

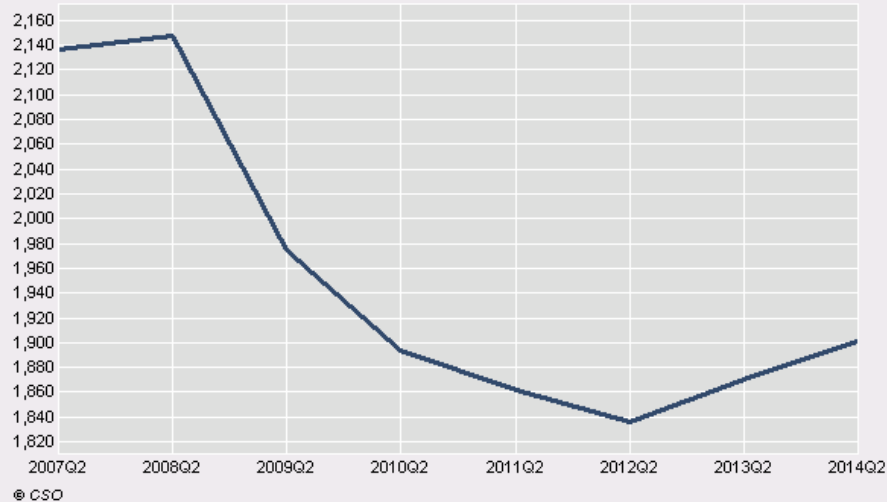
Flexicurity in Recovery?

Frank Kavanagh
Copenhagen Nov 2014

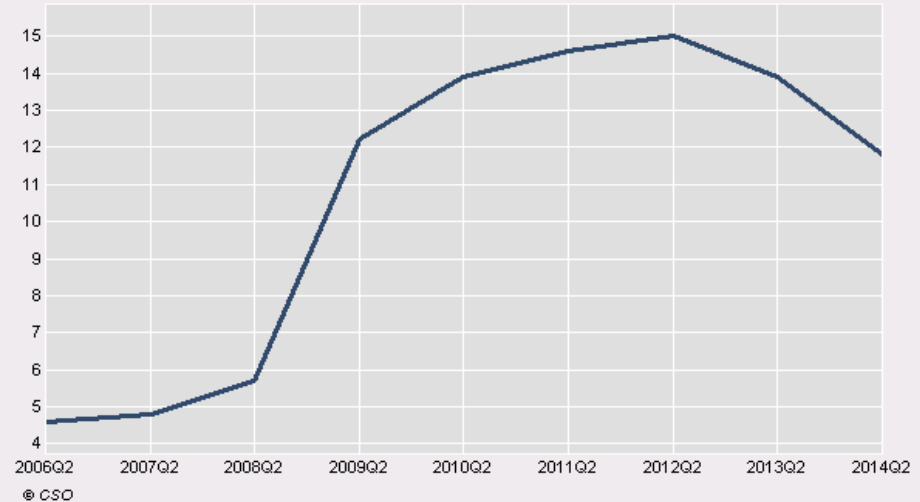
Flexicurity in Ireland-Economic background

- Employment (for persons aged 15-64) dropped from a high of 69% in 2007 to the mid-2014 level of 61.3% (66.3% males, 56.4% females).
- In the same period the overall unemployment has increased from 4.7% to 11.7% (with a peak of 15.1% in 2011) and youth unemployment from 9.3% to 25.1% (with a peak of 33% in 2012)

Persons aged 15 years and over in Employment (Thousand)
by Quarter
Both sexes, All employment status (Thousand)



ILO Unemployment Rates (%)
by Quarter
Both sexes (%)

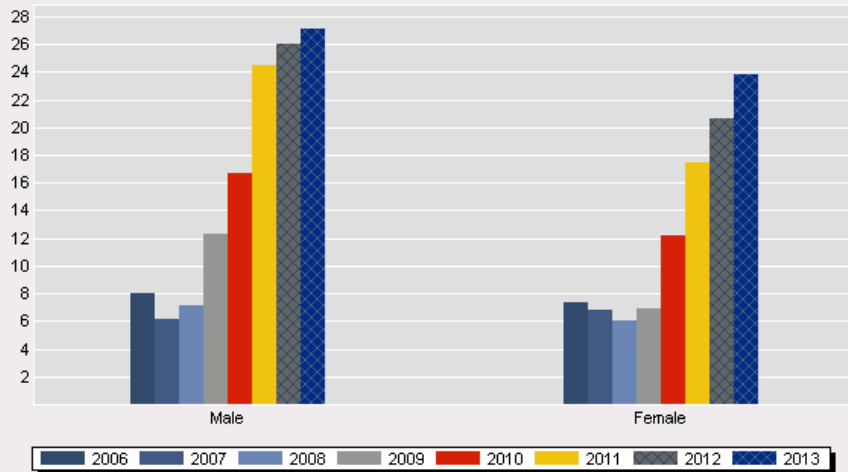


- The overall seasonally adjusted standardised unemployment rate is now 11.1% (Sept 2014)

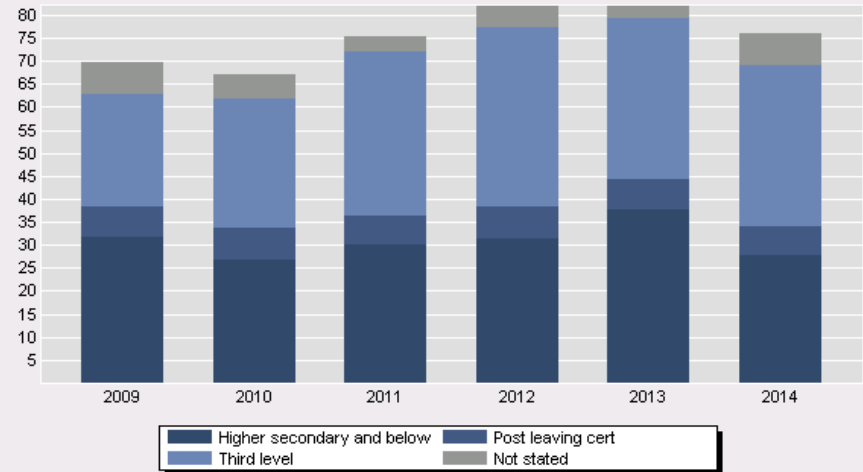
Flexicurity in Ireland-Economic background

- Emigration has increased dramatically over the period... a normal and traditional aspect of the Irish labour market (Mainly to UK, EU, Australia, Canada, USA).
- 20% unemployed, 46% employed, before departure. 47% educated to 3rd level.

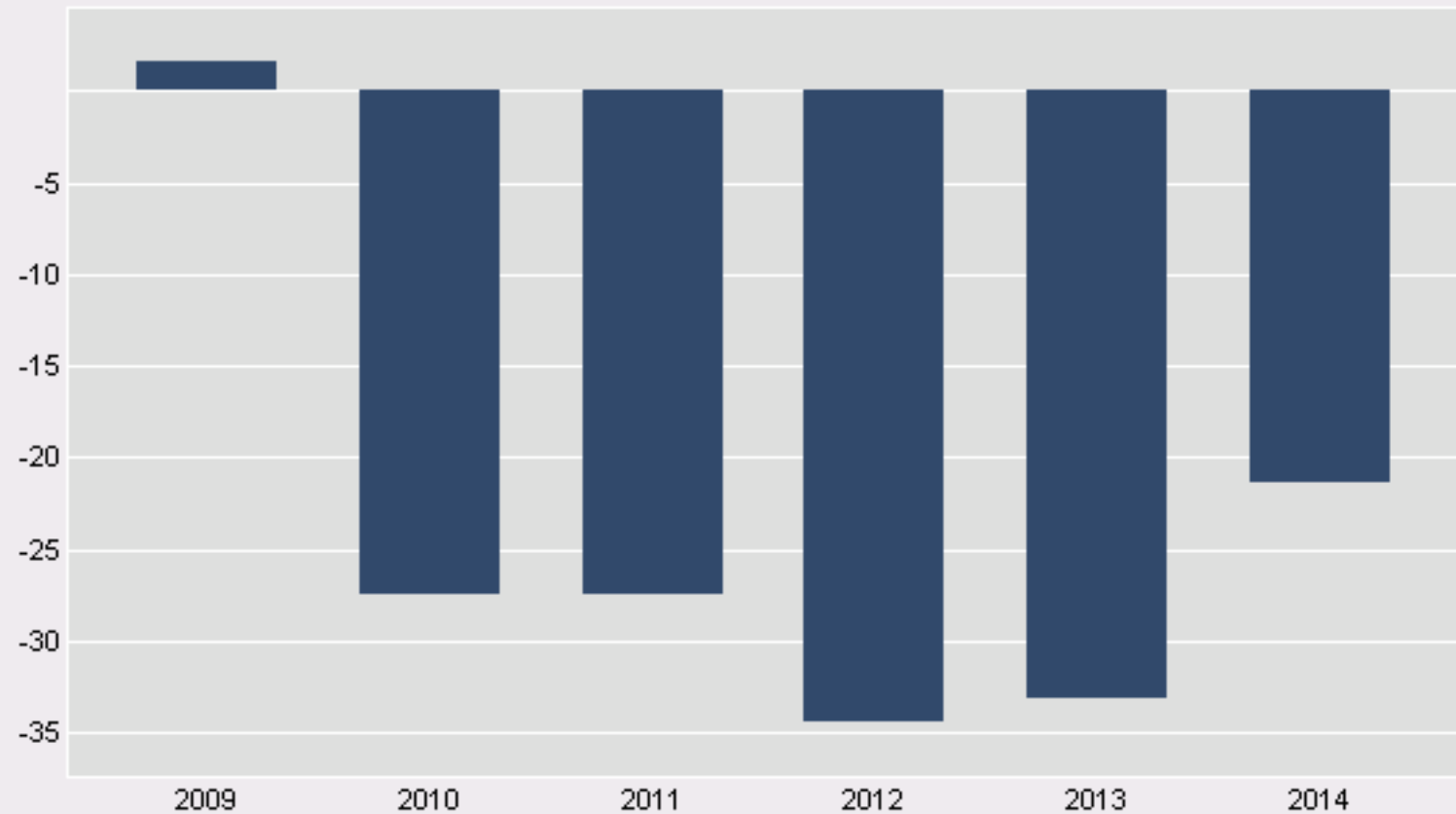
Estimated Emigration (Persons in April) (Thousand)
by Year and Sex
Irish (Thousand)



Estimated Migration Aged 15 Years and Over (Persons in April) (Thousand)
by Education Level and Year
Emigrants: All destinations, Both sexes (Thousand)



**Estimated Migration (Persons in April) (Thousand)
by Year**
Net migration, Both sexes, All countries (Thousand)



Flexicurity in Ireland-Economic background

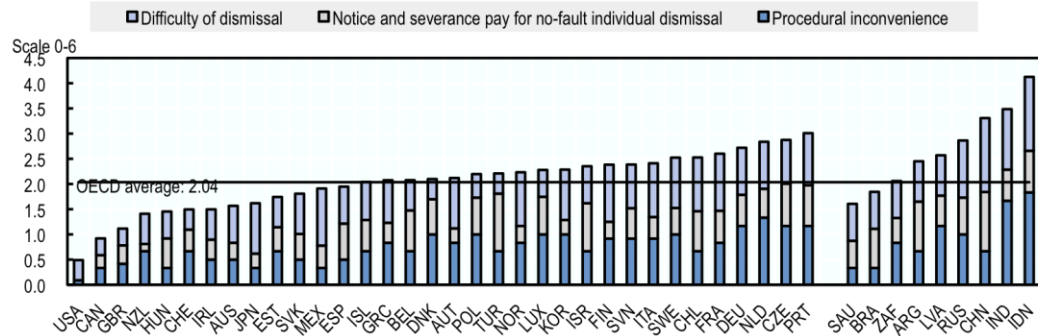
- We are expecting growth in GNP in 2014 of 4.9 per cent and that this pattern will continue into 2015, resulting in growth in GNP next year of 5.2 per cent.
- Irish debt to GDP ratio is still one of the highest in the Euro Area
- General Government Debt (% of GDP)

Year	2011	2012	2013	2014	2015
% of GDP	99	111.4	116.1	113.5	106

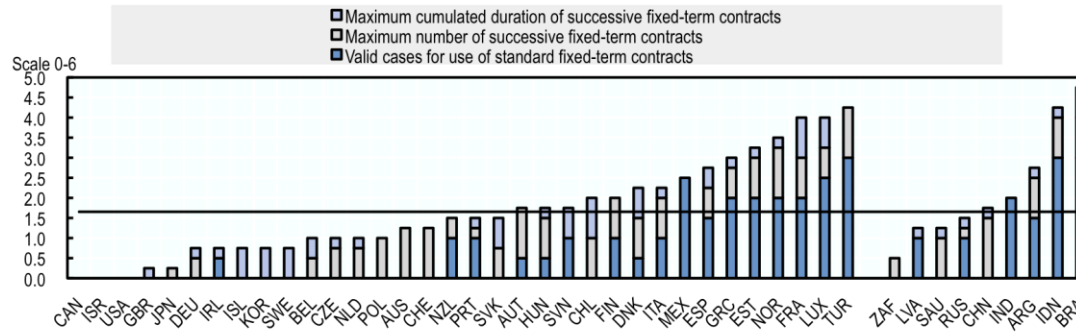
Flexicurity in Ireland

- Ireland is consistently placed at the higher end of the European flexicurity scale.
- Ireland has low EPL, high external numerical flexibility, working time and wage flexibility and relatively low labour market segmentation.
- This is accompanied by an active labour market policy that combines Active Labour Market Measures (ALMMs) with a relatively generous package of compensation for low-wage workers, in periods of unemployment.
- The latter has created welfare traps and currently about 13% of social welfare beneficiaries on Job Seekers Allowance/Benefit have a net replacement rate of over 100%.
- New measures are in train to make work pay

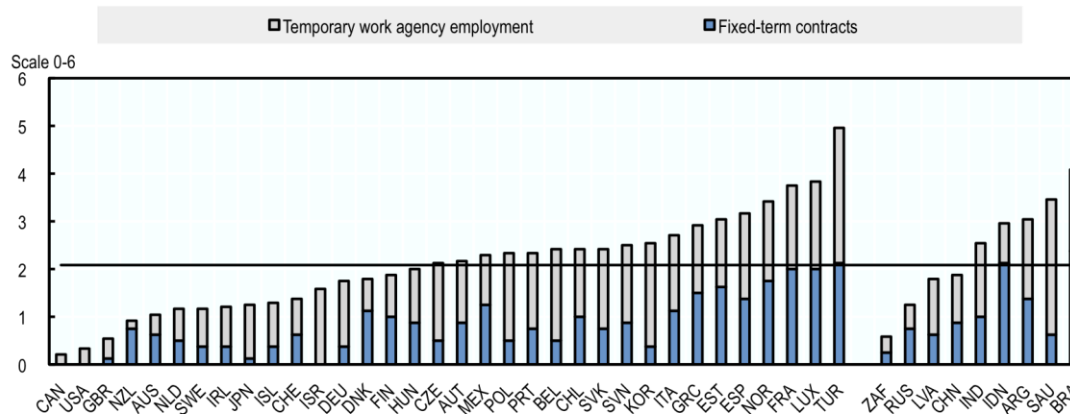
Protection of permanent workers against individual dismissal



Regulation on standard fixed-term contracts



Regulation on temporary contracts



Flexicurity in Ireland-Institutional Reforms

- In many respects the approach to and level of flexicurity in Ireland is similar to that in Denmark with regard to employment protection, social security supports, ALMP expenditure as a proportion of GDP but less so on Life-Long Learning (LLL).
- Participation in lifelong learning in Ireland for those aged 25-64 is lower than the EU average (7,3 %, as compared with EU Average of 10,7 % in 2013) and much lower than the Danish level of 31.4%. In 2013 responsibility for workforce adult initial and continuing vocational training has been transferred from the old Training and Employment Agency (FAS) to 16 new Educational and Training Boards (ETBs).
- One of the key challenges to the success of the new ETBs will be the maintenance of the workforce training orientation for unemployed jobseekers referred by the PES. This is because the ETBs have a higher proportion of staff from vocational education backgrounds than staff with a workforce vocational training background.
- 57,000 VET places for targeted vocational education and training will be allocated to PES jobseeker clients in 2015

Flexicurity in Ireland-Institutional Reforms in PES

- Since January 2012, three services – job-matching and job-placement, the administration of benefit, and the design and supervision of active labour market programmes – have been rolled into one integrated service, *Intreo*, which is designed to adopt a stronger activation approach. –‘Pathways to work’ strategy.
- Shift from Guidance to Conditionality in the institutional structures that deliver services to jobseekers and in their operational approach.
- Two major current PES innovations are the introduction of econometric profiling of jobseekers clients and the imminent contracting out of employment services for an LTU cohort of 100,000 to the private sector, based on payments per progression/placement, similar in some respects to the Australian PES model and the Danish approach.
- Transaction costs?
- Issues with the profiling model assumptions/factors?

Flexicurity in Ireland-PES Reform

- The current jobseeker activation balance weighs in favour of conditionality and the significant investment in guidance and counselling staff-development in the previous FAS PES needs to be valued and continued in the new organisation.
- The institutional memory at PES senior level has not been entirely carried forward from the old to the new PES, due to significant retirements around the time of the establishment of the new model.
- The emphasis on conditionality also leaves little PES space for new entrants to the labour market who do not qualify for benefits, such as many school-leavers, job-changers and graduates.
- The continuation of the FAS PES strategic approach to employers is also crucial to the success of Intreo and will require a major staff training effort to ensure adequate engagement with the demand side of the labour market.

Flexicurity in Ireland-*to conclude*

- Has Flexicurity helped us begin to recover?---yes, but success or failure in maintaining skills-sets of the labour force will be crucial to a speedy recovery.
- In the context of its institutional reorganisations, of interest to Ireland from the Danish experience, are the regional and local structure of ALMPs in Denmark, PES performance measurement and the approach to LLL as key tools of flexicurity.
- The recent OECD LEED review specifically recommended that the Irish authorities look to the example of Denmark where flexibility is provided by allowing local offices to identify and prioritise special target groups within their locality for targeted activation measures and granting more flexible funding streams.
- Has Denmark reduced the transaction costs involved in establishing a quasi-market for PES delivery?

Flexicurity in Recovery?

Thank you for listening!

Frank Kavanagh

frank@frankkavanagh.com