



Contribution to support job creation in the first regular paid employment

Supporting employers to create first time employment opportunities for young people without work experience

SLOVAKIA

Title of the practice (in original language)

Príspevok na podporu vytvorenia pracovného miesta v prvom pravidelne platenom zamestnaní

Who is/was implementing the practice?

Ministry of Labour, Social Affairs and Family of the Slovak Republic

Which other organisations are/were involved in the practice?

- Central Office of Labour, Social Affairs and Family (PES)
- Territorial Offices of Labour, Social Affairs and Family (PES)

What are/were the main objectives of the practice?

Support the creation of new job opportunities for young people in regular paid employment.

When was the practice implemented?

Introduced in 2014 as part of a number of legislative reforms and initiatives (programs and projects) for young people.

Who is/was targeted by the practice?

- The target group are young people who are registered with PES and are either:
- Aged 25 or younger who have been on the jobseekers register for at least three months.
 - Aged 29 or younger who have been on the jobseekers register for at least six months.

What activities are/were carried out?

This initiative supports the employment of young job seekers who previously did not have regular paid employment (i.e. never had a job lasting for at least six consecutive months).

The Slovakian PES provide a financial contribution to employers who create a job post for young jobseekers. The financial contribution is a percentage (dependant on region) of costs incurred by the employer. The eligible costs incurred by the employer include:

- cost of wages,
- public health insurance,
- social security contributions,
- pension contributions.

Financial contributions are distributed to employers who:

- comply with written agreement (between PES and employer) and provide the position for at least six and at most 12 calendar months;
- retain the job post for at least half of the agreed employment period. For example, if an employer receives a contribution for eight months, the job must be maintained for at least another four months.

Financial contributions are paid monthly, which depends on the unemployment rate in the region:

- In the region of Bratislava, a region with a low unemployment rate, financial contributions amount to the cost incurred by payments to health insurance and social security contributions, as well as 30% of the average wage of the Slovakian economy (EUR 277.50).
- In regions with a high unemployment rate compared to the national average, maximum allowance is 80% of total labour costs (eligible costs as listed above), with wages not exceeding 60% of the average wage in the economy (EUR 555).
- In regions (other than Bratislava) that have a low unemployment rate than national average, maximum allowance is 70% of total labour costs, with wages not exceeding 50% of average wage of the economy (EUR 462.50).

What are/were the sources of funding?

State funded with additional financing from the national project 'Successful in the labour market' to which EUR 30 million is co-financed by the Youth Employment Initiative (YEI) and European Social Fund (ESF).

What are/were the outputs: people reached and products?

People reached¹:

- 5 158 employers were reached since 2015
- 8 387 young people were supported in 2015-2017.
- The majority of the participants are young people who have completed secondary vocational education and were not in regular paid employment for at least 12 consecutive calendar months before the registration with PES.
- Secondary and tertiary sectors involved in the initiative which include industrial production, accommodation and food services, and distributive trades (including retail and wholesale).

Products:

- Dedicated webpages on the websites of the Ministry of Labour, Social Affairs and Family and of the Central Office of Labour, Social Affairs and Family.
- Information on notice boards in the Slovakian PES.

What are/were the outcomes: medium-term results or effects?

- 6 046 young people have potentially remained active in the labour market (71%) after the end of their participation in the programme (they did not re-register with PES).
- Increase in the number of first time job opportunities available to young people.

¹ Annual monitoring reports of PES activities:
2015: http://www.upsvr.gov.sk/buxus/docs/KGR/Vlado/VS_UPSVAR_2015.pdf
2016: http://www.upsvr.gov.sk/buxus/docs/KGR/Vlado/VS_UPSVAR_2016.pdf
2017: http://www.upsvr.gov.sk/buxus/docs/KGR/vyrocnne_spravvy/VS_UPSVAR_2017.pdf

What are/were the lessons learnt and success factors?

Lessons Learnt

- The financial contribution takes into account the regional differences in unemployment rates. Regions with higher youth unemployment rates receive additional assistance (higher percentage in financial contributions).

Success Factors

- Young people gain their first work experience in the labour market.
- It has motivated employers by means of direct subsidies.
- To prevent substitution effect the employer needs to demonstrate that the job created is a new job post which is not a low-cost replacement for a previous position. Employers need to demonstrate that the new position has increased the overall number of employees within the company in comparison to the same period the year before.

What are key sources of information?

Ministry of Labour, Social Affairs and Family of the Slovak Republic:

<https://www.employment.gov.sk/sk/praca-zamestnanost/podpora-zamestnanosti/zaruka-mladych-ludi-sr/>

https://www.upsvr.gov.sk/zaruky-pre-mladych/prispevok-na-podporu-vytvorenia-pracovneho-miesta-v-prvom-pravidelne-platenom-zamestnani-51a.html?page_id=512907

National Employment Strategy of the Slovak Republic until 2020:

<https://www.employment.gov.sk/files/slovensky/praca-zamestnanost/podpora-zamestnanosti/national-employment-strategy-slovak-republic-until-2020.pdf>