw a reform of the "social shock absorbers" - including the Wage Guarantee Fund – in order to make them act as employment incentives. The people who benefit from the social shock absorbers will have to "look for a job in an active way". The methods of such a search will have to be agreed upon with the public employment services. Recently, as the result of the current economic crisis the shock absorbers have been extended in Italy to workers in economic activities traditionally not covered by the standard shock absorbers, such as retail trade and tourism as well as project workers, temporary agency workers and apprentices. Project workers, in particular, will be eligible for a one-off payment equal to 10 per cent of their pay in the previous year if they have worked on a single-contract basis in crisis sectors or regions for at least three months, without contributions being paid for at least two months.

3.3 FOCUS TRAINING: IMPROVING TRANSITION CAPACITIES BY TRAINING AND SKILLS

Netherlands, Denmark, Italy, Ireland, Poland, Romania, Bulgaria, Latvia, Spain

OVERVIEW

Scheme/Fund	Year of Establishment	Main beneficiaries	Legal Source, Type of mechanism, scheme	Status of Worker	Type of support	Company Co-Financing
Sectoral Training Fund (NL)	1980s	Workers	Collective Agreement at sector/ level	Employed	Further training	Yes
Competence Development Fund for Industry (DK)	2005	Workers	Collective Agreements at sectoral level	Employed	Further training	Yes
Joint inter-sectoral Training Fund (IT)	2000	Unskilled workers	Social Partner Agreement	Employed	Further training	Yes
Skillsnet Scheme (IE)	1999	Workers and managers	Enterprise inspired initiative	Employed	Training	Yes
Enterprise Training Fund (PL)	2004	Workers threatened by dissmissals, since 2009 all workers	Labour Law	Employed	Further training	Yes
Enterprise Training Fund (RO)	2002	Workers	Labour Law	Employed	Further training	Yes
Training Vouchers (BG)	2009	Workers	Labour Law	Employed	Further training	Yes
Training and Re-training programme (LV)	2004	Workers threatened by redundancy	Labour Law	Employed	Further training, re-training	Yes
Occupational Observatories (ES)	2005	Enterprises and industries	Tripartite Agreement	Employed	Further training	Yes

NETHERLANDS: SECTORAL TRAINING FUND

Employee training in the Netherlands is typically regulated through industry and company collective agreements. Industry-level training policy, and with it training funds, arose in the early-1980s when high youth unemployment rates threatened apprenticeship programmes in many industries.

Intensified relationships between sectoral employers' associations and unions led to an increase of training stipulations in collective agreements and the establishment of jointly managed training funds in the course of the 1980s and 1990s. Training stipulations in collective agreements produce training entitlements for both members and non-union members. At the request of one or more signatory parties, the Ministry of Social Affairs and Employment may decide to extend a collective agreement's applicability to an entire industry, thereby binding all employers and employees in the industry. More than 1000 collective agreements are effective in the Netherlands, covering 6 million workers. Another 800,000 employees are covered after extension of industry-level agreements.

Generally, a firm and individual employee purchase required (or desired) training from vendors, after which the costs are reimbursed through the industry (or company) training fund. Such funds are usually financed through employer contributions as a share of total wages and are jointly administered by unions and management representatives. Around 40 percent of all workers are covered by a training fund. Training provision by small firms (with fewer than 50 employees) is lower than in large firms.

Sectoral Training Fund *Onderwijs en Ontwikkeling* (O&O) can be divided into Scholingsfondsen (training funds) and *Opleidingsfondsen* (education funds). The majority of the funds finance both industry-specific training and training that can be used outside the own industry. Training funds are primarily spent on further training (Euro 250 million, or 43 percent of total funds expenditures) and youth apprenticeships (Euro 80 million or 13 percent).

The training funds are sector-based funds financed by contributions of individual companies, belonging to a sector, on their gross wage bill. They are focused on training and education of the employed. In this respect they play an invaluable role in increasing the resources devoted to training. Employed education funds are sector-exceeding funds (i.e. set up from cooperation from different sectors) and government funds which focus on indirect promotion of training. They are financed mostly from national public finances and European subsidies (ESF). However, training funds are also now able to apply for an ESF subsidy as well as educational funds. Sectoral training funds activities sometimes require training to be jointly financed and can also attract additional public resources. They usually cover not only direct training costs but they also support indirect costs to upgrade and re-skill sector employees (and occasionally managers and employers). Sectoral training fund they also carry out a wide range of other training related activities, such as company training plans and evaluation of training needs. Although training funds usually fund training according to employers' needs, individual employees can request support for training-related activities, independent of enterprises' interests, for personal development or to improve their job prospects.

DENMARK: COMPETENCE DEVELOPMENT FUNDS

Recent collective agreements support a dynamic labour market with ongoing upgrading of skills either in the same enterprise or at another enterprise. According to the agreement an education course may be taken at the request of the enterprise or as part of an education plan made in the enterprise. Employees with nine months' seniority in the enterprise are entitled to full pay (often for two weeks per year). The enterprises pay salary and any public training fees are paid by the enterprise. In addition, the individual employee is entitled to two weeks' education by choice with an allowance of up to 85 per cent of ordinary pay under the collective agreement. In order to receive compensation for loss of earnings the training must fall within the area of the sector and the collective agreement. In addition, the individual employee is entitled to participate in an individual clarification of competences course. This course may include setting up a plan for the employee's development to obtain a skill level within the area of the collective agreement. This may include a test of the employee's reading, writing and arithmetic abilities and efforts aimed at eliminating identified skill deficiencies. The employee continues to receive normal pay during these courses.

The 2007 agreement between the social partners in industry (which will affect about 250,000 employees and covers a three-year period) contains a number of significant changes with regard to these issues, in particular in terms of further and more robust access to continuing training. This is seen as a crucial instrument in boosting Danish company competitiveness. The agreement provides for the establishment of a *Competence Development Fund* for Industry to which employers will contribute €35 per employee per week, increasing to €70 over the agreement period. These funds will be used to finance the employees' wages while they complete two weeks of continuing training.[18]

A number of sectoral collective agreements and the cooperation agreement between LO and DA also aim to improve efforts by enterprises in the area of the employability of older workers by establishing a framework "senior's agreement" which may be concluded between the individual employee and the enterprise. In some areas specific proposals have been formulated on the terms that should be included in an older person's employment contract.

In this context the so called "*Free Choice Accounts*" should also be mentioned. They have been included in several recent collective agreements. A special savings account or Free Choice Account may be set up for the individual employee. The establishment of this special savings/Free Choice Account varies from one collective agreement area to another. In 2010 many schemes will include up to 7.5% of the employee's pay. A compulsory contribution of 1% and more will need to be made and in addition special holiday pay of up to 4% will be discontinued. The individual employee may chose to refrain from taking the five special days off in exchange for having 2.5% of pay set aside in the account. The employees may in a number of schemes choose to have the deposit paid in connection with leisure time, to have the deposit transferred as extraordinary pension contributions, and to transfer the deposit to the subsequent holiday year.

ITALY: SECTORAL TRAINING FUND

Within the Italian training schemes the "*Sectoral Training Fund*" (*Fondi paritetici interprofessionali per la formazione continua* or Joint inter-professional funds for continuing training") is an important mechanism. These funds are promoted by the national social partner's representatives through specific inter-professional agreements. Inter-professional training funds can cover specific economic sectors (e.g. agriculture, manufacturing, tertiary and handcraft), as well as different sectors at the same time or specific occupations (e.g. managers). The main aim of the inter-professional training funds in Italy is to promote continuing training activities among Italian enterprises, with the ultimate goal of increasing Italian human capital value both in the workers' and in the enterprises' interests. This is done by financing (entirely or partially) the *piani formativi* (training plans) which can be for individual enterprises, also with a territorial and sectoral scope, as well as for individual workers. The Italian inter-professional training funds support training plans at enterprise, sector, territorial (for an industrial district) or individual employee basis.

At present there exist almost 14 inter-professional funds. The specific enterprise target of each fund is linked to the organisations involved in their foundation. The three major Italian trade unions confederations (CGIL, CISL and UIL) are involved in some of the existing inter-professional funds. The role of the social partners is crucial, as their training funds are founded, controlled and managed by social partners on a joint basis.

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Inter-professional training funds are instituted by the Finance Law 388/2000 and have to be authorized by the Ministry of Labour and Social Policies by a specific decree. The 2000 Finance Law (388/00) radically changed the funding of continuing vocational training. By applying Article 17 of law

[18] See: http://www.eurofound.europa.eu/eiro/2007/03/articles/dk0703019i.htm

196/97 (the so-called 'Treu law'), and based on the provisions of the tripartite Pact for employment of September 1996, Article 118 of the 2000 Finance Law established the possibility for employers' organisations and the most representative trade unions at national level to set up funds to manage training contributions made by enterprises. Enterprises may choose whether to join these new inter-sectoral funds or not. Under the terms of the law, inter-sectoral funds can be set up in four areas of the economy: industry, agriculture, the services/tertiary sector and artisanal production. The funds are classified as 'juridical subjects of an associative nature' (*soggetti giuridici di natura associativa*) under the direct control of the Ministry of Labour. They can be used to finance continuing vocational training projects at company, sectoral and territorial level. The fund will cover 100% of the cost of projects in depressed areas and 50% in other areas. National funds can also act at regional or local level through agreement between the social partners.

Intersectoral continuing training funds in Italy represent an important initiative taken jointly by the social partners to address the problematic of company restructuring and improve the situation of unskilled workers in terms and among the other things of training, employability etc. As a consequence, employers must allocate 0.30% of the social security contributions paid to the National Institute for Social Insurance (*Istituto nazionale di previdenza sociale, INPS*), the so-called compulsory contribution for involuntary unemployment (*contributo obbligatorio per la disoccupazione involontaria)*, to workforce training. The common objective of the funds is to promote and finance vocational training programmes at company level - for individual enterprises or for groups where there has been an agreement between the social partners to that effect - and at territorial, sectoral and regional levels. The funds may also finance vocational training programmes that involve workers in enterprises operating in more than one region or on a national scale. The geographical distribution of participation is still overbalanced towards the North and Centre of Italy.

Each fund has adopted a set of rules and regulations which governs its functioning. The common objective of the funds is to promote and finance vocational training programmes at company level - for individual enterprises or for groups where there has been an agreement between the social partners to that effect - and at territorial, sectoral and regional levels. The funds may also finance vocational training programmes which involve workers in enterprises operating in more than one region or that are distributed on a national scale. The resources of each fund go to the employees of the participating, fee-paying enterprises. Each fund must place the resources received from INPS into separately managed accounts: one to finance the running of the fund itself (fixed at an annual percentage which differs from fund to fund, but which is not more than 8% of the total resources); and one for the financing of the vocational training projects.

At territorial level, in order to deal with increasingly frequent processes of re-organisation and relocation of manufacturing firms in North-Eastern Italy, local authorities and the social partners have promoted the organisation of re-skilling and training courses for workers involved in restructuring plans, support and counseling services, and more generally services intended to seeking to reconcile the economic needs of firms with the personal needs of workers.

OPERATIONAL FUNCTIONING

The Italian inter-professional training funds support training plans at enterprise, sector, territorial (for an industrial district) or individual employee basis. The procedure necessary to set up inter-sectoral continuing training funds has two steps: (1) a first stage involving the most representative organisations at national level of employers and workers. These must conclude an inter-confederal agreement which sets the objectives of the fund and establishes the rules and regulations; and (2) once set up by agreement, the fund must receive official recognition from the Ministry of Labour in order to start operating. After having been approved by the Ministry, INPS will make the due payments to the new fund.

Periodically, each fund issues several public calls presenting proposals for training plans. These are financed according to a programme developed by each fund for a 2 year period which identifies the training priorities for the fund in the coming 2 years. These public calls are extensively advertised to possible users via mail, Internet, advertising, the Italian Official Gazette etc. according to each training fund's criteria and including guidelines on the type of projects to be financed; eligibility criteria may change depending on the specific public call and training fund. Enterprises either alone or in groups, sometimes with the cooperation of external agents such as universities or technical schools, connected with the fund, may apply for projects. In all cases, the inter-professional fund only support training plans (either at enterprises, sector or territorial level) that have been previously agreed between social partners. If the firm has trade union representatives they are entitled to approve, otherwise the responsibility shifts to a superior level; this is usually a trade union representative at area level. Since each trade union and the major employers' association *Confindustria* has founded their own training institutions, the mechanism favours (unofficially) these institutions. It is worth noting that some Italian inter-professional training funds and training institutions provide assistance to enterprises (e.g. for drafting the training plans).

The projects are recorded by order of arrival. Presented training plan projects have to comply with the training fund's main guidelines in terms of objectives and administrative procedures, as shown in the public calls. The proposed training plan projects are then analysed by a Committee, which proposes a list of the approved projects. This list is then submitted to the board of directors for their financial approval. Enterprises approved have to write a report on the training activities within 60 days from their conclusion to receive the financing in the following 30 days. Sometimes advance payments are provided. Support training topics can be wide ranging, including core specific sector-skills and competences (for just one specific sector in just one region) or horizontal competences that can apply to different sectors in different regions. The training fund monitors the actual training carried out according to the guidelines established by the fund's governing bodies. If the training does not match the approved project, the fund may recall the participants to correct the activity or even withdraw the resources assigned, in the case of advance payments. The inter-professional training funds may also support other activities such as pilot courses or preparatory activities for identifying training needs, improvement of existing training supply or definition of curricula. Such activities have been conducted, among others, by *Fondirigenti, Fondimpresa* and *Fondo Artigianato Formazione*.

A director, nominated by the board of directors, is responsible for the functioning of the funds. The applications for funding of vocational training projects must be sent directly to the head office of the fund or through the relevant employers' or trade union organisations. The projects are to be evaluated by a technical team set up at the fund, which must check that all the necessary requirements have been respected. The team must also take into consideration the priorities established by the fund and judge whether or not projects should be funded. The technical teams have yet to be set up, but will comprise experts in vocational training. For the tertiary sector fund, which includes enterprises from many different areas, the four sectional committees (see above) will evaluate the projects for their specific area. Once accepted, a project must be approved by the board of directors, which will then grant the requested payment. The cost of the projects financed for each region must be proportional to the payments into the fund from the enterprises in the region in question. However, each fund, while taking into consideration this stipulation, has the possibility to distribute its resources more equally on a national scale. They must take into consideration the economic situation in Italy, which varies greatly from region to region. The risk is that only the enterprises located in rich regions with a strong interest in vocational training might make use of the resources available. To avoid this eventuality and encourage enterprises from the South to take a more positive approach to vocational training, the funds have established that a percentage of their total resources can be used to reduce this disparity between regions. This percentage varies, depending on the individual fund, from 5% (tertiary sector fund) to 20% (cooperative fund). As mentioned above, funds can also act at regional or territorial level, In this case, certain funds, such as that covering *Confindustria* affiliates, will be able to utilise existing bilateral regional structures.

The inter-professional joint funds manage resources of an estimated 360-400 million EUR per year dedicated to supporting the training programmes proposed by businesses participating in the funds. According to the last available data, the total financial resources transferred to the Italian training funds until September 2006 amounts to Euro 750 million. The INPS contribution are linked to the enterprises subscription and so to the employees linked to them.

As of July 2008, around 482,000 firms were participating for total of 6.2 million workers. The training activities financed in this manner involved 580,000 workers and around 30,000 businesses from January 2004 to 30 June 2007. The volume of total activity as of 30 June 2008 had reached around 6,800 training plans, with involvement of 40,000 firms and 850,000 workers.

ASSESSMENT AND IMPACT

Italy belongs to those EU member states with a relatively low level of educational qualifications and low birth rate. In the next 10 years the number of young people of working age will diminish by 20%. Italy must, like in all European countries, raise the retirement age in order to keep the national pension scheme in equilibrium. Continuing vocational training is, therefore, fundamental in adapting the professional skills of workers, in line with technical and innovative changes in the world of work, through the introduction of a system of life-long learning which will enable workers to continue working as long as possible. On of the success factor of this new fund is to allow an increase in the number of workers who participate in training. Moreover, the direct involvement of the social partners in the management of vocational training act as a significant vehicle for increasing their role in the management of the labour market.

One of the main limits of the fund consists in the fact some funds are not particularly good in integrating groups of micro and small enterprises in each training plan, which results in a low number of enterprises per plan and a low number of employees per plan. The beneficiaries of training funds are the enterprises participating in training plans and employees working in these enterprises. However, women may be represented not very well because of their low level of participation to the labour market in Italy. The inclusion of temporary workers into the fund depends on the period they have been working in the enterprise (usually 9 months). The fund is also concentrated on middle-age employees (older and young workers potentially tend to be excluded).

IRELAND: SKILLNETS

Skillnets is an enterprise-led body set up in April 1999 to provide companies with new opportunities to develop relevant, effective answers to their training and development needs. The Skillnets Board includes representatives of the employer bodies Irish Business & Employers Confederation, Chambers Ireland, Construction Industry Federation, Small Firms Association as well as representatives of employee bodies through the Irish Congress of Trade Unions and also representatives of the Minister for Enterprise, Trade and Employment. Skillnets is responsible for the operation of the “Training Networks Programme”. The first programme took place from 1999-2002 and a result of the success of this initiative, Skillnets was given a further mandate to continue the programme for the period 2002-2005. In 2005 the Minister for Enterprise, Trade and Employment announced a new mandate for Skillnets which made available a €55 million fund for industry training over the next 5 years (2005-2010).

The Skillnets approach has stimulated a new impetus of enterprise training promoted by key industry bodies, leading companies, trade unions and HR managers. Through their member networks, 32 industry federations, chambers of commerce and trade unions have promoted, championed and led training awareness and activities. In each network champions of workplace training have joined steering groups and supported and encouraged other enterprises to participate in the process. This leadership by industry has been one of the most important and effective key success factors of the Training Networks Programme and has been key to the uptake of training within the 43,000 companies involved. To date over 200,000 employees have benefited from Skillnets training. Networks are self-selecting and guided by a commonality of need. Decision-making is devolved to the level of the industry group or other network grouping so as to maximize enterprise involvement in all aspects of delivery. Funding for training is based on co-investment by enterprises and Skillnets. A high level of dialogue, linkages and partnerships between and across organisations has taken place with Skillnets as a facilitator and enabler of the processes.

Skillsnet's strategic agenda

There are four main areas, or strategic pillars, under which Skillnets supports its networks.

PILLAR 1 - *Driving Skills Strategies through Sectors and Partnerships*: The primary focus of this pillar is on enhancing skills and achieving best practice competence within industries and sectors. This pillar supports enterprises in any economic area to lead sector skills development. This may involve sector based partnerships for training between employees and enterprise, enterprises and enterprises, and between enterprises and others engaged in the world of learning.

PILLAR 2 -. *Growing the Skills Base*: The aim of this pillar is to foster the development of new and higher levels of knowledge, skills and competence across the workforce. This supports life-long learning for employees as well as increasing the competitiveness of companies in a rapidly changing and increasingly knowledge based economy. This pillar enables employees at all levels within enterprises to move 'One Step Up' to raising their skill and employability options. This pillar is guided by four themes:

- *Facilitating Access to Learning and Adaptability* - supporting training networks focused on workers with low basic skills, those at risk of becoming unemployed in areas of the economy encountering rapid change, workers in declining sectors, non-national employees, part-time, female and older workers.
- *Building Management Capacity in SMEs* – supporting learning activity within networks of SMEs and micro enterprises to develop the leadership, management and operational capacity of owner-managers and other key staff in those enterprises.
- *Increasing Adaptability of Workers to the Knowledge Economy* – supporting companies and workers to implement training activity focused on helping workers to adapt to technological change and respond effectively to the challenges of the knowledge economy.
- *Adopting Advanced Business Practices for Increased Productivity* – supporting training networks to implement leadership and organisational development, change management programmes in enterprises and to develop related skills, e.g. team-working, gain sharing, communications, diversity/equality, computer integrated manufacturing, business awareness, sales and marketing, product development, cost reduction programmes.

PILLAR 3 – *"Developing Local Learning Responses"*: This pillar supports training networks with a local or regional focus to implement training aimed at reducing the relative disadvantage in current provision at local level. This action encourages the development of training networks to liaise with local bodies, training providers, educational establishments and regional agencies at local level.

PILLAR 4 – *"Growing the Skills Base"*: This is a practice development strand which aims to develop, transfer and promote best training and development practice across enterprises engaged in networks. This pillar is not focused on the 'output' element of the network strategies (i.e. the skills,knowledge and competencies of trainee groups and enterprises). Instead it is looking at the 'processes' by which enterprise learning is identified, developed, delivered, evaluated and integrated within the overall business development system of firms.

The Skillnets approach is built around training networks (which are called "Skillnets") where companies get together to decide what training they want, how it will be delivered and who will deliver it. The approach is particularly relevant to SME's, which can often lack the expertise, time or money to deliver effective training policies. The 2008 Skillnets figures show, that SME's accounted for 95% of the total number of companies funded with 63% of the total number of companies being micro companies (<9 employees). 13% of all trainees were owner-managers. By forming training networks, SME's have buying power – often for the first time – and this allows them to tell trainers what they want instead of having to send their staff on courses more relevant to large companies. The cost for each company in the network is greatly reduced and these companies are provided with expert staff and advisors to facilitate them in choosing the training that is best for their business.

OPERATIONAL FUNCTIONING

Skillnets acts as the facilitator to the establishment of self selecting networks of enterprises based on common need. The funding for training is partly from the state (around two thirds) and partly from the individual companies. Skillnets programme managers coordinate the activities and support the decentralised networking groups. The range and diversity of the network structure is very broad (see textbox). Training is undertaken in sectors as wide ranging as agriculture, design, technology, construction, food and drink, hospitality, manufacturing, space, radio, renewable energy, responsible tourism and childcare.

Skillnets focuses in particular on facilitating networks to engage SMEs in the training process. SMEs accounted for 95% (≤250 employees) of the total number of companies funded by Skillnets with 63% of the total number being micro companies (<10 employees). The percentage of member companies with less than 50 employees increased from 79% in 2006 and 81% the following year, to 85% in 2008. 13% of all Skillnets trainees were owner-managers, with 24% in the manager supervisory category. Skillnets has noted that there is a preference for enterprises (managers and workers in partnership) to identify and decide priorities and address training needs at sector level. The leadership of sector bodies and trade unions, the transfer of knowledge between large and small companies within a sector context, the identification of sector champions, the development of career paths, the emergence of sector specific standards and certification are among the most pronounced features of the Skillnets experience.

ASSESSMENT AND IMPACT

2008 saw the commencement of the Training Networks Programme (TNP) 2008-2009 whose annual budget had been raised to €26.5m for 2008. This extra funding broadened the programme application base and 123 training networks were approved. In numbers terms 123 training networks spent €36.5m (€25m invested by Skillnets and €11.5m cash invested by member companies). 22,724 companies were involved in training 56,126 people and delivering over 200,000 training days.

Skillnets produce a range of quantitative and qualitative data on the performance of the programme including annual participant surveys. Over 6,000 companies responded to the 2008 member company satisfaction survey, an increase of 3,500 from 2007:

- 85% of companies stated that their training network delivered lower cost training than available alternatives;
- 93% stated they would recommend becoming a member of a training network to other companies;
- 46% of companies stated that their participation in their Skillnets training network had created new business partnerships, with 61% reporting key business contacts generated;
- Companies stated that participation in their Skillnets training network had a positive impact on levels of customer satisfaction (78%) and employee morale (83%);
- 77% of companies stated that staff training had increased from their membership of a network with a further 82% stating that they could now avail of training that would not have been otherwise available;

Skillnets also place strong emphasis on the evaluation of all learning activity. This evaluation determines if training objectives were met, demonstrates and validates the benefits of the learning activity, helps to improve course design, the selection of training methods and providers, and to justify the costs. Evaluation occurs at both an external and internal level. Each network is obliged to engage an independent external evaluator, whose remit is to provide an independent review of the network performance against their contracted targets and outputs, including the provision of an annual report. In addition, all networks are obliged to submit quarterly reports throughout the year and an interim programme End of Year Report detailing their financial & activity performance, including the evaluation of training.

POLAND: ENTERPRISE TRAINING FUND

In Poland, as in many other new member states in Central and Eastern Europe, the economic and social fundamental changes that accompanied the transition from communism to liberal market orientated economies are still the major historical background of employment policy. In particular the experience of large scale restructuring and redundancies was an important cause of more active employment support measures. The concept of employment and professional transition in this context is a rather new concept, largely influenced by European policy frameworks and the EES.

In Poland, the privatization process of the early 1990s has triggered restructuring processes which resulted in collective dismissals. The aim of the used instruments (i.e. unemployment benefit, early pension schemes, disability pension treated as "alternative" to unemployment benefit or early pension scheme) was to cope with rising unemployment rather than propose long-term solutions aimed at professional qualifications of the dismissed employees. This approach is still reflected in the allocation of the Labour Fund to finance labour market policy. The biggest part of the Labour Fund (*Fundusz Pracy*) is spent on combating unemployment.[19]

Despite the fact that there are not any deeply rooted schemes and funds in Poland aimed at reconversion of professional transition, there are two types of activities that realize this goal: enterprise training fund and paid training leave[20] and outplacement services. The Act was amended in 2009 and now it stipulates that training fund can be used to finance training for all workers.

Another instrument relevant in that context of reconversion and professional requalification are outplacement services provided by employers. This instrument enriched compensation packages that were granted by employers to the dismissed workers with additional services going beyond financial compensation. Requirement to provide outplacement services is not a subject to any legislative act that would impose on employers' obligation to offer such services to the dismissed workers. It is at the discretion of an employer to provide and finance outplacement services. Therefore, it is more likely that outplacement is introduced in bigger companies with active trade unions as well as in case of big restructuring processes. The most popular practice is that outplacement is delivered by an external consultant/-s - both private consulting agencies and NGOs can be service vendors. Outplacement services include such initiatives as: professional career guidance and counselling, training programs and assistance to start ups – counselling or coaching for these employees who have decided to set up their own businesses.

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[19] In 2008 the distribution of the Labour Fund was the following: unemployment benefits – 35%; activation benefits – 2%; integration benefits – 2,%; active forms of combating unemployment – 52,6%; remuneration, contributions, benefits– 5,8%; remaining expenditure – 5,8%; investment – 0,8%.

[20] According to a legislative act in 2004, employees have a right to go on paid training leave. Employer may engage unemployed persons directed by the poviat labour office to temporarily replace employee on paid training leave. Employer may receive reimbursement from the poviat labour office, provided that he sends employee to training course lasting at least 22 days and guarantees him paid training leave. Training costs can be reimbursed up to 80% of the average salary as well as salary costs of the person directed by poviat labour office to replace employee being on the training leave – up to 40% of the average salary. Received support is classified as public aid. All employees can profit from this instrument.

Recently, important changes relating to the redundant workers have been implemented in Poland – the introduction of "monitored dismissals". The legislation impose the obligation on employer intending to dismiss at least 50 employees (or more) within the period of 3 months firstly to agree with poviat labour office ((*Powiatowy Urząd Pracy*, PUP)[21]) and inform them about his plans as well as provide some services to redundant workers (theoretically it can be done in cooperation with PUP). The following employees are included in this category: those, who are to be dismissed or who have been given notice or those who have been dismissed up to 6 months earlier. The services include counselling and guidance or special training programs. The employer pays the training benefit equal to the remuneration of the employee, but no more than 200% of the minimum wage. At the same time PUP refunds a part of the social security contributions paid by the employer. This regulation, however, does not apply to employees being subject of collective dismissals.

It is worth noting that employees – in case of collective dismissals – had been entitled to severance pay and often individual compensation packages on the top of it. A dismissed employee is entitled to individual compensation package only when employment contract was terminated on the basis of mutual agreement, usually within the framework of voluntary leave programs. It is an instrument of a pure financial nature and does not guarantee any training and retraining provisions[22].

Profile and nature of the scheme

Enterprise training fund is a scheme aimed at supporting vocational training in the enterprises in all sectors. It is not an obligatory instrument. The fund can be used to finance and co-finance training courses (it is not defined what training courses and what criteria are used to recruit participants); later the training costs can be reimbursed from the Labour Fund and/or the ESF. It is one of the instruments of the active labour market policy in Poland, yet not very widely known and used by the entrepreneurs.

Enterprise training fund was introduced on the basis of the Act of 20 April 2004 on employment promotion and labour market institutions. At the beginning the fund was oriented towards financing training for employees threatened with dismissals – they were entitled to participation in the specialist training and employer could receive partial reimbursement of the costs (up to 50%). In practice, enterprise hardly ever set up training funds as they prefer to finance training programs from training budgets, which were much more flexible and could be easily reduced in case of economic difficulties.

Operational functioning

Enterprises training fund is aimed at financing or co-financing vocational training costs of employer and employees. It can be created by more than one employer on the basis of the agreement between them (hardly ever being the practice). Creation of training fund as well as its functioning and liquidation is regulated by the collective agreement or training fund regulation. Employees may also profit from paid training leave and employer may temporarily replace them with unemployed persons directed by the poviat labour office. Employer, who created a training fund in his enterprise and who wants to have the costs refunded, concludes an agreement with an employee directed to the training course and submits a claim to the poviat labour office to sign "the agreement on

[21] "Poviat" is an entity of public administration on the district (intermediate) level. Poviats consist of counties (local level) and form voivodeships (regional level).

[22] Individual compensation packages were calculated using different methods: between 2001 -2004 it was a lump sum, in average 50 000-60 000 PLN (11 440 – 137 30 EUR); since 2005 compensation package value has been calculated as multiplication of the monthly salary: minimum being 12 and maximum being 31 salaries.

reimbursement". The reimbursement concerns also costs of the salary of the person covering for worker currently on training leave.

Enterprise training fund can partially reimburse cost of training courses borne by employer. The district office head (*starosta*) may reimburse employee training costs: up to 50%, but no more than the minimum wage or up to 80% but no more than 300% of the minimum wage in case of people aged 45+. The refund is made from the sources of the Labour Fund.

Employer may receive further reimbursement from the district office head (*starosta*) provided that he directed employee to the training course of a duration of a minimum 22 days (equal to his/her working time) and sent him/her to the paid training leave. Reimbursement covers training course costs of the employee – up to 80% of the average remuneration as well as salary costs of the person directed by the poviat labour office to cover for employee being on training leave – up to 40% of the average remuneration. The received support is counted as public support for training initiatives.

Training fund is financed mainly from the contributions of the employers, according to the collective agreement or training fund regulations – it constitutes no less than 0.25% of the payroll budget. It may be financed also from other sources, but they are not strictly indicated in the respective act of law. Following sources can be recognized as the "other ones": other sources of the employer distributed to the Fund, grants from local governments or other entities, donations from legal persons, funds received from different sorts of support programs financed either by the state budget of international sources (ESF).

Assessment and impact

The main problem with this instrument is its voluntary character. Public statistics do not contain any information on the use of training funds by employers and the only accessible information comes from the research conducted by the Ministry of Social Policy in 2006. According to this research, there are very few employers interested in creating training funds (12.9% respondents declared they created a training fund, 4.2% said they created enterprise training fund). The smashing majority (85%) did not have any kind of training fund. In addition to that the majority of those which created enterprise training fund had done it before the introduction of the above mentioned law. There are hardly any enterprises which make agreements to create common training fund(-s). It is hard to say now how the recent changes of this instrument influenced on its application - important changes have been introduced by the "anti-crisis package"[23] (expenditures on the training programs financed by the training funds can be counted as tax-deductible costs) and have been in force only since the end of August 2009. Till now district (poviat) labour offices, to which claims for reimbursement of training costs are submitted, have not observed increase in its usage or increasing interest.

Romania: Enterprise Training Fund

In Romania, until 2003 active labour market policy was focussed mostly on fighting unemployment. Since then, the share of active measures in the overall expenses of the unemployment insurance budget has increased to 20% and this level is maintained at present. But at the same time the share of active measures in the gross domestic product has decreased and its level is very low (0,05%) when compared to the EU average[24]. However, there is a legal and institutional framework as well as

[23] "Anti-crisis package" is a legislative act aiming at securing employment in the situation of the economic crisis. Its content was proposed by the Polish social partners, and was adopted by the government at the beginning of July 2009 in a form of a legislative act.

[24] Spending on vocational training in 2007 was only 1,7% of the unemployment fund budget and 2% in 2008 (Source: ANOFM report for 2007 and 2008).

some initiatives and measures related to training and professional transition in Romania that is worth to be presented here, in particular the "*Enterprise Training Fund*".

PROFILE AND NATURE OF THE SCHEME

Enterprise Training Fund (ETF) is a public fund (part of the unemployment fund), aimed at preventing unemployment and maintaining existing jobs. Its specific objective is to increase and diversify the employees' professional competences; they have to be employees of the enterprises eligible for the scheme. The scheme is focused mainly on internal training and retraining programs, but it can also be used as means of "professional transition" in case employee acquires a different job inside the company, after the training is completed.

ETF was established in 2002 after Law 76 (regarding the unemployment fund and stimulation of employment) was implemented. Although Law 76 does not specify the connection between ETF and social dialogue, yet there is an indirect connection to the legal provision stipulating that the approval of the company programme by National Employment Agency (ANOFM)[25] depends on the existence of an annual professional training plan. Labour code stipulates the employer is bound to elaborate professional training plans annually after consultations with the trade union, if that be the case, or, if no trade union is involved, after consultations with the employees' representatives. The professional training plan is written into the provisions of the Company Collective Agreement, and the employees have the legal right to be informed about its provisions.

Romania: Training and job transition in private restructuring cases
As regards private actors, the projects of training measures during restructuring are very rare. There are, however, two examples of relevant programmes (outplacement services): *Dacia Renault Group* and *OMV Petrom*. Both programmes were designed and implemented almost exclusively by the management of the respective companies in cooperation with trade unions. In both cases "Centres of professional transition" were set up for the workers that are affected by restructuring processes. These centres provide services for placement, professional orientation and counselling and, where possible, the workers are sent to professional training courses. The companies interacted with ANOFM as well as with the local authorities. ANOFM report for 2008 states the agreement concluded with OMV Petrom to set up 15 professional transition centres. However, in practice ANOFM contribution to these programmes was rather limited. The services that were accessed through ANOFM were, to the great extent, related to public outplacement and were limited only to information regarding legal provisions and opportunities on the labour market. Apart from these schemes that are directly addressed to companies, ANOFM developed its own network of services for the labour market, through its 42 county employment agencies (AJOFM). The employment and professional training programs are organized by AJOFM through the respective County Centres for Professional Training (CJFP), the Regional Centres for Adult Professional Training (CRFPA) and through the authorized professional training providers, being certified as stated by law. The employment and professional training programs are mainly available for the unemployed, but also employees or jobseekers can benefit from them.

OPERATIONAL FUNCTIONING

The enterprise training fund is available to all companies that want to train their employees – regardless the nature of the training, retraining or professional transition. It may be used by companies during restructuring, but, the case being, it is applicable only for the employees remaining at the company ("survivals" of a restructuring process). In addition to that, the company accessing this fund may not dismiss the trained employees for 3 years since training completion.

[25] ANOFM is the Romanian public institution that manages the unemployment insurance fund (Public Employment Service). The Agency has a three-party character – it is managed by a board of directors made up of 5 representatives each from the Government, the Employers' Associations and the Trade Unions that are representative at national level.

Every year the ANOFM shall establish and administrate the ETF within a minimum of 15% of the training budget. The employers may receive partial reimbursement (50%) of the training program costs provided they fulfil some requirements related to the training itself as well as the situation of the enterprise. Firstly, the program proposed by the employer should not involve more than 20% of its personnel and must be a part of the annual training plan of the applicant. Secondly, applicants may not be bankrupt, must have no debts to the state budget or social security budget and must have fulfilled the ETF requirement for the past years. Moreover, the applicant should have a contract signed with a well established and authorized by the state professional training provider. The applications are evaluated by the committees at the level of each of the county employment agencies (AJOFM). The committees shall consist of 5 members. The applicant shall receive the admission/rejection decision. This decision may be taken to the court within 30 days since its communication date, in case the applicant does not agree with the decision taken by AJOFM. In the case of companies approved for financing, AJOFM shall sign a contract in a form included in the Annex to the Application norms for Law 76/2002.

Assessment and impact

Annual reports of ANOFM published the number of training programs and the number of trainees subsidised by the unemployment insurance fund. The figures for the last three years are shown it the table below:

Results	2006	2007	2008
Total number of subsidised programs	2422	2486	2400
Number of subsidised ETF programs	121	137	127
Total number of subsidised trainees	46681	46999	43915
Number of participants to ETF programs	2660	2800	2610

Although the ETF seems to be a useful tool to develop employees' competences and enhance their employability, this scheme is very rarely used by the companies in practice. Every year ANOFM reports reveal the failure to use the Fund to its full potential. ANOFM Report for 2008, for instance, shows the achievement of only 40% of the figure of the planned total number of beneficiaries. Those 2 610 participants as of 2008 represent only 6% of the total of 43 915 persons that having benefited from subsidized courses. Moreover, very few employers fulfil required conditions to become eligible and, most often, the first problem are overdue payments to the state budget or to the social insurance budgets. In rare situations when a company fulfils all the conditions, it should assess whether it agrees to maintain training course graduates as employees for a period of minimum 3 years from course completion. This condition affects the flexibility of human resources policies of the respective companies.

Although Law 76 sets the criteria that the budget allocation for ETF should be minimum 16% of the training courses cost, due to the failure to implement the planned programmes, adjustments to reduce this amount take place every year - in 2007 the initially budgeted funds reached 6 397 000 RON, while only an amount of 540 000 RON remained after such an adjustment. Even if the impact of this funding scheme is rather small, authorities wish to maintain and improve it. In this sense, a working group was set up within the Ministry of Labour, aiming to make this tool more flexible and more attractive for employers.

Bulgaria: Training Vouchers

So far in Bulgaria only the unemployed persons were entitled to receiving active labor market support such as vocational training programs. Till the breakout of the economic crisis Bulgaria enjoyed a rather good economic situation: in 2008 employment rate reached 64% comparing to 58,6% in 2006, while the unemployment rate declined to 5,6% in 2008 compared to 9% in 2006. However, the long-term unemployment is still a serious problem for the Bulgarian labour market –

relative share of the long-term unemployed to the total number of the registered unemployed is high and still increasing (53% in 2004 and 57.8% in 2007).

Together with the accession to the EU in 2007, the situation started to change, as more funds became available for training and employment purposes. Important changes were introduced in 2009 on the basis of the Employment Promotion Act. Purpose of the amendments was to ensure employment retention in companies facing economic problems (in industry and services, excluding agriculture). According to the proposed measures, employers facing economic problems could reduce working time of employees by 50% (partial unemployment scheme). New regulation allows employers to extend the period of reduced working time up to 6 months, while at the same time, the companies are reimbursed partially on the expenses linked to employees' salaries (reimbursement amounts to 50% of the minimum wage for 3 or 6 months). But, what is the most important from the perspective of this study is the fact that companies are entitled to receive support for the training of their workers during the reduced working time. This support is financed from the European Social Fund.

In Bulgaria, employers may receive partial reimbursement (up to 50%) of training costs of employees, provided they keep the jobs of trained employees for at least 6 months. But it is individual decision of each employer as how to organize training system. This year the Bulgarian government decided to guarantee more incentives to employees to invest in their human capital with a view to develop or change their qualifications in order to adapt to the situation in the labour market or to increase their competitiveness. It was possible with the use of the ESF support. The new instrument, which is not implemented yet, but will be introduced in a short time, is a training voucher, a kind of individual training account for each employee who decides to take up training. He may choose the training program (with assistance of the labour office) as well as training provider. There are two types of training, to which voucher applies – training of key competences and vocational training. In order to use the voucher, the employee would have to go to the local labour office which will assist him in choosing training as well as will help in choosing training provider. The voucher can be used under the condition that training should take place after working hours, in employee free time. The instrument is to be financed from the EFS till the 2013, but there are proposals to finance it also after 2013 from other sources, so it becomes a permanent measure.

In the context of the present crisis there were new measures introduced in Bulgaria aiming at employment as well as training of unemployed persons, who have been dismissed as a result of economic changes in the country and/or restructuring or in case of bankruptcy or liquidation of the employer. The following measures were proposed for redundant workers: consultations, orientation, retraining, and subsidized employment in the private sector. In order to receive the support, the redundant worker has to register at the local employment office, where he can receive information about available measures and draft individual action plan. Next, the redundant worker may choose a training program, taking into account local labour market demand for professional skills. He is also entitled to training grant (approx. 2 EUR per day of training) and reimbursement of travel and accommodation costs. If the redundant worker is able to find job, the employer can receive support for the salary and for the necessary social security contributions.

LATVIA: TRAINING AND RE-TRAINING FOR PEOPLE AT RISK OF UNEMPLOYMENT

Before EU accession there were no special training funds for employees in Latvia. Employers could train their employees, but at their own expenses since there was no support from the public funds available. As a result, only big international companies provided vocational training for their employees, while SMEs did not have any incentives to invest in their human resources. However, the rapid economic growth (at about 10% a year up until 2008) together with the large outflow of labour force due to migration and a very low level of unemployment (4,4% in 2007) has forced employers to pay more attention to the staff policy including training and retaining of their workforce.

Since 2004 the European Social Fund has greatly supported enterprises in achieving that goal through partial reimbursement of the training costs. According to the respective Latvian law on support to the unemployed and job seekers of 2007, besides the unemployed and job seekers, also the persons threatened by unemployment, are entitled to participate in some measures aimed at increasing their skills. Moreover, they are entitled to receiving information on vacant workplaces and qualification requirements as well as career consultations. Persons at risk of unemployment are defined *inter alia* as those who were given a notice of redundancy for the reasons not related to the employee. But practically the majority of active labour market policy instruments are focused on the unemployed and job seekers; the persons at risk of unemployment are not perceived as PES “clients” by the labour market institution in Latvia.

In the context of the recent crisis, some new employment-related initiatives have appeared in Latvia. They are introduced with the view to use the recession time to upgrade skills of the workforce. New legislation has been adopted to facilitate access to state-funded training and retraining programs for people who are not currently out of work but are at a risk of becoming unemployed due to the recession. The potentially jobless have an incentive to undertake training while still at work and to look for a new job during the training program. In addition to that, a voucher system has been introduced – those who participate in some programs aimed at upgrading their qualifications are entitled to choosing training vendor on their own – available funding is transferred directly to the chosen training provider. To receive this kind of support, some conditions must be fulfilled. They are related to the number of working hours of the employee per week, the duration of the employment contract and others.

It has to be stressed that these are instruments that have been implemented only during the crisis – the programs started in September 2009 and will last until December 2013. These two programs are perceived as innovative and a move in the direction of ensuring more flexibility in Latvia.

This is especially true for voucher system, which could become a mechanism for generating radical improvement in the quality and relevance of the training and educational programs in Latvia. At this stage it is impossible to evaluate its effectiveness. The voucher system is to be applied also to promote professional education of people who already have higher education[26]. The person taking part in the training is provided also with a stipend (for the duration up to 18 months in case of having higher education). The measures are implemented by the State Employment Agency together with educational institutions.

SPAIN: INDUSTRIAL OBSERVATORIES

The industrial observatories in Spain are occupying a special position in our sample of schemes: They have been established as a consequence of the *Declaration para el Dialogo Social* (2004). In particular a protocol was signed in 2005 by the Spanish Ministry of Industry, Tourism and Trade (MITYC), CEOE, CEPYME, UGT and CC.OO for the establishment of diverse sector based industrial observatories. The sectors involved are: textile and clothing, automotive industries, manufacturing or equipment products, chemistry and electronics, information and telecommunications technologies, wood and metal.

The industrial observatories’ mission is to analyse the structural situation of the sectors, from the entrepreneurial, labour and technological point of view, to produce information and to recommend concrete measures to improve the sectors situation and its strategic perspectives, and to share the results obtained with the relevant social actors. The observatories were set up in 2005 and 2006 and

[26] The amendments to the law also allow a person to finish qualification-raising courses if he or she loses their “unemployed” status.

they proved so far to be a relevant tool for a more proactive and structural approach of restructuring by encouraging a shared diagnosis of current problems and anticipation of current problems and anticipation of future changes between the social partners.

The observatories were conceived as active tools for the design and the implementation of an industrial policy targeted on the increase of productivity of enterprises operating in Spain and it is based on the positive role of the social dialogue for the identification of problems that limit productivity growth and on social partners' capability to socialize shared diagnosis and proposed measures to tackle the recognized shortcomings.

Each observatory includes the sectoral employers' representatives, trade unions representatives appointed by the main trade unions confederations such as UGT and CC.OO, representatives of the *Federation de Entidades de Innovation y Tecnologia*, representatives of the Ministry of Industry, Tourism and Trade and of the former Ministry of Labour and Social Affairs (the Ministry of labour and immigration).

The analysis of industrial policy shortcomings and opportunities developed by the observatories is based on a matrix whose lines are the measures of industrial policy and whose columns are the sectors under analysis. The adopted set of horizontal industrial policy measures include economic and competitiveness policy, infrastructures, environment and sustainability, internationalization and foreign trade, training and labour market, health and safety and quality and promotion of R&D and use of ICT. The impact of the regulatory framework of each sector on production costs and its consequences on international competitiveness, the problems linked with the existing infrastructures and the type and level of innovation in the respective sector are common domains of the industrial observatories.

There are currently observatories in nine key economic sectors (see table next page) with various practical outcomes and activities carried out. It has to be noted that activities with regard to training, qualification and professional development of employees are just one aspect of the major activities of the industrial observatories.

Operational functioning

The operational functioning of the industrial observatory and its relevance for creating and fostering re-employment measures (more specifically training) in the sector is illustrated by referring to a concrete example. In particular, we present the some of the most recent operations and working of the industrial observatory in the manufacturing or equipment products in Spain.

The Industrial Observatory for the manufacturing or equipment products in Spain made several studies which reveal that, in order to be able to adapt to production cycles, it is necessary to introduce new regulations that permit a greater degree of flexibility within the industry. These studies offer an in-depth insight into the structure and productive conditions of the sector, as well as the employment situation, training needs and the role that research, development and innovation play within the industry. The studies revealed that, although the jobs being generated within the sector are characterized by growing qualification levels, this process has lost momentum and has been accompanied by a deterioration from a year-on-year growth-rate of 6.8% between 1988 and 1997 to 2002-2001, 2004-2003 and 2005-2004. Within this context, electrical equipment manufacturers present the largest number of employees within the industry, specifically 21% of the total.

With regard to the structure of this employment, the figures show that more than 23% of employees in the sector have temporary contracts and that the participation of women within the sector comes to 26% of the total, a figure that has tended to fall since the year 2002. For its part, productivity within the industry (net turnover per employee) steadily grew between 1993 and 2004, based on an increase in real terms of 82.8%. However, within the field of training, except for some rare exceptions, the industry lacks specific university programmes that focus on motoring themes, although it recognises that "in some cases, post-graduate programmes exist, which are not always linked with universities, in order to make up for this deficiency". The sector trusts that the reform of the qualifications structure will increase the level of specific training that is available.

SELECTED OUTCOMES OF THE ACTIVITY OF SPANISH INDUSTRIAL OBSERVATORIES

Observatory	Action
Textiles and clothing	• Analysis of enforcement of labeling regulations of textile • products from third countries; • Analysis of absenteeism on textile and clothing sector • Logistics as a competitive factor on the textiles and clothing • sector • Incidence of energy costs on the textiles and clothing sector competitiveness
Metal, chemistry and textile and clothing	• Analysis of EU's REACH Regulation in Spain
Automotive industry	• Sectoral use of contratos de relevo[27] • Logistics as a competitive factor • Potential effects of tax reform and elimination of public • Subsidies to automotive components industry • CARS 21. Use and follow-up of the agreed principles
Wood	• Accidents at work on the sector • R&D on the wood sector • Environmental policies on the wood sector
Chemistry	• Sustainability of the chemistry sector • Enforcement of SEVESO Regulation to the chemistry sector • Analysis regulatory framework set up by collective agreements
Manufacturing of equipment products	• Follow-up of employment and related factors
Metal	• Qualifications, skills and training needs on the metal sector
ICT	• ICT impacts on potentially ICT intensive sectors • Telework and its regulation at the ICT sector
Electronics	• Self-diagnosis methods for the technological situation of the enterprises

Source: Antonio Dornelas and Alan Wild (2008) *Country Report Spain*, national report for the EU social partners joint European level social partners' work-programme 2006-2008.

As far as vocational training is concerned, the observatory found that it is necessary to adapt training cycle programmes more specifically to the motoring industry, in order to "adequately prepare employees to carry out tasks associated with the industrialisation of new products and processes".

The conclusions of the Industrial Observatory highlight the important contribution that a stronger focus on training is needed in order to make the equipment and parts manufacturers to the value of a vehicle, "standing at around 70%, to the extent that vehicle makers focus their activities on the manufacture of engines and main parts, as well as assembly and vehicle design", not to mention vehicle marketing. According to the Observatory, "one job in a vehicle building plant is accompanied by between 3 and 4 jobs in the vehicle equipment and parts industry".

The Industrial Observatory highlights the importance of R&D and innovation with regard to the future of the sector and adds that "if companies within the equipment and parts sector wish to continue being competitive, they will have to become innovative enterprises and increase their

[27] Special type of contract that allows an unemployed person to be hired by a company to substitute an employee on partial retirement.

investment in R&D". In this respect, the studies indicate that the largest proportion of the investment that companies make in R+D today focuses on product innovation, "compared to process innovation". Likewise, "a growing number of companies are choosing to specialise in critical parts of the vehicle, such as safety devices". At the present moment, a large part of research, development and innovation focuses on bodywork and chassis equipment.

The studies also refer to the collaboration that exists between numerous technological centres and the motoring industry, although they point out that "the majority of these centres are not orientated exclusively towards motoring".

According to figures furnished by the members of the Observatory, overall investment in R&D and innovation activities among companies within the industry comes to around 3% of their turnover, "a figure that is somewhat higher in the case of the large suppliers based on Spanish capital". In this respect, Spain is still a long way behind other European countries.

Finally, under the heading of internationalisation, which is considered to be a key aspect with regard to the survival of the Spanish parts sector, the Observatory's studies stressed the need to improve promotional strategies, both in terms of searching for new markets and with regard to the establishment of factories in other countries, as confirmed by the Spanish Department of Industry.

ASSESSMENT AND IMPACT

Industrial observatories have most advantages for employers and companies. How to build up competitiveness, innovation and growth in the sector are discussed and the affected worker receives the opportunity to get training which can help them in reorienting themselves in the labour market. The workers are only confronted with no or only marginal financial losses during the transition period.

Nevertheless, as above indicated industrial observatories have a lot of advantages for the employer side. Foremost industrial observatories create clear view on the sustainability of the sector, and open scope for social dialogue which contributes to create a positive and harmonious way to tackle with difficulties and crisis in specific sectors and the social consequences which may derive.

Due to insufficient data a general evaluation of this scheme is not easy to carry out. Exact and comprehensive information over the operations carried out in each industrial observatory are lacking. Missing are also data and figures reflecting success indicators

3.4 FOCUS EFFICIENCY OF SYSTEMS

United Kingdom, Portugal, Greece, Cyprus, Slovakia, Estonia, Lithuania

OVERVIEW

Scheme/Fund	Year of Establishment	Main beneficiaries	Legal Source, Type of mechanism, scheme	Status of Worker	Type of support	Company Co-Financing
Rapid Response Service Teams (UK)	2002	Workers made redundant or threatened by redundancy	Public Employment Services	On notice of redundancy or recently made redundant	Guidance, training	Yes
Integrated Intervention Office for Business Restructuring (PT)	2005	Enterprises and workers involved in a restructuring process	Public Employment Services	Redundant	Guidance, training plan	No
Greece	2008	Workers made redundant	Public Employment Service	Unemployed	Financial aid, guidance	No
Individualized Public Employment Service (CY)	2008	Unemployed workers	Public Employment Services	Unemployed	Financial aid, guidance	No
Wage subsidies scheme (SK)	2004	Disadvantaged job seekers	Public Employment Services	Unemployed	Employment subsidy	Yes
Reacting to mass redundancies (EE)	2005	Workers made redundant	PES, social partners and other institutions	Redundant	Training	No
Mini Labour Exchange (LT)	Mid 1990s	Workers affected by collective dismissals	Public Employment Services	Redundant	Training, guidance	No

UNITED KINGDOM: RAPID RESPONSE SERVICES

Over the past ten years active labour market policy has become an integral part of the UK government strategy for achieving employment opportunity for all, encompassing "Welfare-to-Work" programmes such as the various "New Deals" for the unemployed and the more recently introduced Pathways to Work for people with a disability. The new approach has been built on the UK concept of "Jobcentres" established in the 1970's and is generically branded as "Jobcentre Plus".

PROFILE AND NATURE OF THE SCHEME

Jobcentre Plus and its predecessor organisations have always played a role in addressing issues raised when employers announce that large numbers of their employees are to be made redundant. Whilst people that become unemployed through redundancy are entitled to use the services of Jobcentre Plus in the same way as any unemployed (or indeed employed) person, many of the most valuable services (such as intensive advice and guidance or support for training) are available only to people who have been unemployed for a long period of time, typically six months or more. In the case of people that are declared redundant, often after a long period of employment in the same organisation and occupation, there is a strong case for 'fast tracking' of access to Jobcentre Plus services. Redundant workers can begin intensive job search activities straight away, and can access funding for retraining courses, rather than having to wait until they have been unemployed for six months or more.

Jobcentre Plus is the UK government agency that is responsible for the implementation of a wide range of UK Government policies under the broad heading of ‘Welfare to Work’. It was established in 2002 through the bringing together of two organisations, the Employment Service (the UK public employment service) and the Benefits Agency, which was primarily concerned with the payment of welfare benefits. The activities of Jobcentre Plus are undertaken within the context of a ‘Performance and Resources Agreement’ (PRA) that sets out a range of targets in relation to the improved operation of the labour market, together with the resources that will be made available in order to achieve the agreed targets. The targets relate to the achievement of ‘job entries’ for unemployed people and a range of other groups including lone parents, people with disabilities and people living in areas of high unemployment and social deprivation. In addition, Jobcentre Plus is expected to provide high quality services to employers, helping them to fill their vacancies, and to ensure that welfare benefits are paid correctly and in an efficient manner. The information, advice guidance and ‘job broking’ activities of Jobcentre Plus take place primarily within local offices, which offer a range of services including:

- Displaying job vacancies submitted by employers (increasingly through IT-based ‘Job Points’);
- Advisory services for job seekers, including more intensive activity with long term unemployed people and other specific groups such as people with disabilities;
- Services for employers, primarily assisting them to fill vacancies by submitting appropriate candidates who present themselves at Jobcentre Plus offices;
- Operation and management of a range of employment-related initiatives, primarily the ‘New Deal’ programme and other locally-based initiatives;
- Operation of financial support initiatives, e.g. for example funding of aids for people with disabilities.

In order to undertake their role effectively, Jobcentre Plus offices, at local, district, regional and national levels need to be in close touch with developments in the labour market. Jobcentre Plus representatives participate in a range of initiatives and partnerships, in addition to their core activities. Since 1998, when the first New Deal was introduced, a range of Active Labour Market Policies have been deployed, including a range of national initiatives such as New Deal for Young People, New Deal 25+, New Deal 50+, New Deal for Lone Parents and New Deal for Disabled People. Two of the hallmarks of broad policy development in the UK have been the increasing importance of the concept of “mutual obligation” in the delivery and design of active labour market policy and the extension of the target group for these measures, traditionally the unemployed, to include also the economically inactive based on a change in focus on rights and responsibilities, the so called ‘carrot and stick' design of active labour market policy.

Despite the relatively successful period of economic and employment growth experienced by the UK economy in the years to 2008, a number of redundancy situations have arisen which cause significant labour market disruption in particular sectors or regions. In order to deal with the problem of getting workers under notice of redundancy or recently declared redundant into work as quickly as possible, the UK government introduced the “*Rapid Response Fund*” and the then Employment Service established “*Rapid Response Teams”* at regional level to address issues raised by ‘significant’ redundancies of this type. Following on from this experience a more flexible Job Transition Service (JTS) was introduced to tackle significant redundancy situations. This was piloted in 2001, subsequently renamed the “*Rapid Response Service*” (RRS) and became fully operational in April 2002.

OPERATIONAL FUNCTIONING

The goal of the RRS is to assist workers that are affected by ‘significant’ redundancies to make the transition to new jobs (or other appropriate labour market outcomes such as further training or education) as efficiently and effectively as possible and consequently avoid the social and economic costs associated with long term unemployment. A ‘significant’ redundancy is defined as a ‘large scale’ redundancy that is deemed to have a significant impact on the local area within which the proposed job losses are to take place. Jobcentre Plus District Managers are able to declare a redundancy ‘large scale', and enable affected individuals to take advantage of 'fast track' access to Jobcentre Plus services. A 'significant' redundancy situation can be declared in cases where it is felt that early access to mainstream services would be inadequate to assist redundant workers to move into new jobs. The assessment of the likely impact of declared redundancies is crucial to the decision to classify redundancies as 'large scale' or 'significant', and consequently to allocate additional resources (over and above normal mainstream provision) to providing assistance to affected workers.

A key role is played by the senior regional managers (SRM) who are responsible for the RRS at a regional level. As part of their role, SRMs are responsible for regional labour market analysis, participating in the development of the FRESAs and building partnerships with employers, local authorities, Learning and Skills Councils and others that are concerned with employment and labour market issues. In particular, the SRM will contact the employer that is declaring redundancies to discuss what additional services might be available from Jobcentre Plus, and how that extra assistance might be tailored to the needs of the employer.

If it is felt that a redundancy is 'significant', additional resources are allocated to the affected District through the Rapid Response Service. The nature of the services to be provided and the scale of the resources to be allocated will vary from case to case, depending upon factors such as the numbers of workers affected, types of skills and occupations to be made redundant, types of jobs likely to be available in the local labour market, initiatives proposed by other organisations and the ability and willingness of the employer to work with Jobcentre Plus. In addition to jobseekers there is a wider group of potential beneficiaries from the service:

- Employers located in the local area, or moving into the local area, that are considering employing new staff and/or have existing recruitment difficulties or skill shortages;
- The employer that has declared the redundancies and may benefit from information, advice or support throughout the process;
- The wider community that is affected by the redundancies.

RRS is not a fixed programme of support that is available automatically once a 'significant' redundancy situation has been declared. It is best described as a 'menu' of possible interventions that can be deployed in different combinations, depending on the precise circumstances of each individual redundancy situation. Jobcentre Plus is able to supply the following services in the context of a significant redundancy:

- Consultancy for the company declaring redundancies;
- Information, advice and guidance to redundant workers on a range of issues including job search, preparation of CVs, availability of training, benefits etc;
- Skills and Training Analysis to help identify transferable skills and to identify training requirements linked to the local labour market;
- Early access to a range of Jobcentre Plus services including "Work Based Learning for Adults" (WBLA); re-training programmes and referrals to other programmes such as small business advice;
- Action funding to pay for one-off expenses associated with obtaining new employment (e.g. special equipment or travel to work);
- The "*Training for Transition*" programme, which provides training tailored specifically to the needs of employers that are recruiting in the local labour market.

The basic infrastructure for RRS consists of 11 senior regional managers (SRMs) supported by a team based at Jobcentre Plus Head Office in Sheffield in the North of England. Other Jobcentre Plus staff becomes involved in RRS in the event of the declaration of a significant redundancy within their local area. Individual projects typically involve close working with the employers and with other organisations and initiatives that are operating in the affected area. These might include the Regional Development Agency (RDA), Business Link (provision of business start up advice), Learning and Skills Council (further education and training), local authorities, local regeneration agencies, trade unions and business bodies such as the local Chamber of Commerce. In some instances a formal task force may be established to co-ordinate the local response to job losses.

In addition to partnership activities described, RRS projects involve contractual arrangements with organisations providing specific services, particularly the Skills and Training Analyses (STA) of redundant workers that are required in order to trigger access to training funds. Contracts may also be placed with external and private training providers to supply programmes that are identified as being required in addition to those that are currently provided on the local market. Finally, there is an expectation that the employer that has declared the redundancies will contribute towards the RRS project, although they are not obliged to do so. This might include, for example, the provision of accommodation for any on-site services provided. In addition, Jobcentre Plus actively encourages employers declaring redundancies to engage the services of an outplacement consultant to supplement the services provided by Jobcentre Plus.

ASSESSMENT AND IMPACT

During the 2002-2003 financial year (from April 2002 to March 2003) a total of just under £15m (then €24m) was allocated to RRS. The national funding for 2009-10 is £12m (today €13m).

Between April 2002 and January 2003, the Rapid Response Service provided new and continued support to 178 projects covering over 210 companies making over 70,000 people redundant. Around 10,000 people took up services offered under RRS with the majority receiving information, advice and guidance (nearly 7,900) and skills and training analysis (3,300). Training was offered to 970 persons only.

Some key points emerging from early analyses of RRS are:

- The number of people affected by ‘significant’ redundancies varies considerably, in line with the observation that the number of redundancies is only one factor taken into account in assessing the local labour market impact of a declared redundancy situation;
- Employees that have been declared redundant from jobs in the manufacturing sector dominate the direct beneficiaries from the RRS programme. Manufacturing accounts for approximately 13 per cent of the employed workforce in Great Britain, but over 80 per cent of the redundancies covered by RRS. Only a very small number of RRS projects have been related to the distribution and service sectors, in comparison with total employment in these sectors;
- The regional distribution of RRS projects broadly reflects the concentration of activity on job losses in the manufacturing sector;
- Information, advice and guidance represents the most significant – numerically at least – individual service provided under RRS;
- Older, male workers are the primary beneficiaries of RRS.

Given the dispersed and varied nature of the RRS initiative and the fact that projects can run over several months, it is very difficult to provide an overall indication of the final destinations of RRS participants. Moreover, the partnership nature of RRS projects and the fact that they work alongside mainstream Jobcentre Plus programmes mean that it is difficult to attribute specific outcomes to the intervention of RRS. Nonetheless, there are indications that RRS has helped a considerable number of redundant workers to find new jobs. Over 60% of individuals whose destinations are known moved into employment following RRS, and the majority were still in work four weeks later. Records suggest that Jobcentre Plus was directly responsible for ‘placing’ around 30% of those who found jobs, for example by ‘submitting’ clients to vacancies notified to Jobcentre Plus by employers.

In addition to the quantitative outcomes, other results and achievements identified by people involved in the RRS programme include: RRS tends to be seen as a fast, responsive service that demonstrates that the PES is ‘doing something’ in the face of high profile redundancy situations. This is reflected in widespread support across political parties and social partners for the concept of RRS. The RRS approach also illustrates an improved relationship between the PES and employers: while RRS typically involves working with employers that have declared redundancies, relationships have also been built with recruiting employers and inward investors in some local areas. In addition, employers that are declaring redundancies in one area may be recruiting in other areas, and may be more inclined than previously to use Jobcentre Plus services. Also on the regional and local level, the existence of RRS and its associated infrastructure, notably the Senior Regional Managers, has enabled Jobcentre Plus to become more actively involved in a range of regional and/or local networks that it otherwise would have been. This is most obvious in the case of redundancy situations, where Jobcentre Plus has often been pro-active in identifying key partners and working with them to address very specific short-term needs. Finally, observers report an improved use of labour market information at regional and local levels: this has been used to assess the severity of the likely impact of redundancies as part of the process of deciding whether a redundancy can be considered ‘significant’.

In terms of identifying success factors, discussions with RRS team members suggest that the greatest benefits from RRS provision derive from early provision of information, advice and guidance to workers, as soon as possible after the redundancies are declared and providing workers under notice of redundancy with certification for skills that they had acquired (*e.g.* managerial and supervisory skills), but for which they had not received formal qualifications.

PORTUGAL: INTEGRATED INTERVENTION OFFICE FOR BUSINESS RESTRUCTURING (AGIIRE)

In recent years Portugal has undertaken several initiatives to improve the labour market system and make it more efficient in order to meet the needs of managing structural change and improving overall “flexicurity”. These initiatives have been carried out with the active involvement of the social partners, and in an institutionalised form of social concertation. Activities developed in the context of restructuring processes also indicate a change of strategy: Rather than seeking to prevent change, the Portuguese government’s measure is focusing on alleviating the social consequences and support employment and job transition.

An interesting initiative in this context, focusing on improving the management of structural change at company level and to promote preventive and timely engagement in restructuring and enterprise relocation processes is the “Integrated Intervention Office for Business Restructuring” *(Gabinete de Intervenção Integrada para a Reestruturação Empresarial*, AGIIRE*)”*, which was established at the end of 2005 (Decree-regulation No. 5/2005 of 12th of July). As part of these measures, the *Centre for Fast and Personalised Intervention* (*Núcleo de Intervenção Rápida e Personalizada*, NIRP) has been set up to provide support at local level for workers affected by restructuring; such support involves social protection and help in finding new jobs.

The general objective of AGIIRE which are organized at the local level is to speed up the transition and restructuring process in companies and reduce the eventual negative impact on social and regional cohesion resulting from restructuring. The work of the office in the area of business revitalisation supports companies in short term difficulty, but which have the skills and resources to assure a successful turn-around if provided with an adequate strategy and consistent management. In this way, it aims to overcome frequent "market failures" and hence avoid the loss of the economic value of business assets and guarantee employment continuity.

Part of the AGIIRE approach includes “*Units for Quick and Personalized Interventions*” which comprise technical experts from the PES, Social Security and other relevant organisations at the regional and local level based on the proximity to the enterprises and workers involved in restructuring processes. The intervention units seek to find rapid solutions based on the specific situation faced by providing guidance and support for workers and entrepreneurs either in a preventive way or in the context of the management of restructuring processes.[28]

Further initiatives launched during recent years have focused in particular on the capacity of SMEs to better manage and adjust in the context of structural change: examples are consultancy and training programmes for micro and small companies, as including the GERIR and REDE programmes which have been promoted by various public and private bodies (e.g. business associations). The goal of these programmes is to contribute towards increasing management capacity and improving the organisation and competitiveness of enterprises. Currently, this form of intervention has been considered as an example of good practice in the training area for the small business segment, which represents a large proportion of Portuguese enterprises.

A more specific measure at the enterprise level in managing restructuring is the development of "*social plans*" through which measures to support workers in transition are implemented. Support may be of a technical or financial nature and include vocational guidance, training and job transfer support either within the same enterprise or on the broader labour market. These measures were agreed in the context of an "Adhesion Agreement" between the IEFP, the enterprise and the individual worker affected by restructuring. According to government information, in 2005, 355 workers were covered by individual reconversion plans.[29]

Operational functioning

The Integrated Intervention Office for Business Restructuring (AGIIRE) acts within the scope of the Ministry of Economy and shall be attentive to the processes of business restructuring, and anticipate difficulties arising thereof. Accordingly, this is the official agency responsible for identifying possible business restructurings, supporting those which contribute to the restructuring and modernisation of the business fabric, co-ordinate State actions in the restructuring and enablement process, and also while creditor and follow-up the processes of business recovery. It can be followed by either filling out an "application" or a "diagnostic form".[30]

Outcomes and assessment

Within the scope of the activity of AGIIRE, a total of 6,270 contacts were registered in 2007. Intervention processes were carried out (dialogue with creditors) in 255 companies, involving 12,500 work posts. In 2005 and 2006 some 500 AGIIRE processes had been implemented, representing approximately 30,000 jobs with particularly high shares in the construction and textile and clothing industries.

[28] See: Ministry of Labour and Social Solidarity: National Action Plan for Employment 2005 – 2008. Follow-up Report 2006, p. 13 and 49.

[29] National Action Plan for Employment 2005 – 2008. Follow-up Report 2006, p. 51.

[30] Both forms available online under: http://ec.europa.eu/youreurope/business/managing-business/handling-financial-difficulties/portugal/index_en.htm.

GREECE: IMPROVING THE TRANSFER POTENTIAL OF PES

In Greece, the improvement of active policy measures has been a major objective of public labour market policy since 2005.[31] By early 2008, a total of 147,000 unemployed persons have benefited from participating in programmes subsidizing firms for hiring unemployed workers ("New Jobs"), providing support to unemployed workers for starting their own business ("New Professionals") and for acquiring work experience ("Stage").

The new approach of these programmes and Greek active labour market policy places more emphasis on targeted interventions. Approximately 70 programmes were designed and implemented, 30 of which involve integrated interventions at the local level. Public Employment Services (OAED) programmes were designed to target specific social groups (women, the young, unemployed over 50 years old, vulnerable groups), regions (mostly in the periphery), themes (culture, natural environment, new technologies), and sectors (with emphasis on SMEs across sectors). The approach aimed at maximizing the efficiency of interventions and creating the necessary conditions for remaining in employment and/or moving to new jobs/occupations. Examples include programmes for new entrants in the labour market, older workers,, new scientists, large families (with three children or more) and groups threatened by social exclusion. During the 2005-2008 period, the network of OAED employment units expanded and currently OAED operates a modern network of 121 Employment Promotion Centres (KPA). In implementing Law 3518/2006, the KPA are progressively being merged with the relevant Social Insurance Units at the regional level, in order to create single contact points (one-stop shops - KPA-2). The first phase of transforming KPA into single contact points has already been completed for approximately half (63) of the services in question. Over the same period, innovative counseling tools were developed in the context of the individualised approach, including professional orientation counseling, job searching techniques and training / counseling for undertaking entrepreneurial activities. It should be underlined that during the course of the pilot application of job search training, 70% of the participants succeeded in finding employment within relatively short periods in non-subsidized job placements.

CYPRUS: INDVIDUALISED PUBLIC EMPLOYMENT SERVICE PROVISION

New training and employment programmes designed to promote the entry or re-entry of unemployed people into the labour market have been launched to boost transferable skills and deliver an individual approach to job search assistance. Job seekers making use of the Public Employment Services are associated in the development and implementation of an "Individual Action Plan". The resources of the PES have been increased by the opening of eight new local offices bringing the total to twelve. Previously the employment services office were only found in the country's four major towns.

The scheme is based on the use of specialist Employment Advisers to identify the special characteristics and needs of every unemployed person. The services include timely intervention to prevent long term unemployment, an individualised approach for each person aiming to ascertain their personal characteristics, needs and abilities, and the preparation and enforcement of an Individual Action Plan which contributes to the introduction or reintroduction of the employed into the job market. The programmes are targeted in particular at vulnerable groups including unemployed young people and particularly women between 15 – 24 years of age, high school graduates, short term unemployed women and people with special needs.

[31] See Ministry of Economy and Finance: "National Reform Programme for Growth and Jobs 2008-2010, October 2008.

The scheme acts as an advisory portal to some of the publicly financed employment schemes described in the section above aimed at school and university leavers and the recently unemployed. Additional support training programmes include introductory IT skills, the use of basic computer software, electronics, office skills and languages. Those attending the training programmes receive and allowance of €5 per hour.

In 2008, and through the operation of the scheme, some 1,740 people participated in training programmes, 475 in job experience programmes and 600 enterprises participated in the guidance and training programmes. These numbers have to be judged against a total number of unemployed in the country of around 15,000 in May 2009.

SLOVAKIA: WAGE SUBSIDIES SCHEME

Despite recent improvement trends, long term unemployment remains a major problem for the Slovak economy. Whilst the short term unemployed have generally been able to re-enter the labour market relatively quickly in the country's improving economic circumstances, those unemployed over the longer term have experienced substantially more difficulties in labour market entry. In 2005 the share of longer term unemployed was 10% of the working age population and 68% of the total unemployed community. An associated problem was the acute regionalisation of unemployment with ten of the country's 79 districts having unemployment higher than 30%. Despite this, at the end of 2004 Slovakia spent just 0.1% of GDP on active labour market polices, the lowest ratio in the then EU25. Some 94% of labour market spending 1999 went on the provision of unemployment benefits.

As a consequence, and following radical labour market liberalisation reforms in 2002, support for disadvantaged job-seekers became a main aim of government employment policy and underpinned much of the radical restructuring of the Public Employment Service in 2004. The activities contained in the country's integrated guidelines for growth and jobs for 2005 to 2008 aim to "ensure an inclusive labour market, enhance work attractiveness, and make work pay for jobseekers, including disadvantaged people and inactive people".

The main vehicles through which active labour maker policies are delivered in Slovakia are national projects co-funded between the European Social Fund and the national government. National projects have been created for the delivery of placement and counseling services and for subsidized job creation. Outside of the national projects, scope exists for bottom up, demand driven programmes.

PROFILE AND NATURE OF THE SCHEME

The purpose of the employment policy initiative "*employing the disadvantages jobseeker*" is stated very clearly – "to support through public finds, jobs for vulnerable job seekers". Under the scheme the employer receives a wage cost subsidy for creating a job for a disadvantaged jobseeker over a 24 month period. The scheme aims to provide longer lasting job positions that enable disadvantaged jobseekers with limited relevant or recent experience, and potentially lower initial productivity, to enter the labour market and update their skills, experience and behaviors to fit into the requirements of the company over an extended time period. The Slovakian government states that without financial subsidies, employers would not be willing to take on the responsibilities of assuring the skill and behavioral transitions needed from the workers covered by the scheme. The payment covers up to 100% of the labour costs of the disadvantaged person with the amount and duration depending on the region and the current level of unemployment in the area.

The programme of subsidies for employing disadvantaged jobseekers is regulated by the Employment Services Act 2004. It is managed by the Ministry for Labour, Social Affairs and the Family (MOLSAF) and implemented by the "Central Office for Labour, Social Affairs and Family" (COLSAF).

Employers who generate a job for a disadvantaged worker[32] make a claim in writing to the local office of COSLAF and an agreement is signed between the company and the PES detailing the number and professions of the jobs; the labour costs for the post involved; and the duration, amount and process for paying the granted allowance. The employer guarantees to maintain the specified job(s) for a minimum period of 24 months (increased from 12 month in 2006). A maximum limit is established for the contribution of the total labour costs calculated from the average gross monthly wage in the Slovak economy in the previous year.

The programme is co-financed by the European Social Fund (75%) and the state budget (25%). Over the period 2004 to 2006, expenditure on the initiative was €25.37m.

Slovakia: Labour market measures to tackle the economic crisis

Active labour market response in Slovakia to the economic crisis has been built around the strengthening of existing instruments and the development of new ones;

- Support for the creation of "social enterprises" to provide support and assistance to people to find jobs in the regular labour market;
- Financial incentives for retention of employment in enterprises affected by the crisis – wage compensation of 60% for a maximum of 60 days per calendar year;
- Measures to increase the motivation of jobseekers to find and retain employment – a two year wage subsidy (22% in year one and 11% in year two) for those accepting lower paid jobs (defined as paying up to 1.7% of the minimum subsistence amount;
- Intensification of inter-regional mobility – a commuting allowance increase of up to €135 per month for 12 months;
- Incentives to engage in self employment – to cover health insurance and social insurance costs;
- Support for new job creation – an allowance of 15 – 30% of total labour costs for 12 months for engagement of jobseekers unemployed for more than three months;
- Supporting flexible working arrangements – the so called "VW Slovakia" initiative based upon the name of company first implementing the scheme. Periods of leave can be taken with state wage compensation, with the hours in the account to be "repaid" by work carried out later (called flexi-accounts).

The cost of the package has been budgeted at €316.8m over 2009 and 2010, co funded by the ESF to the level of 85%.

ASSESSMENT AND IMPACT

The latest available data measuring the effectiveness of the scheme, over the period January to November 2005 a total of 2,920 jobs were created. The figure for the total of 2004 was 2,429 jobs. Most jobs were created in regions with higher than average unemployment. Whilst not excluded from the scheme, only nine jobs were created in the much tighter labour market of Bratislava.

The impact of the scheme in its first two years is described as marginal. In the face of declining unemployment overall, the variance between average unemployment and the rates for those in the targeted groups was either static or increased. Whilst it is accepted that financial incentives for job creation in targeted groups will be needed over coming years to address the country's structural unemployment problems, it is suggested that leaving the management of the transition to employers "post engagement" has its limits. Many argue that progress will be limited unless the instrument is combined with substantially more investment in the education and training of the long term

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[32] The targeted group of jobseekers comprise school leavers or graduates under 25 years of age; people aged over 50; long term unemployed people who have been unemployed for 12 of the previous 16 months; those otherwise unable to balance work with education or family responsibilities; those otherwise unable to work for ill health reasons but who are not disabled; people moving or having moved within the EU; people with disabilities; parents or guardians with three or more dependent children; single parents; those having been granted asylum.

unemployed and those in "difficult to employ" categories during the period of unemployment and focused on improving qualification levels, upgrading or recalibrating their skills and improving "work-habits". The Slovak Republic has a number of small initiatives in these areas (like that preparing people for work in the motor industry) but these are neither large scale nor high volume.

ESTONIA: REACTING TO MASS REDUNDANCIES

With the exception of the period 1999-2000, when it increased to 14%, the transformation process in Estonia did not result in high unemployment rate. As in the other Baltic countries active labour market policy measures (vocational training among them) were very much focused on unemployed job-seekers. This situation started to change after Estonia started to receive support from the European Social Fund. These funds were earmarked for the investments in human capital.[33] They also widened the group of beneficiaries of such initiatives: two important programs aiming at providing support for redundant workers were launched with a financial contribution of the ESF. In 2005 social partners and labour market institutions started a scheme oriented towards redundant workers with a goal to support more efficient re-employment and established the "Reacting to Mass Redundancies" programme. In 2008 the category of beneficiaries of the active labour market measures was widened: employees given a notice became eligible for support. Moreover, there are plans to include some of the measures introduced by the mentioned programs into the law regulations.

PROFILE AND NATURE OF THE SCHEME

The scheme is focused on the joint initiative of several public institutions as well as social partners to support employees who were given notice of redundancy. Support is related to giving redundant workers information on their rights and on job searching, financial and labour market advice, as well as finding alternative employment rapidly. The scheme was introduced in 2005 together by the Estonian Employers Union, Estonian Labour Market Board, Labour Market Inspectors and Estonian Unemployment Insurance Fund. The reason for launching the project was to give a coordinated response to the situation of redundancy, as employers – although obliged to give formal notice of redundancies to the public authorities – have often violated this requirement. The discussed scheme is the only instrument in Estonia related to supporting employees in their training and professional transition.

The main goal of the scheme was to ensure that workers, who were given notice are advised about their rights, provided with financial and labour market advice as well as information on job searching and supported in finding alternative employment rapidly. In case of employers, the goal was to inform them effectively about available workers searching for employment. Another important aim of the project was to facilitate meetings between potential employers and employees.

Services are provided in cases of mass redundancies, where at least 15 employees were made redundant. The programme is supposed to start as soon as the Labour Inspectorate is informed about the redundancy, one to two months before dismissals are to take place. Then other partners (Estonian Employers Union, Estonian Labour Market Board and Estonian Unemployment Insurance Fund) contribute to the process by sharing information on labour market developments and planned redundancies and arrange joint information events:

- trade unions are to help to identify alternative vacancies
- labour market inspectors are to give advice on individual rights in case of redundancy
- the Labour Market Board is to give advice on vacancies and training opportunities

[33] In the new programming period 2007-2013 the following programs should be mentioned: "Adult education at popular adult education centres", "Development of knowledge and skills" or "Training voucher".

- the Labour Insurance Fund is to advise on social security benefits.

Each partner is financing the project from its own sources with a support from the European Social Fund.

Assessment and impact

This joint approach to redundancies was implemented as a pilot project (2005-2007) and there were cases of "coping" the project at the regional level as one of the projects supported by ESF. After the trial period, the project was evaluated as effective. As a result, since then it became a mainstream practice and standard service offered by the social partners. Generally, the initiative is regarded as having a positive effect on the labour market: relationship between participating partners has improved, what resulted in a faster information exchange and immediate reactions in case of redundancies. Out of the 1,220 redundant persons, who were given a notice during implementation of the pilot project, approx. 70% benefited from at least one individual measure of the new service. Workers receiving information and mediation service with potential employer had an approx. 10%-20% higher probability of finding employment and lower probability of claiming unemployment insurance benefits directly after the dismissal than those who did not[34]. Moreover, participating in the information services increased chances of being involved in counseling or training with the Labour Market Board. However, the positive effect of the discussed initiative could be also influenced by strong economic growth in Estonia and rare cases of mass collective redundancies during the implementation period (in 2006, GDP growth was about 11%, employment growth 6%). Now the situation has changed due to the recession and the discussed measure is provided only for the employers with largest scale of collective redundancies.

Lithuania: Mini Labour Exchange

Though the scheme of "Mini Labour Exchange" in the context of collective redundancies exists already since the mid 1990s, for many years employers and employees were not interested in using this measure. It was due to the rapid economic growth noted in Lithuania (in the years 2002-2008), which even caused country labour force and skills shortages after the EU accession - more than 10% of the total population has emigrated since that time. The situation started to change in 2008 when the crisis hit the Lithuanian economy.

An employer, who is planning collective dismissals, is obliged to send a notice to the local labour office (*darbo birža*) three months in advance and inform the employees two or four months (depending of the employment duration) before the termination of the employment contract. The local labour office then contacts the employer and fixes the date of the meeting with employees and employer to inform them on the possible measures to be taken in order to mitigate the negative effect of massive lay-offs. Besides receiving "normal" public employment services such as formal and non-formal as well as further training offers, it is also possible that guidance is carried out within the restructuring company. The redundant worker may choose the training, provided that qualifications, which he can develop, are required on the local labour market. The minimum period of the training is 1 month, maximum being six months; length of the training program depends on a profession. During the time of the training, the scholarship amounting to 70% minimum monthly salary approved by the government is paid and the travelling expenses to and from the place of training as well as accommodation costs are reimbursed. In addition to that, there is also a support available for the acquisition of professional skills provided to the employees, who have been given a notice and who

[34] Analyses of the PRAXIS Centre for Policy Studies, *Evaluation of the effectiveness of the service to those made collectively redundant*, Tallinn, 2007

have completed vocational training course. The maximum length of the support is 3 months. Employers who organize vocational training for their employees and whose employees devote more than 20% of their working time to training, may receive a partial compensation for the borne expenses, however not exceeding 20% of the total amount of the subsidy.

The labour office may also establish and run a "mini labour office" – a sort of temporary office preferably located at the enterprise facing the mass lay-offs. The "mini-labour exchange" scheme was introduced already in the 1990s (as a reaction to the "Russian Crisis" and its significant effects on the Lithuanian labour market) as the internal regulation of the Lithuanian Labour Exchange[35] – action to be taken by the local labour office (*darbo birža*) in case of mass lay-offs.

Services provided by the mini labour office include: provision of list of the relevant vacancies; consultation (individual or collective); providing information about active labour market measures; answering questions. The mini labour office may organise visits to other (local) companies or organise visits from other companies to facilitate acquiring information on potentially available jobs.

It has been noted that the "mini labour exchange" mechanism has been applied so far mainly in the context of large enterprise restructuring processes, e.g. in the case of *Ignalina Nuclear Power Plant*.

[35] Lithuanian Labour Exchange is a state institution based at the Ministry of Social Security and Labour, which implements state employment guarantees on labour market, provides assistance for job seekers in finding job, provides employers with necessary skilled labour force, involves registered job seekers into population employment programs and pays unemployment benefits.

4 COMPARATIVE EVALUATION

4.1 OVERVIEW AND BASIC CHARACTER OF INSTRUMENTS AND SCHEMES

The documentation and analysis of instruments and schemes having been established in order to organize transitions in response to restructuring has revealed both a number of common characteristics and main features as well as significant differences. In this chapter of our report we will concentrate on these similarities as well as the differences with regard to certain aspects such as legal sources and trigger mechanisms, coverage and relative role of schemes in comparison to "typical" PES measures, the role and responsibilities of different actors including co-financing duties as well as the coverage of certain types of companies, in particular small and medium sized companies.

However, before doing this, two quite striking general aspects should be highlighted: First, the respective historical backgrounds and "maturity" of the instruments and schemes and secondly, the pro-active/anticipatory and/or responsive character of the respective mechanism.

DIFFERENT AND SIMILAR HISTORICAL BACKGROUNDS

Organising professional transitions in response to restructuring seems to be a quite recent phenomenon: nearly 20 out of the 27 examples presented in our study have been established during this decade. This reflects the relevance of the issue of professional transition and the need to do something in the context of accelerated industrial change and restructuring at company level. When looking at the schemes, mechanisms and funds having been put in place quite recently, there is another common feature: these schemes also illustrate the need to complement and/or develop further "typical" PES measures in the field of responding more effectively in cases of restructuring and/or organising professional transition in the context of outplacement, training and re-classification.

Against this, the more "mature" mechanisms and instruments presented in our analysis have been established in the context of quite different and distinctive historical contexts: the Italian Wage Guarantee Fund already in the 1950s displaying both significant job losses and social conflicts due to economic restructuring. In contrast to this, the Danish and Swedish operational models closely connected to the need of reacting to the economic and labour market effects of the global economic oil crisis in the mid-1970s. A decade later, the Austrian Labour Foundations as well as the German transfer companies have been established in order to respond more effectively to large scale restructuring caused by the crisis of traditional industries such as steel and coal. In both countries the respective instruments have been adjusted since then: in Germany in the context of unification and in Austria in the context of EU integration.

ACTIVE VERSUS REACTIVE – PERMANENT VERSUS OCCASIONALLY

Another striking feature of the schemes described here is related to the specific purpose of the mechanism: Has a scheme, mechanism and/or funding instrument been established as an universal and permanent practice of organising professional transitions, thereby complementing "typical" public employment support measures? Or has the respective scheme been established in order to respond more effectively and better to concrete cases of restructuring at the company level? When looking at the examples presented in our report not only these two types can be identified quite easily. Interestingly, also a third type combining both aspects of active/anticipatory as well as reactive practice can be identified: in particular the Scandinavian approaches of employment security are illustrating this approach of combing active and permanent action in order to foster professional transition and mobility and specific operational mechanisms responding to concrete cases of restructuring.

Scheme/Fund	Permanent / Pro-active character	Reactive / in cases of restructuring operations	Combining both aspects
- Labour Foundations (AT)		X	
- Outplacement and Employment Cells Scheme (BE)		X	
- Training vouchers scheme (BG)*	X		
- Individualized Public Employment Service (CY)	X		
- Flexicurity operational model (DK)			X
- Competence Development Fund for Industry (DK)	X		
- Transfer Companies (DE)		X	
- Reacting to Mass Redundancies (EE)		X	
- Strengthening the efficiency of employment transition in PES (EL)	X		
- Occupational Observatories (ES)	X		
- Occupational transition contracts (FR)		X	
- Mobility Leave (FR)	X		
- Change security operational model (FI)			X
- Skillsnet Scheme (IE)	X		
- Wage adjustment funds (IT)		X	
- Sectoral Training Fund (IT)	X		
- Mini Labour Exchange (LT)		X	
- Job Retention Plan (LU)		X	
- Training and Re-training programme (LV)	X		
- Training and re-training programme (MT)	X		
- Mobility Centres (NL)		X	
- Sectoral Training Funds (NL)	X		
- Enterprise Training Fund (PL)	X		
- Integrated Intervention Office for Business Restructuring (PT)		X	
- Enterprise Training Fund (RO)	X		
- Job Security Councils (SE)			X
- Employing the disadvantaged jobseeker (SK)	X		
- Rapid Response Service Teams (UK)		X	

4.2 One goal, different paths and modalities

Legal source and trigger mechanism

As the following overview illustrates there is no clear trend whether or not a mechanism, scheme or programme is implemented as a legal obligation in certain situations of restructuring (in particular collective redundancies) or carried out on a voluntary basis.

However, with regard to the voluntary mechanisms it is important to stress the fundamental role of social partners for the coverage (i.e. share of employees in a company, sector or nation covered) and success of a mechanism. Here it is quite striking, that the voluntary schemes – against the background of weak social partnership and bargaining activities – are implemented mostly in the context of very large restructuring cases with SME coverage being generally rather weak.

Scheme/Fund	Legal obligation	Voluntary
- Labour Foundations (AT)		X
- Outplacement and Employment Cells Scheme (BE)	X	
- Training vouchers scheme (BG)*		X
- Individualized Public Employment Service (CY)	X	
- Flexicurity operational model (DK)	X	
- Competence Development Fund for Industry (DK)		X
- Transfer Companies (DE)		X
- Reacting to Mass Redundancies (EE)		X
- Strengthening the efficiency of employment transition in PES (EL)	X	
- Occupational Observatories (ES)		X
- Occupational transition contracts (FR)	X	
- Mobility Leave (FR)		X
- Change security operational model (FI)	X	
- Skillsnet Scheme (IE)		X
- Wage adjustment funds (IT)	X	
- Sectoral Training Fund (IT)		X
- Mini Labour Exchange (LT)		X
- Job Retention Plan (LU)	X	X
- Training and Re-training programme (LV)		X
- Training and re-training programme (MT)		X
- Mobility Centres (NL)		X
- Sectoral Training Funds (NL)		X
- Enterprise Training Fund (PL)		X
- Integrated Intervention Office for Business Restructuring (PT)	X	
- Enterprise Training Fund (RO)		X
- Job Security Councils (SE)	X	
- Employing the disadvantaged jobseeker (SK)		X
- Rapid Response Service Teams (UK)	X	

* Scheme introduced in 2009 but not in operation yet.

** The “Comité de Conjuncture” *can* impose such a plan in cases of significant redundancies

COVERAGE AND RELATIVE ROLE OF THE SCHEMES IN CONTRAST TO OTHER INSTRUMENTS OF PES AND EMPLOYMENT/TRAINING POLICY

Quite strikingly three groups of mechanisms, programmes and funds focusing on supporting and organising employment and professional transition are in place in Europe:

- Mechanisms and funds available for people at work, aiming at supporting their capacities to adapt to new skill needs or professional transition to new positions, jobs, occupations, i.e. transitions “from work to work”
- Mechanisms and funds, in particular focusing on training, job search and guidance for unemployed persons, i.e. supporting the transition from unemployed to work
- A third and major group of mechanisms and funds specifically is targeting workers affected or threatened by restructuring and redundancies

A further result is that roughly half of all mechanisms analysed here could be regarded as having been developed “in parallel” and complementary to “ordinary” public employment services, while the other half are illustrating a major trend *within* PES: The growing consideration of employment and professional transfer processes being a major task of national employment policy.

Scheme/Fund	All persons at work	All unemployed persons	Only Workers in restructuring companies	Role with regard to PES
- Labour Foundations (AT)			X	Complementary
- Outplacement and Employment Cells Scheme (BE)			X	Integrated part
- Training vouchers scheme (BG)*	X	X		Integrated part
- Individualized Public Employment Service (CY)		X		Integrated part
- Flexicurity operational model (DK)	X	X		Integrated part
- Competence Development Fund for Industry (DK)	X			Complementary
- Transfer Companies (DE)			X	Complementary
- Reacting to Mass Redundancies (EE)			X	Complementary
- Strengthening the efficiency of employment transition in PES (EL)		X		Integrated part
- Occupational Observatories (ES)	X			Complementary
- Occupational transition contracts (FR)			X	Integrated part
- Mobility Leave (FR)			X	Complementary
- Change security operational model (FI)			X	Integrated part
- Skillsnet Scheme (IE)	X			Integrated part
- Wage adjustment funds (IT)			X	Integrated part
- Sectoral Training Fund (IT)	X			Complementary
- Mini Labour Exchange (LT)			X	Complementary
- Training and Re-training programme (LV)		X	X	Complementary
- Job Retention Plan (LU)			X	Integrated part
- Training and re-training programme (MT)	X	X		Integrated part
- Mobility Centres (NL)			X	Complementary
- Sectoral Training Funds (NL)	X			Complementary
- Enterprise Training Fund (PL)	X			Complementary
- Integrated Intervention Office for Business Restructuring (PT)			X	Complementary
- Enterprise Training Fund (RO)	X			Complementary
- Job Security Councils (SE)			X	Integrated part
- Employing the disadvantaged jobseeker (SK)		X		Integrated part
- Rapid Response Service Teams (UK)			X	Integrated part

* Scheme introduced in 2009 but not in operation yet.

Role and responsibilities of different actors

With regard to the role of different actors, our study show that not only the role of public labour market authorities and institutions quite significantly vary depending on the respective mechanism, programme or fund (ranging from only funding roles with other institutions playing the major role, to being the major player and organizer of the process).

Furthermore, there are two important levels of defining framework conditions and implementation of schemes and mechanisms with a strong role of social partners: the sector level and the company level with the sector often being the level of defining framework conditions and specific agendas to be implemented and "filled" at the company level.

Scheme/Fund	Role of PES	Social Partners at national and sectoral level	Social partners at company level
- Labour Foundations (AT)	Funding	Framework	Major player
- Outplacement and Employment Cells Scheme (BE)	Funding	Framework	Implementation
- Training vouchers scheme (BG)*	Major player	Weak	Weak
- Individualized Public Employment Service (CY)	Major player	Weak	Weak
- Flexicurity operational model (DK)	Funding, administration	Major player	Implementation
- Competence Development Fund for Industry (DK)	Marginal	Major player	Implementation
- Transfer Companies (DE)	Funding	Framework	Major player
- Reacting to Mass Redundancies (EE)	Implementation	Framework	Implementation
- Strengthening the efficiency of employment transition in PES (EL)	Major player	Weak	Weak
- Occupational Observatories (ES)	Funding	Major player	Weak
- Occupational transition contracts (FR)	Major player	Weak	Weak
- Mobility Leave (FR)	Funding	Framework	Implementation
- Change security operational model (FI)	Major player	Framework	Implementation
- Skillsnet Scheme (IE)	Major player	Steering	Weak
- Wage adjustment funds (IT)	Implementation	Weak	Weak
- Sectoral Training Fund (IT)	Funding	Major player	Implementation
- Mini Labour Exchange (LT)	Framework	Weak	Weak
- Job Retention Plan (LU)	Major player	Framework	Implementation
- Training and Re-training programme (LV)	Major player	Weak	Weak
- Training and re-training programme (MT)	Major player	Weak	Weak
- Mobility Centres (NL)	Funding	Framework	Implementation
- Sectoral Training Funds (NL)	Funding	Framework implementation	Implementation
- Enterprise Training Fund (PL)	Major player	Weak	Weak
- Integrated Intervention Office for Business Restructuring (PT)	Major player	Steering	Weak
- Enterprise Training Fund (RO)	Major player	Weak	Weak
- Job Security Councils (SE)	Funding, administration	Implementation	Weak
- Employing the disadvantaged jobseeker (SK)	Major player	Weak	Weak
- Rapid Response Service Teams (UK)	Major player	Steering	Weak

* Scheme introduced in 2009 but not in operation yet.

ROLE OF CO-FINANCING AND SOCIAL PARTNERSHIP

Only few schemes and mechanisms as well as funds aiming at improving and supporting employment and professional transition processes in the context of change and restructuring are *not* co-financed by companies involved in the respective instruments. These exceptions are those cases, where the main responsibility of developing, organising and implementing a scheme or mechanism is with the PES and the respective measure is regarded as a universal and integral part of national public employment policy (which in many cases also is co-financed by social benefit contributions).

The strong bias towards co-financing underpins the idea of "shared responsibilities" and also the idea on the social responsibility of enterprises in restructuring and crisis situations. This is also illustrated by the character of co-financing by companies, i.e. either a permanent co-financing basis by all companies (e.g. as in the case of the sectoral training fund mechanisms) or a co-financing of schemes on a case-to-case basis by restructuring companies (e.g. the German and Austrian transfer companies/foundations or the French schemes).

ROLE OF DIFFERENT ACTORS AND SHARED RESPONSIBILITIES

Scheme/Fund	Co-financing by companies		
	Permanently by all companies	Case-to-case basis by restrucruting company	Based on social partner agreement
- Labour Foundations (AT)		X	X
- Outplacement and Employment Cells Scheme (BE)		X	X
- Training vouchers scheme (BG)*	X		
- Individualized Public Employment Service (CY)			
- Flexicurity operational model (DK)		X	X
- Competence Development Fund for Industry (DK)	X		X
- Transfer Companies (DE)		X	X
- Reacting to Mass Redundancies (EE)			X
- Strengthening the efficiency of employment transition in PES (EL)			
- Occupational Observatories (ES)			X
- Occupational transition contracts (FR)		X	
- Mobility Leave (FR)		X	X
- Change security operational model (FI)	X		X
- Skillsnet Scheme (IE)	X		X
- Wage adjustment funds (IT)	X		X
- Sectoral Training Fund (IT)	X		X
- Mini Labour Exchange (LT)		X	
- Job Retention Plan (LU)		X	X
- Training and Re-training programme (LV)			
- Training and re-training programme (MT)	X		
- Mobility Centres (NL)		X	X
- Sectoral Training Funds (NL)	X		X
- Enterprise Training Fund (PL)	X		
- Integrated Intervention Office for Business Restructuring (PT)			
- Enterprise Training Fund (RO)	X		
- Job Security Councils (SE)	X		X
- Employing the disadvantaged jobseeker (SK)	X		
- Rapid Response Service Teams (UK)			

* Scheme introduced in 2009 but not in operation yet.

The important role of social partners is also quite striking when it comes to their role in initiating, designing, implementing and even running mechanisms, schemes and funds. The following overview shows that clearly more than half of the mechanisms, schemes and funds are based on a strong social partnership in the context of programming, agreeing on framework conditions and implementation.

An outstanding example here are the joint training initiatives and funds, most of which are based and organised at sectoral level: In the context of our study six of such funds were analysed, notably the

Netherlands, Denmark, Italy, Ireland, Poland and Romania and in the countries covered by our study even more such funds exist.[36]

The training funds in the Netherlands, Denmark and Italy have been initiated and implemented collective agreements between social partners either on a sectoral or inter-sectoral basis. A relatively large number of training funds are therefore specialised by sector and features a bipartite governance structure (DK, FR, IE and NL). A different model is found in Ireland in the form of Sector Skills Councils, set up as employers' initiatives backed by the public authority and governed by boards including employee representatives. Also the Polish and Romanian training funds are different since they are only implemented at the company level and no fund exists at the sector level.

In all most of the "old" EU countries, the training funds are financed by a "levy-grant mechanism". It is important to note that training funds may finance a variable share of the cost of upholding a system of continuous vocational education. In Denmark, for example, the training funds pay only a symbolic contribution to the cost of courses.

TRAINING FUNDS

	DK	IT	NL	IE	PL	RO
Based on social partner agreement	X	X	X			
Based on enterprise voluntarism				**X**	**X**	**X**
Fund raising: Levy % on payroll	X	X	X			

Source: Own and DG EMPL: Comparative Study on PES and Flexicurity (2009), p. 102

A Cedefop survey of sectoral training funds (2008c) concludes that besides strengthening social dialogue, these training funds have a number of strengths as well as weaknesses. Of these, the following are particularly relevant in a PES context. :

- They may increase company awareness of the importance of training
- They increase and stabilise the resources available for training purposes (enterprise contributions, public funds)
- They may promote SME participation in training activities
- They may contribute to quantitative and qualitative improvement of training supply
- The Training Funds themselves may act as centres of expertise and sectoral knowledge
- SMEs tend to pay insufficient attention to the possibilities training can offer
- There is a risk of predominance of employer perspectives on training needs, not em-ployee
- And also a risk that training providers focus on sector specific needs rather than more generic and transferable skills.

The Role of European Funds

The following table shows that European Funding (in particular ESF) only in the mechanisms and funds established in the new member states play an important role. This role does not only include financial resources which are mobilized to finance the respective schemes but also a qualitative dimension: European employment policy orientation and the European model has influenced labour

[36] See Cedefop 2008: *Sectoral Training Funds in Europe.* Cedefop Panorama series; 156. Luxembourg: Office for Official Publications of the European Communities. The report describes also similar funds in Belgium, Spain, France, the UK and Cyprus.

market policy and the evolution of active labour market support measures quite significantly as our examples have shown.

Scheme/Fund	No role at all	Marginal	important
- Labour Foundations (AT)	X		
- Outplacement and Employment Cells Scheme (BE)	X		
- Training vouchers scheme (BG)*			X
- Individualized Public Employment Service (CY)		X	
- Flexicurity operational model (DK)	X		
- Competence Development Fund for Industry (DK)	X		
- Transfer Companies (DE)	X		
- Reacting to Mass Redundancies (EE)			X
- Strengthening the efficiency of employment transition in PES (EL)			X
- Occupational Observatories (ES)	X		
- Occupational transition contracts (FR)		X	
- Mobility Leave (FR)	X		
- Change security operational model (FI)	X		
- Skillsnet Scheme (IE)	X		
- Wage adjustment funds (IT)	X		
- Sectoral Training Fund (IT)	X		
- Mini Labour Exchange (LT)			X
- Training and Re-training programme (LV)			X
- Job Retention Plan (LU)	X		
- Training and re-training programme (MT)		X	
- Mobility Centres (NL)	X		
- Sectoral Training Funds (NL)	X		
- Enterprise Training Fund (PL)			X
- Integrated Intervention Office for Business Restructuring (PT)		X	
- Enterprise Training Fund (RO)			X
- Job Security Councils (SE)	X		
- Employing the disadvantaged jobseeker (SK)			X
- Rapid Response Service Teams (UK)	X		

* Scheme introduced in 2009 but not in operation yet.

SME coverage

Though only one of the schemes studied in our study explicitly is not eligible for SMEs, one result of our analyses is that SME coverage in general is very weak: This does not only result from structural characteristics – organising employment/professional transfer processes in SMEs for financial, technical and other reasons is much more difficult than in larger companies. At least in some cases, weak SME coverage also results from the legal requirements and thresholds, e.g. obligations to prepare a social plan or an individual training plan.

Only the obligatory and universal schemes (i.e. being an integrated part of PES) show an average or moderate coverage of SMEs.

A very positive example seems to be the Irish mechanism. This mainly results from the network based, local character of the mechanism. And also the French "Occupational Transition Contracts" show quite an impressive coverage rate of smaller companies with 66% of participating companies with a workforce smaller than 100 employees and more than 80% being companies with fewer than 500 employees.

Scheme/Fund	SMEs eligible	SMEe not eligible	SME coverage
- Labour Foundations (AT)	**X**		**Weak**
- Outplacement and Employment Cells Scheme (BE)			**Average**
- Training vouchers scheme (BG)*	**X**		
- Individualized Public Employment Service (CY)	**X**		**Average**
- Flexicurity operational model (DK)	**X**		**Average**
- Competence Development Fund for Industry (DK)	**X**		**Moderate**
- Transfer Companies (DE)	**X**		**Weak**
- Reacting to Mass Redundancies (EE)	**X**		**Weak**
- Strengthening the efficiency of employment transition in PES (EL)	**X**		**Weak**
- Occupational Observatories (ES)	**X**		**Weak**
- Occupational transition contracts (FR)	**X**		**Strong**
- Mobility Leave (FR)		**X**	**No**
- Change security operational model (FI)	**X**		**Average**
- Skillsnet Scheme (IE)	**X**		**Strong**
- Wage adjustment funds (IT)	**X**		**Weak**
- Sectoral Training Fund (IT)	**X**		**Weak**
- Mini Labour Exchange (LT)	**X**		**Weak**
- Job Retention Plan (LU)	**X**		**Weak**
- Training and Re-training programme (LV)	**X**		**Weak**
- Training and re-training programme (MT)	**X**		**Weak**
- Mobility Centres (NL)	**X**		**Weak**
- Sectoral Training Funds (NL)	**X**		**Average**
- Enterprise Training Fund (PL)	**X**		**Weak**
- Integrated Intervention Office for Business Restructuring (PT)	**X**		**Weak**
- Enterprise Training Fund (RO)	**X**		**Weak**
- Job Security Councils (SE)	**X**		**Average**
- Employing the disadvantaged jobseeker (SK)	**X**		**Average**
- Rapid Response Service Teams (UK)	**X**		**Average**

* Scheme introduced in 2009 but not in operation yet.

4.3 A REFLECTION ON COSTS AND EFFICIENCY

Any analyses of the expenditure and costs (e.g. per person supported) of the measures and schemes described in this report is facing significant difficulties for several reasons: Already at the national level, it is extremely difficult to gather data on costs and expenditure as the respective paragraphs on the schemes has shown. In most countries employment transition practice is covered not by a clearly identifiable budget item within labour market policy expenditure but funded through different funds, i.e. labour market benefits (e.g. on short-time work) as well as training funds. In many cases also labour market “services” (e.g. counseling, orientation etc.) are important in this context.

Against this, it is hardly possible at all to compare national data at the European level: Eurostat is grouping labour market policy interventions into three different main types of LMP *services*, LMP *measures* and LMP *support* and then further classifying them into nine detailed categories according to the type of action as the following table is illustrating.

EUROSTAT CLASSIFICATION OF LABOUR MARKTE POLICY INTERVENTIONS

Main types	**Categories**
Labour market services	1. Labour market services
Labour market measures	2. Training 3. Job rotation and job sharing 4. Employment incentives 5. Supported employment and rehabilitation 6. Direct job creation 7. Start-up incentives
Labour market supports	8. Out-of work income maintenance and support 9. Early retirement

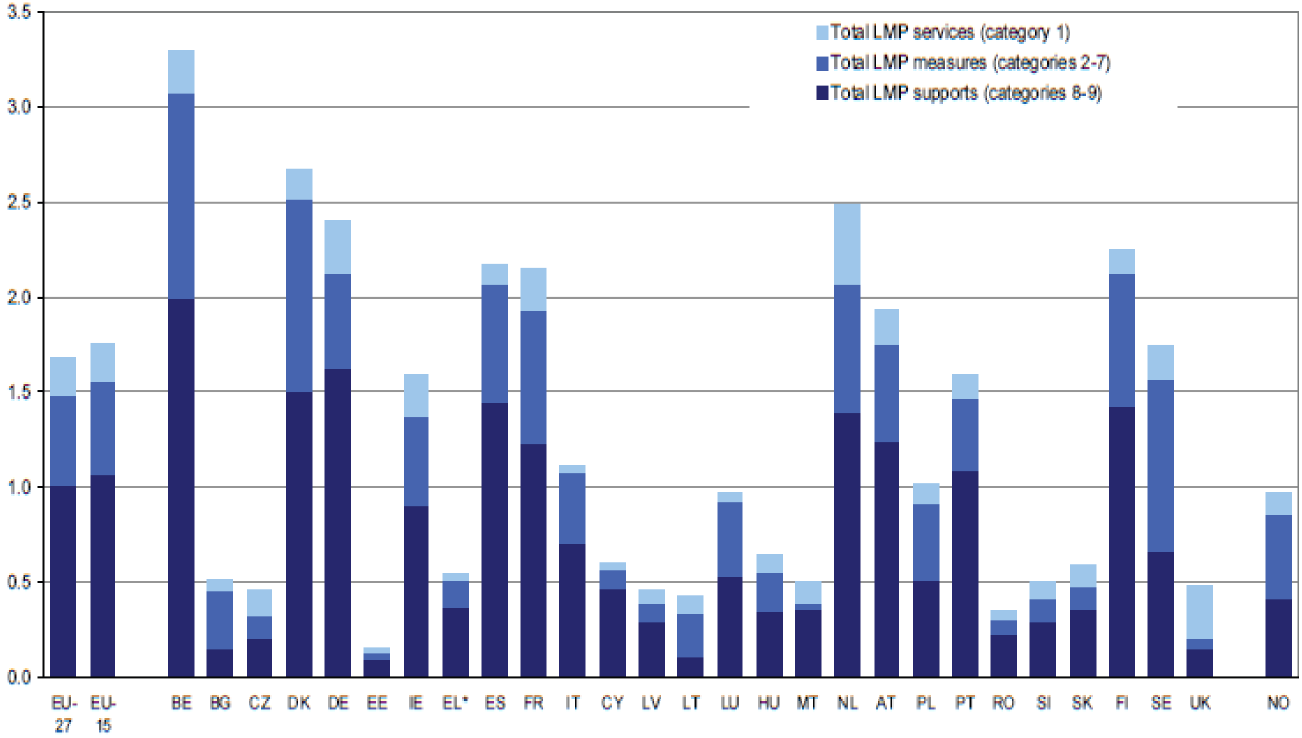
Source: Eurostat

While ‘labour market services’ is covering all measures and services carried out directly by the public employment services (PES) for jobseekers, the second type of LMP measures is the most interesting in our case: Here, interventions that provide temporary support for groups that are disadvantaged in the labour market and which aim at activating the unemployed, helping people move from involuntary inactivity into employment, or maintaining the jobs of persons threatened by unemployment are covered. Finally, LMP support measures are financial assistance that aims to compensate individuals for loss of wage or salary and support them during job-search (i.e. mostly unemployment benefits) or which facilitates early retirement.

As the following chart illustrates, both overall and relative spending on LMP as well as the three major types of LMP (services, measures and financial support) is varying significantly between the EU member states.

Though the information on public expenditure on labour market policy as percentage of GDP is quite satisfying, it is extremely difficult to draw simple conclusions since labour market policy is embedded in the respective economic and social fabric of the respective country and systems/framework differ significantly.

LABOUR MARKET EXPENDITURE AS PERCENTAGE OF GDP (IN %)



* Eurostat estimations. DK, EL: not available.

Eurostat 2009: Labour Market Policy – Expenditure and Participants, Data 2007, p. 15

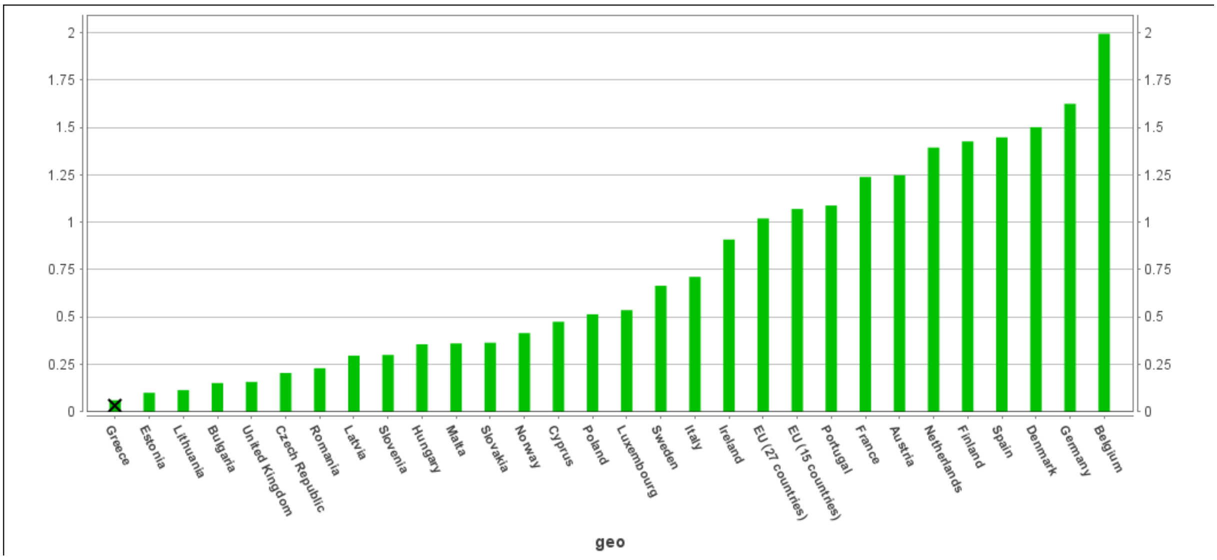
When comparing countries, it is important to stress that the mechanisms, instruments and funds described and analysed in our study not always are included in the “LMP measures” category. In some cases (e.g. the German and Austrian examples) they are included in the “LMP support” group since they are based on monetary transfers of PES.

With regard to different country models of spending, one can identify three broad groups/types:

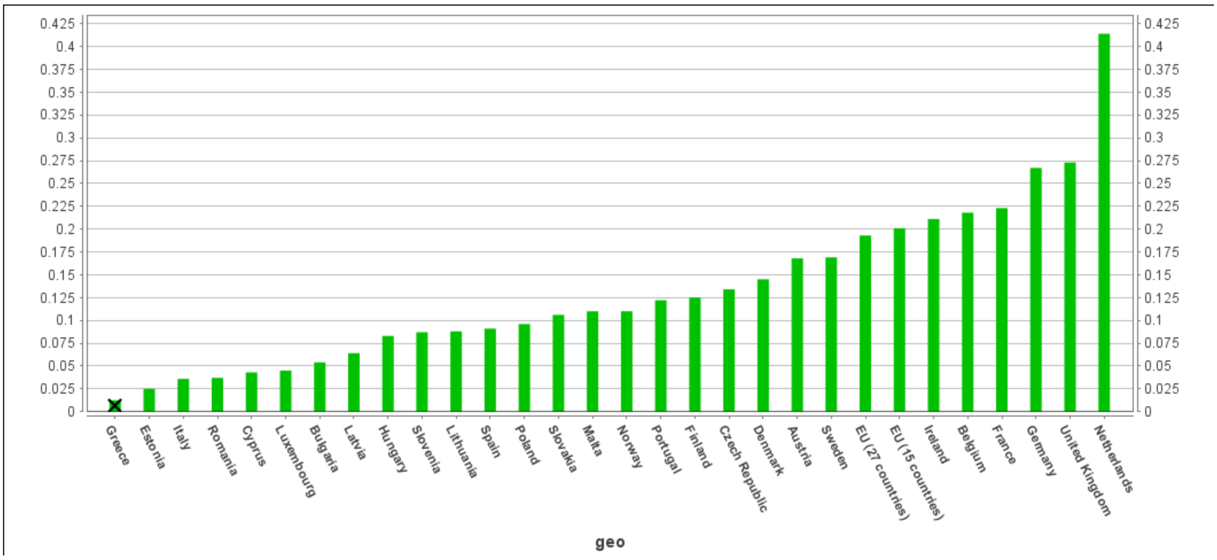
- First, a group with very modest overall spending on LMP, mainly consisting of the new member states in Central and Eastern Europe
- A second group of countries which are characterised by high spending on “LMP measures”: Belgium and Denmark being the only countries with more than 1% of GDP spend on this type of LMP, and also Sweden, Finland, France and the Netherlands with high shares
- A third group of countries that are showing high shares of “LMP supports”, notably Belgium with nearly 2% of GDP and Germany with more than 1.5%.

The charts on the following page are illustrating these features based on GDP shares as of 2007 according to Eurostat.

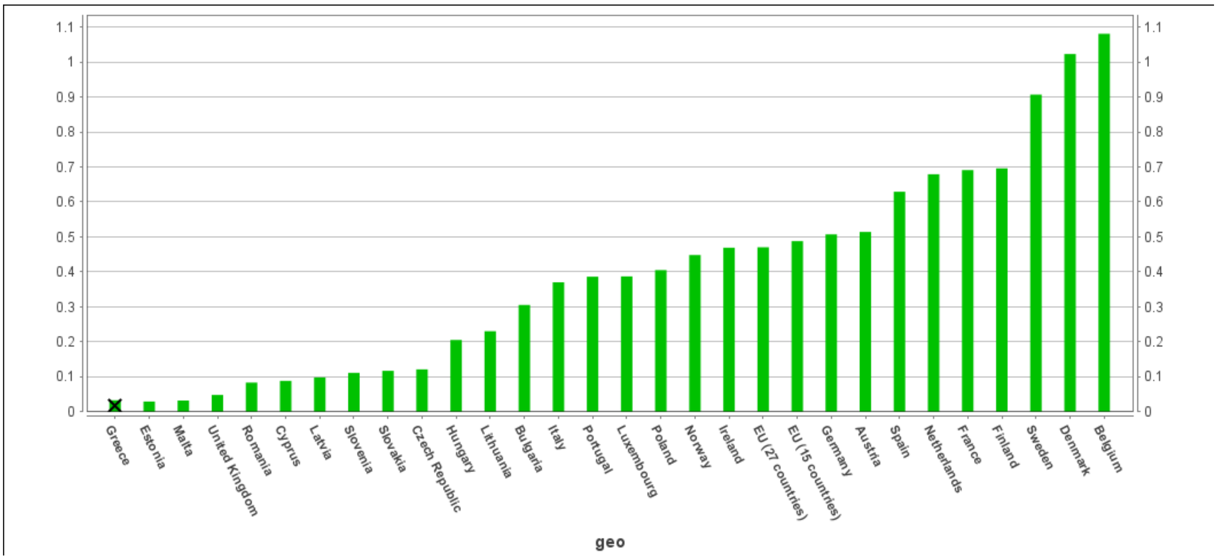
PUBLIC EXPENDITURE ON "LMP SUPPORTS" AS PERCENTAGE OF GDP 2007



PUBLIC EXPENDITURE ON LMP "SERVICES" AS PERCENTAGE OF GDP 2007



PUBLIC EXPENDITURE ON LMP "MEASURES" AS PERCENTAGE OF GDP 2007



How efficient are the mechanisms and schemes of employment and professional transfer presented in this report – also in relation to the costs, they are causing taxpayers and other actors (in particular employers and employees)?

As the descriptions have shown, available evaluation results and assessments on the respective mechanisms and funds generally come to positive conclusions.

At the same time – also with view on skeptical assessments made on employment transfer schemes and mechanisms, the following remarks are important to make:

- It is difficult to base evaluations purely on short-term placement effects, i.e. success/failure of labour market integration
- Also long-term effects (e.g. educational attainment, rise of qualification standards etc.) have to be taken into account
- Efficiency assessment also has to pay attention to specificities of sector/company backgrounds and the specific target group addressed by a mechanism and scheme when assessing success and/or failure

5 CONCLUSIONS

In this study we carried out a review of mechanisms, programmes, schemes and funds of support for workers affected by restructuring which have been set up *in parallel and/or complementing* "typical support" mechanisms provided by public employment services (PES). Hereby, the focus was on the issue of employment and professional *transfer* (i.e. moving from one profession/job to another or moving from unemployment to work) rather than on *maintaining* employment (e.g. by short-time work schemes).

Though it is not always easy to draw a sharp and simple line between these mechanisms and instruments on the one hand and "typical" PES measures (including active labour market instruments) on the other and – at a first glance – only few (and well-known and documented) mechanisms exist our stock-taking has revealed an impressive plurality of mechanisms existing throughout the EU: There are mature mechanisms, funds and instruments existing already for decades, rather recent ones and a large group of mechanisms which have been subsequently adjusted and reformed according to new challenges and framework conditions (e.g. the current economic crisis).

In fact, the picture of practice and systems in a constant state of flux seems to be a significant result of our study – only few mechanisms remained unchanged over a longer period of time.

Our survey also shows that no common path exists with regard to inventing, organising and funding employment and professional transition in response to restructuring. Instead, the 27 schemes presented in this study display specific national framework conditions of both labour policy and industrial relations, in particular the state of social dialogue and partnership.

If any underlying "driving factor" for certain types and models of transfer regimes should be identified, then it's the conditions of social dialogue and labour relations: The main structural factors, e.g. organising of collective bargaining at various levels, role of social partners in labour market policy, tradition of co-determination and employee participation seem to be an important factor of influence for certain kinds and types of transfer practice. This is particularly illustrated by the sectoral initiatives and funds on skills and training which exist in various countries.

A further and quite striking result of our study is the fact that both sides of the industry are sharing responsibilities both in terms of co-financing (e.g. employers pay fees, employee resign from severance payments rights) as well as in terms of active involvement in the organisation and management of mechanisms and instruments. It is quite obvious that most of the schemes and programmes presented in our study would simply not exist and would not be able to be run efficiently without active social partner involvement at all levels.

Another important result of our study is that there is a common trend of acknowledging transition as a major challenge of labour market policy in today's context. In times of globalisation and accelerated change in every part of our economy and society an efficient system in place of organising professional and job transfer seems to be crucial. Here, our survey shows that this challenge is felt not only in the well-known cases of labour market innovation in Northern and Continental Europe but also in countries which normally are not quoted in this context.

However, the schemes and mechanisms analysed in our study under the heading of three main "clusters" or groups also showed that there is a significant variety of speed within the EU in meeting the challenge of implementing efficient organisation of transition processes. While some countries are already following a comprehensive and integrated approach, i.e. the whole labour market policy system is oriented towards the objective of transition, others are rather in an experimental stage and/or adjusting their mechanisms and instruments in the context of labour market policy reform and a final group of countries have just recently started to implement practices of professional and job transition into their labour market policies. In particular the latter group, mainly consisting of countries in Central and Eastern Europe as well as Southern Europe illustrate the important role European funds as well as policy orientation is playing. Here, EU funds such as the ESF is financing new instruments and mechanisms and EU employment policy guidelines are delivering concepts, agendas and longer term objectives.

In this context it should also be mentioned that our study has identified some major gaps of knowledge and also is resulting in recommendations for further activities:

Carried out in a relatively short period of time, our study was not able to carry out a solid analysis of the issue of "costs and efficiency". Though this topic is important for assessing the success and concrete effects of a scheme, mechanism of fund it is also a very difficult issue due to the lack of both European wide as well as country specific evaluation results and comparative data. However, given the relevance of the overall issue of professional transition practice in response to restructuring further research in this field should address in particular the cost/efficiency issue.

Both against the background of practical knowledge gaps and shortcomings as well as against the relevance of the "transition" topic in nearly all EU countries a further suggestion arising from our research is to organize an exchange of experience and information of actors directly involved in the schemes and mechanisms presented in this study. This exchange not only would be extremely useful in the light of joint trends, features and characteristics but also very valuable in order to identify and draw conclusions with regard to strengths and weaknesses as well as factors of success of practical experiences. Also with regard to our knowledge on cost factors and efficiency considerations such an exchange would be very helpful. Therefore our suggestion would be to consider this suggestion in the planning of forthcoming Restructuring Forum events.

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