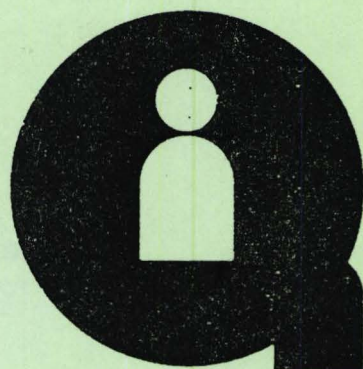


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**Job creation and the quality of working life**

A preliminary study from six member states

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Nederlands Instituut voor Arbeidsomstandigheden



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## **Job creation and the quality of working life**

A preliminary study from six member states

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**European Foundation  
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**Job creation and the quality of working life**

A preliminary study from six member states

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Consolidated report by  
Valerie Symes  
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Working Paper No.: WP/97/63/EN

## PREFACE

During the 1990s the European Union has experienced an increase in both the number of long-term unemployed and, in most Member States, the proportion of unemployed people who have been without work for longer than a year. A high proportion of Member States' expenditure on active policies for the unemployed is spent on trying to get the long-term unemployed reintegrated into the formal labour market through training, placement services and job creation schemes. This short study sets out to examine the question **"Is quality of work an important factor in explaining the success of job creation schemes?"** It must be stressed that this study is only exploratory in nature and, because of time and resource constraints, its aim was to provide information on job creation schemes that had been previously evaluated, (but not necessarily in relation to the research question). This information should be useful in contributing to the policy debate on the importance of quality of work within job creation and its impact on the participants of schemes.

The case studies carried out in Finland, France, Germany, the Netherlands, Spain and the UK form the main body of this report. The introductory section looks at the scale of long-term unemployment in the six Member States; the characteristics of the long-term unemployed and the employment problems facing them; policies for the long-term unemployed; and the aims and methodologies for the case studies. The concluding section evaluates the findings of the national case studies and suggests ways in which studies specifically designed to test the effects of quality of working life in job creation could be useful to policy makers in the future.

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**1. LONG-TERM UNEMPLOYMENT AND  
JOB CREATION IN THE EUROPEAN  
UNION**

## Long-Term Unemployment in the European Union

During the period of employment growth in the European Union between 1985 and 1990 the proportion of long-term unemployed in the total of unemployed fell from 50.1 per cent to 47.4 per cent, and 1.8 million people left long-term unemployment. This is not to say that all found work. Some may have become "discouraged workers" and left the labour market, others may have retired. Between 1990 and 1994, despite an increase of around seven million unemployed in the EU, the proportion of these who were long-term unemployed remained fairly stable, but an extra three million workers became long-term unemployed. (Table 1.1)

**Table 1.1**

### *EU (15) Unemployment and Long-Term Unemployment 1985-94*

	1985	1990	1994
Unemployment rate %	9.8	7.6	11.1
Number unemployed (000s)	14,714	11,833	18,461
LTU: % of Unemployed > 1yr	50.1	47.4	47.0
Number LTU (000s)	7,371	5,608	8,676

*Source: Employment in Europe (CEC) 1995.*

The incidence of long-term unemployment (LTU) varies considerably from country to country within the EU. Analysis of long-term unemployed will be confined to the six Member States within this study. As can be seen in Table 1.2 there has been a growth in the percentage of those without work for longer than a year in five States, with the largest growth in Finland and the UK, but a fall in the proportion of LTU of over 2 per cent in the Netherlands.

**Table 1.2**

### **LTU as a Percentage of Total Unemployment 1991 and 1995**

	1991	1995
Finland	9.2	32.5
France	37.2	45.6
Germany	31.5	48.3
Netherlands	45.5	43.2
Spain	51.1	56.5
UK	28.5	43.5

*Source: OECD Employment Outlook*

It is important to know how many people are involved if active labour market policy is to be considered in order to aid employment prospects for the LTU. In all the Member States in this study the number of LTU increased. The greatest increases in the

number of LTU were in Finland (up 260 per cent); Germany LTU (up 126 per cent); Spain (up 59 per cent); and France (up 52 per cent). The UK (up 36 per cent) and the Netherlands (up 13 per cent) were relatively less affected. The four countries with the highest level of increase of LTU also suffered the highest rate of increase in the general level of unemployment, while in the UK unemployment was at the same rate in 1991 as in 1995, and in Netherlands it had fallen by 0.5 per cent. (Table 1.3)

The relationship between increased unemployment and LTU will be discussed later in this section. But what is apparent is that the problem of increasing numbers of LTU varies considerably from state to state and is not uniform across the European Union.

**Table 1.3**

Number of LTU and Overall Unemployment Rate 1991 and 1995

	1991		1995		1991-95
	No. LTU	Unemp %	No. LTU	Unemp %	Change in No. LTU
Finland	17,700	5.0	139,750	17.1	+46,650
France	894,080	7.2	1,363,440	9.4	+469,360
Germany	691,480	9.4	1,569,260	11.6	+877,780
Nether-lands	179,800	7.0	204,000	6.5	+24,200
Spain	1,270,540	16.0	2,026,090	22.7	+755,550
UK	712,070	8.8	973,720	8.7	+261,680

Sources: OECD Employment Outlook 1994 and 1996

## The Incidence of Long-Term Unemployment

Certain groups within societies are more prone to long-term unemployment than others. Generally in the European Union women are more likely to experience prolonged periods of unemployment than men; older workers than younger workers; also those who have a lower educational level and lower skill level; those with health problems; and ethnic minorities and migrants.

### Male and Female LTU

Within the European Union as a whole in 1994 more women who were unemployed were long-term unemployed (48.6 per cent) compared to men (45.5 per cent). The same is not true of Member States within this study. As shown in Table 1.4 LTU was higher in 1995 for women than men in France, Germany and Spain, but lower in Finland, the Netherlands and the UK.

**Table 1.4****Long-term Unemployment Men/Women 1995**

LTU as % of total male or female unemployed

	Men	Women
Finland	35.4	28.7
France	44.5	46.6
Germany	45.6	50.9
Netherlands	48.6	37.9
Spain	50.7	62.2
UK	49.5	32.2

Source: OECD Employment Outlook (1996)

How different are the factors behind men's and women's unemployment duration and chances of gaining employment? Various studies from France<sup>(1)</sup>; Germany<sup>(2)</sup>; Spain<sup>(3)</sup>; the Netherlands<sup>(4)</sup>; and the UK<sup>(5)</sup> pinpoint some of the factors that may be important in explaining differences in the level of male and female long-term unemployment. It was found that if age, skill and type of job search were held constant, female rates of long-term unemployment were higher in almost every category, but particularly in older groups.<sup>(2)</sup> While male LTU was not affected by the labour market state of a female partner, the probability of a women both becoming and remaining unemployed if her partner was unemployed was high. This was ascribed to the effects of the social benefits system making it not worthwhile for a female (normally lower eaming) partner to search for work.<sup>(1)(4)(5)</sup> It was found in the UK<sup>(5)</sup> that breakdown of a partnership substantially increased a woman's chances of leaving a lengthy spell of unemployment, but that for single parents, because of the so-called "benefits trap", job search was limited to high paying jobs which were scarce, therefore exit chances into employment were lowered. In Spain<sup>(3)</sup> some 80 per cent of LTU women were seeking a first job and so less qualified and experienced than their male counterparts. Older married women, and women with young children were also found to be less committed to job seeking. This may be because, as the UK study indicates the necessity of work, in income terms, is reduced by the existence of a male breadwinner. There are also other special features to women's job search. In the UK<sup>(5)</sup> it was found that duration of unemployment was related to domestic commitments, which tended to restrict women's job search to particular locations and to part-time work. In fact the highest probability of exits from long-term unemployment was to part-time work - generally less skilled and less well paid - which is also why the chances of lessening unemployment for women, unlike men, was not strongly related to education. In fact women with only an intermediate level of education had more chance of gaining work than women with a university degree. Long-term unemployment for men was more strongly related to low educational level, regional factors and previous occupation sector.

For men it appears that the "standard" economic factors of skill levels, educational levels and mismatch of skills with the needs of a changing European labour market

are dominant factors in explaining long-term unemployment. For women domestic factors and relationships affect their job search and unemployment duration. The labour market for men and women is very different in Europe. This may help to explain why in the Netherlands and the UK where 36.4 per cent and 23.8 per cent of all jobs were part-time, (a much higher rate than in Germany, Spain and France) women were less prone than men to LTU.

### **Long-Term Unemployment and Age of Workers**

In the European Union as a whole older workers, over fifty years of age, are more prone to long-term unemployment than other age groups. This is also the case in most of the countries under study to a greater or lesser extent. In France the incidence of long-term unemployment is 1.7 times higher for those over fifty than for prime age workers 25-49 years of age, and over three times as high as for young workers<sup>(6)</sup>. In Germany LTU was very low amongst young workers, with a much higher incidence in older workers, more marked in Western than in Eastern Germany.<sup>(7)</sup> The same pattern can be found in the Netherlands, Finland and the UK, but in Spain 80 per cent of unemployed prime age workers were long-term unemployed, compared to 48 per cent of the young and 63 per cent of older workers. Many older workers leave the labour market for early retirement, which is often aided by early retirement compensation through national programmes (see below) thus disguising the real problem. The probability of leaving LTU for employment for older workers was found to be lower, unsurprisingly, when the rate of general unemployment was higher, but contrary to expectation, the higher the rate of unemployment the lower the rate of inactivity for older workers, which does not accord with the "discouraged worker" hypothesis.<sup>(5)</sup>

Although in general the young were less prone to LTU than other age groups amongst young male workers with low educational achievement over 50 per cent were long-term unemployed, in the sense of having had only short training courses and casual jobs during their working lives.<sup>(1)</sup>

It is, however, prime age workers that constitute the largest numbers of LTU in all the countries in this study.

### **Long-Term Unemployment and Educational/Skill Level**

As expected, in an economic context where there has been structural change in Europe resulting in a fall in demand for manual and unskilled labour, and a rise in the demand for skilled service sector work since 1980, it is the unskilled and the least educated sectors who remain jobless for the longest time.<sup>(8)</sup>

In Finland in 1995, 51 per cent of the LTU had only compulsory schooling, while a further 25 per cent had only basic education plus low level vocational training. The number of LTU with a high level of vocational training or a university degree was negligible. In France less than 10 per cent of the LTU were in the managerial, professional and technically qualified categories, while 55 per cent were manual workers with over a third of these having no qualifications. The unskilled were eight times more likely to become LTU than managers.<sup>(1)</sup>

In Germany over 50 per cent of the LTU in 1994 had no vocational training, but over 40 per cent had undergone an apprenticeship, possibly workers with redundant skills, while those with higher education constituted around 4 per cent of the total.<sup>(7)</sup>

The Netherlands confirms this pattern with the majority of LTU having low levels of education and training. In a study of the very long term unemployed in the Netherlands,<sup>(7)</sup> it was found that 83 per cent had had some kind of work experience but that it had been in low level manual work.

Contrary to expectations high educational attainment of men, although decreasing the chance of job loss and duration of unemployment has no effect on the chances of leaving long-term unemployment.<sup>(4)</sup>

In Spain, in 1984, 39 per cent of the LTU had only primary level education or were illiterate, and a further 45 per cent had only intermediate secondary education. Amongst those long-term unemployed who had worked previously 74 per cent were manual workers, 54 per cent of whom had no skills.

### **Other Factors Affecting the Incidence of Long-Term Unemployment**

Factors which increase the probability of LTU but for which there is only partial information are state of health, area of residence and belonging to an ethnic minority group.

In Western Germany 36 per cent and in Eastern Germany just under 15 per cent of the LTU suffered from health problems.<sup>(7)</sup> In the UK it was also noted<sup>(5)</sup> that ill health increased the unemployment duration of younger women. One of the problems is in disentangling cause and effect. People may become unemployed through ill health, but there is much evidence that health problems can occur when unemployment persists.<sup>(10)</sup> The LTU suffer financial problems, a diminished personal role and various psychological and social difficulties which can lead to both physical and mental illness.

Residence in a depressed region increases the probability of remaining in long-term unemployment<sup>(5)</sup> and living in certain localities in large cities also has the same effect, other things being equal.<sup>(8)</sup> The former arises from both a general lack of jobs in the local labour market and a mismatch of skills; the latter from a breakdown of social networks affecting information that would help job search.

Ethnic minorities, with age and skill kept constant, were found to suffer higher rates of unemployment and LTU, in general than the dominant population in cities in the UK, Netherlands and France.<sup>(8)</sup> Unlike other groups with a higher propensity to LTU, immigrants, refugees and ethnic minorities fail to receive special attention in employment schemes sponsored by the EU.

## Long-Term Unemployment: Theories of Causation

It is necessary to examine, briefly, the main theories put forward to explain long-term unemployment in order to understand the rationales for various types of policy towards the LTU.

Macro-economic conditions in the European Union have changed since the mid 1980s, from a period of income and job growth up to 1990 to a period of slow economic growth and static employment or job loss in the first half of the 1990s. The general level of unemployment initially fell and then increased. In line with this the number of long-term unemployed also fell and then rose, as already noted. Current economic policy in the EU concentrates on the reduction of inflation and budgetary targets to meet the criteria for European Monetary Union. Growth strategies are of secondary importance and are confined to measures which are designed to increase competitiveness. Both of these types of policy will do little for the improvement of the jobs market generally and for the long-term unemployed specifically. The reason for this can be explained by what is called "duration dependency".

### Duration dependency

The longer people remain unemployed the smaller their chances of finding work.<sup>(11,12)</sup> An employer when faced with the choice between a worker with similar characteristics who has been without a job for only a short time and one who is long-term unemployed invariably chooses the candidate who is short-term unemployed.<sup>(13,14)</sup> In a situation where the number of jobs is falling, or the number seeking work expanding, then few of the unemployed are likely to find work and then only the most recently unemployed. Hence the pool of long-term unemployed grows. Why do employers discriminate in this way? The hypothesis is that those with a longer unemployment record are less productive because of erosion of work skills and habits of work. If this is the case, and the marginal product of the long-term unemployed is lower, then in theory a fall in wages, or more precisely the acceptance of lower wages by the long-term unemployed would result in their acceptance by the employer, together with the creation of more jobs. Here we come to the observation that wages do not fall to bring about work opportunities for the LTU.

### Wages; the Reservation Wage and Attitude of the LTU

The rigidity of wage levels can be explained in two ways, either by what is known as the "insider - outsider" hypothesis, or because the LTU have a high reservation wage based on alternative sources of income or attitudes towards acceptable wages from previous work experience. The former theory suggests that those in work, "insiders" try to exclude the unemployed "outsiders", who might be willing to work for less, from competing for their jobs. This is in order to keep their own wages and conditions of work constant or rising. Employers collude in this and are willing to pay a higher "efficiency wage" in order to retain and motivate staff and avoid disruption. The latter idea of a reservation wage below which the long-term unemployed are not prepared to work, can be based on what is available in terms of welfare benefits, i.e. the worker will only accept a wage higher than benefits, but other factors can enter into the equation such as the number of children, age of participant, gender, education and



previous experience.<sup>(15)</sup> In the Netherlands it was found only 10 per cent of the very LTU would accept work at any wage; 55 per cent had the condition that it should be higher than the average legal minimum wage (they were prime age and older workers and considered the minimum only suitable for young workers) and must be above said benefit levels; and 33 per cent wanted to earn what they had earned previously.<sup>(9)</sup> It was also concluded that social benefit levels had no significant effect on the "reservation wage" and that the unemployed referred more to wages they had earned in the past.

Another study suggests that the level of social benefits have only a very minor effect on the duration of unemployment or the intensity of job search, but that the length of time benefit can be drawn may be of some importance.<sup>(16)</sup>

### **Job Search and the Long-Term Unemployed**

A theory as to why there is duration dependence in long-term unemployment is that the intensity of job search, and hence possible offers of jobs, declines with length of unemployment. In a situation where there is a low level of vacancies and applications continue to fail, the job seeker becomes discouraged over time. It was found that amongst the long-term unemployed 63 per cent had reduced their efforts on job search, but even after five years 20 per cent still looked for work weekly and 74 per cent had looked for work once a month.<sup>(9)</sup> A problem with job search is that social networks break down over time and they are an important form of social capital. Social contacts are a major method of finding jobs, successful for some 60 per cent of the long-term unemployed in the USA, and 30 per cent in the Netherlands.<sup>(17,9)</sup> Since a large proportion of long-term unemployed, because of low income, tend to be concentrated in certain locations they experience increased isolation and loss of informal job networks as fewer neighbours and family members are in employment. Poverty, which reduces the ability to search for work, also has an effect on frequency of search.

### **Structural Change and Mismatch of Skills of the Long-term Unemployed**

There has been a dramatic change in the structure of employment over the last fifteen years as new technology and global competition have resulted in the deindustrialisation of whole regions and cities in Europe. The loss of manufacturing and manual work has been compensated for by the growth of service sector activities. It has already been noted that a large proportion of male long-term unemployed workers were in the sectors of the economy where job loss has been most pronounced. If workers become "trapped" in particular locations where the growth of newer service jobs is slow, then the likelihood of finding employment is low. This "trapping" may be reinforced if the worker will not consider taking on low paid, often part-time work that is available. There is also a further problem in that the skill gap between the long-term unemployed largely, as has been shown, unskilled and with a low level of education, and the high skill needs of a modern economy is extremely difficult to bridge. While extensive training may be possible and worthwhile for younger workers, the same may not be true for older workers either from their own point of view or the employer's point of view. Because of this older workers residing in areas of structural change and mismatch are unlikely to find employment in the formal

labour market - hence their high propensity to long-term unemployment regardless of previous skill level.

## **The Relevance of Causation to Policy for the Long-Term Unemployed**

There are basically three types of policy approach to aid the long-term unemployed in returning to the labour market.

- aid with job search
- training and/or work experience
- job creation

The first of these, helping with job search through government agencies and advisers which the LTU person can consult, either on a voluntary or compulsory basis, is designed to overcome the tendency for search to decline with length of unemployment, and also to motivate those who are likely to become 'discouraged' workers. Training and work experience schemes are mainly designed to overcome the mismatch of skills, but also to break the duration dependence and make the LTU person more attractive to employers.

### **Job Creation Schemes**

Job creation schemes, the policy on which this study is focused, are of three main types.

- subsidies to employment
- help in setting up an enterprise
- job creation in the public or non-profit sector

The first one is aimed primarily at persuading employers in the private sector to take on the LTU as workers, normally for a limited period, by reducing the employment costs through public subsidy. Thus the worker can receive a market wage he or she thinks suitable, and the employer be compensated for perceived lower effectiveness of the worker.

The second is aimed at the LTU who have the initiative to become self-employed, and it is likely to meet the needs of those among the LTU who have higher levels of education and former skills but who nevertheless cannot break out of their disadvantaged position.

The third type of scheme aims to create 'additional' jobs in the public and non-profit sector, socially useful jobs. These schemes are usually aimed at the unskilled with low educational attainment.

One of the major problems, from an economic point of view, is in trying to assess whether the various types of schemes do, in fact, 'create' jobs. This is a matter of

concern particularly with the type of scheme that subsidises employers and to a lesser extent with jobs created in the public sector. **Displacement** of existing workers can take place if an employer has the opportunity to employ a lower cost subsidised worker, or if a firm with no subsidised employees is competitively disadvantaged and has to lay-off workers; **substitution** of a long-term unemployed worker for a short-term unemployed worker may happen for the same reason, thus making it more likely that the short-term unemployed become long-term unemployed. When there is no displacement or substitution the jobs are said to be **additional** jobs. There is also the possibility that subsidies to job creation can result in wasted public expenditure as the extra job might well have existed without subsidy, thus resulting in what is called **deadweight** expenditure.

### **Job Creation and the Social Partners**

National respondents reported that the social partners were committed to helping the problem of long-term unemployment. In the Netherlands 40 per cent of collective labour agreements in 1995 were arrangements made relating to employment schemes. In Germany the social partners agreed upon the statement that subsidised employment was better than subsidised unemployment.

Opinions of employers and trade union organisations are, in general, different. For instance the employers' association, VNO, in the Netherlands does not think structural unemployment can be solved by employment schemes; employers in Germany want wage differentials to differentiate subsidised employment from wages in the 'first' labour market; in France employers consider that the reduction of labour costs would generate new jobs. In contrast FNV, the major trade union in the Netherlands, promotes redistribution of work; French trade unions are against job creation measures, which they see as benefiting business without creating new additional employment; and while unions in Germany regard subsidised employment as necessary, consider that it should not substitute for a policy for full employment, and want to avoid a gap between the 'first' and subsidised labour market. One scheme, Work Orientation Sittard (see Section 5), was the result of an initiative by the social partners.

### **Expenditure on Labour Market Programmes**

Expenditure on job creation by the six Member States as a percentage of GDP is shown in Table 1.5 together with expenditure on other labour market programmes, both active - (training measures, public employment services and measures for the disabled) and passive (finance of unemployment compensation and early retirement schemes).

Table 1.5

**Public Expenditure on Labour Market Programmes 1991 and 1994/95 as a % of GDP**

	FINLAND		FRANCE		GERMANY		NETHERLANDS		SPAIN		UK	
	1991	1995	1991	1995	1991	1995	1991	1995	1991	1995	1991	1995
% unemployed	5.0	10.3	7.2	9.6	9.4	11.6	7.0	6.5	16.0	22.7	8.8	8.7
Labour Market Training and Youth Measure	0.40	0.57	0.58	0.71	0.52	0.44	0.28	0.25	0.23	0.43	0.32	0.26
Job Creation (Subsidised Employment)	0.69	0.68	0.11	0.21	0.34	0.41	0.05	0.10	0.40	0.19	0.02	0.03
a) Subsidies to private sector	(0.01)	(0.11)	(0.05)	(0.05)	(0.06)	(0.07)	(0.03)	(0.01)	(0.12)	(0.12)	-	-
b) Starting enterprises (unemployed)	(0.02)	(0.04)	(0.02)	(0.03)	-	(0.02)	-	-	(0.20)	(0.01)	(0.02)	(0.01)
c) Direct Job Creation (public or non-profit)	(0.61)	(0.53)	(0.04)	(0.13)	(0.28)	(0.31)	(0.02)	(0.09)	(0.08)	(0.05)	-	(0.01)
Other	0.29	0.30	0.20	0.25	0.47	0.48	0.76	0.71	0.13	0.10	0.23	0.24
Unemployment compensation	1.75	3.62	1.47	1.57	1.49	2.08	2.49	3.06	2.85	2.60	1.41	1.41
Early Retirement	0.51	0.43	0.47	0.38	0.30	0.06	-	-	-	-	-	-
TOTAL	3.64	5.60	2.82	3.12	3.13	3.47	3.58	4.12	3.60	3.32	1.98	1.94
Active Measures	1.38	1.55	0.89	1.17	1.33	1.33	1.09	1.06	0.76	0.72	0.57	0.53
Passive Measures	2.25	4.05	1.94	1.95	1.80	2.14	2.49	3.06	2.85	2.60	1.41	

\* Other measures are Public employment services and administration; measures for the disabled.

Source: OECD Employment Outlook 1996

The percentage of expenditure on job creation programmes as a percentage of total expenditure on active labour market programmes in 1995 varied a great deal between the six Member States. It was 44 per cent in Finland; 30 per cent in Germany; 26 per cent in Spain; 18 per cent in France; 9 per cent in the Netherlands; and 6 per cent in the UK. The percentage of GDP per percentage of unemployed fell between 1991 and 1995 in Finland, France, Germany and Spain. It rose in the Netherlands and remained stable in the UK (see Table 1.6).

Table 1.6

Public expenditure on Labour Market Programme as a % of GDP per % unemployed 1991 and 1995

	1991	1995
Finland	0.75	0.54
France	0.39	0.33
Germany	0.33	0.30
Netherlands	0.51	0.63
Spain	0.22	0.15
UK	0.22	0.22

Source: OECD Employment Outlook 1996

During the same period the proportion of total expenditure on labour market programmes spent on active programmes fell in Finland, Germany, the Netherlands and the UK. It increased in France and Spain. Generally it appears that the amount of expenditure available for active policies, including job creation, is in inverse proportion to the number of long-term unemployed needing help. Falling public revenues and public expenditure restraints in Europe contribute to this situation.

## **Job Creation and the Quality of Working Life**

In the context of increasing numbers of long-term unemployed and expenditure constraints on active labour market/programmes, it is more than ever necessary to identify factors that will provide long-term solutions to the problems of the long-term unemployment.

The long-term unemployed are predominantly unskilled or have inappropriate skills for the current job market. Jobs which are open to them are likely to have a low quality of work with low pay, low learning conditions, and unfavourable working environment. The jobs are likely to be monotonous and the security of work precarious. Although there is an argument that "any work is better than no work" and that short-term solutions are better than none, there is also an argument that a good quality of working life is important in order to provide a more lasting solution to the problem.<sup>(18)</sup>

The aim of this study is to see what information is currently available that relates to the question **"Is the quality of working life an important factor in explaining the success of job creation schemes."**

It must be stressed that this project is only exploratory in nature. The evaluations of case studies from national respondents were not designed to test this hypothesis. At this stage the aims are:-

- to investigate the usefulness of the research question from information provided by existing evaluations.
- to identify areas of future research that are relevant to the research question.
- to suggest methodologies that would be appropriate in order to study these research areas.

To this end national respondents from Finland, France, Germany, the Netherlands, Spain and the UK were asked to provide information on a limited number of job creation schemes, bearing the following points in mind:

- the schemes have been previously evaluated;
- the schemes should refer to creation of jobs in the formal labour market;
- the schemes should be aimed at long-term unemployed people with low skills;
- the schemes selected should have some data on quality of working life;
- the participants of the scheme should receive an income which is related to the job;

- the scheme should provide information on the employment and future employability of the participants.

Clearly, when using existing non-specific evaluations all the desired criteria for choice of schemes may not be available in all cases. Similarly the evaluations can provide only partially the desired information.

Case studies of all three types of job creation scheme are included in the reports of national respondents. They also contain examples of schemes at national, regional and local levels, and for different groups of the long-term unemployed.

A summary of the national reports now follows.

**2. FINLAND**  
**Job Creation and the Quality of Working**  
**Life: Job Creation Schemes in Finland**

## Introduction

### Unemployment in Finland

During most of the 1980s, Finland experienced rapid economic growth and low unemployment and it was feared that labour shortage would occur in the near future. Instead of the labour shortage, Finland was faced with an exceptionally deep economic depression and mass unemployment. The rise in unemployment has brought about a substantial increase in the proportion of the long-term unemployed. Female unemployment has historically been lower than male unemployment in Finland, but the difference has been narrowing recently. (Table 2.1)

**Table 2.1**

#### Unemployment, Long Term Unemployment and Female LTU 1988-95

YEAR	UNEMPLOYMENT	LTU	FEMALE LTU as % of all LTU
1988	4.5	10.1	-
1989	3.5	6.6	-
1990	3.4	3.2	-
1991	7.6	2.7	-
1992	13.1	8.2	33.6
1993	17.9	18.4	38.2
1994	18.4	27.1	41.7
1995	17.2	30.1	43.3

*Sources: Finnish Labour Review 2/1996 and Statistics from the Ministry of Labour*

The unemployment rate was generally 1-3 per cent below the OECD average, but is now the second highest level in the OECD countries.

It is feared that rising unemployment will assume structural features to an increasing extent and rigidities in the labour market will increase. It is also feared that if unemployment stays high for a long time, investment in human capital may decrease and a shortage of skilled labour may emerge even though unemployment remains high. Therefore, an active training policy and efficient adult education are considered important.

#### Active Labour Market Policy in Finland

The 1987 Employment Act came into force in 1988 first in high unemployment districts and, from 1990, in the whole country. This Act obliged either the state or the local authorities to arrange training or temporary jobs for six months for the long-term unemployed and for those under 20 years of age who had been jobless for three months, later changed to six months. Besides having a legal right to a subsidised job, the unemployed could not refuse such a job without avoiding unemployment benefit sanctions. With the deepening recession, active labour-market policy became too costly and arranging training and temporary jobs became too laborious for the public employment service (PES). At the beginning of 1993, the statutory obligations to



arrange training or work were abandoned. Since 1993, job placements have been mainly discretionary.

The Employment Act of 1993 stipulates that subsidised jobs should be used only as a last resort when the PES cannot help an unemployed person by any other means. From April 1995, there have been no restrictions concerning the minimum unemployment period of the unemployed who are offered subsidised jobs.

### Job Creation Schemes

Job creation schemes in Finland are mainly wage-related employment programmes. The three principal wage subsidy schemes are:-

- Subsidised employment in the state administration
- Subsidised employment in the municipalities
- Subsidised employment in private firms.

In the most difficult cases where unemployment threatens to last over two years, the public employment services (PES) or municipalities have been able to employ a long-term unemployed person and to place him or her in the voluntary sector, for example in associations or foundations. This scheme is called Employment Service.

Besides the four wage subsidy schemes listed above, there are other wage-related employment subsidies that are either paid to employers (e.g. apprenticeships) or directly to the employed. The latter kind of measure is a start-up-grant system. The start-up grants have been fairly good in the creation of permanent jobs, but not particularly effective in preventing long-term unemployment.<sup>(19)</sup> The government may also make investments which are focused on reducing unemployment.

Table 2.2 presents the numbers of persons who are covered by different policy measure-groups compared with the numbers of open vacancies and unemployed job-seekers. According to the statistics from Ministry of Labour, about 54 per cent of those who were placed through wage-related employment subsidy schemes were long-term unemployed in 1994. The corresponding ratio was about 55 per cent in 1995.

**Table 2.2**

### Participants in Employment Schemes, Vacancies and Unemployed Job Seekers 1994 and 1995

	1994	1995
Wage Subsidies	66,400	58,400
Adult vocational	32,200	43,700
Employment investments	2,500	2,000
Vacancies	7,400	8,300
Unemployed job-seekers	494,200	466,000

Sources: Finnish Labour Review 2/1996 and Ministry of Labour 1996

## **Job Creation Schemes Selected for the Study**

The four selected employment subsidy schemes in this report are wage subsidies in the state administration, in the municipalities, in the private firms and in the voluntary sector. The first three of these schemes have existed from the beginning of 1988 although in slightly different forms, and they have been the most significant in placing the long-term unemployed. The fourth scheme, i.e. the Employment Service, is aimed at the longest-term unemployed and mostly at the lowest-skilled too.

The structure and the content of this report depends on the nature of the chosen schemes and the available data and studies concerning them. There are no general evaluation studies and cost-benefit analyses concerning the four schemes during their entire existence. There are, however, studies which concentrate on different districts and time periods and which apply different kinds of methodologies. Therefore, this report mainly surveys the results of these individual studies and also utilises the data from the Ministry of Labour.

## **Participants in Job Creation Schemes**

Table 2.3 presents the numbers of job creation placements which began during one year by type of wage-related measure. It can be seen that the municipalities, in particular, have been significant in arranging subsidised jobs for the unemployed, although it has not been obligatory since 1993. From 1990 the Employment Act concerned the whole country, and partly because of this and because of rising unemployment, the extent of the employment subsidies increased during the early 1990s. The sharp drop in subsidised employment in the private sector in 1995 compared with the situation in 1994 depends at least partly on new restrictions concerning the employment contracts in private firms.

In order to receive subsidy an employer should take on an unemployed person selected by the Public Employment Service (PES). In practice it is common for the employer to select a relatively employable unemployed person and offer the job only if the PES pays a subsidy.

Private sector placements do not, therefore, usually go to the longest term unemployed, who are concentrated in the public sector schemes. Table 2.4 shows the proportion of women, the long-term unemployed and young people who were placed in different types of subsidised jobs during 1993-1995. It can be seen that the municipalities have become the most significant employers of unemployed females and most people who are placed through the employment service are long-term unemployed. Because of mass unemployment and the target-setting of the local PES offices, firms may be able to select those unemployed people who they prefer most and demand subsidies in order to employ them even though the employment criteria of the PES are not met. Those with lower levels of education dominate all programmes. For the higher level educational groups half were placed in subsidised employment in the state sector, and only 20 per cent in the municipalities; whereas half of those with no vocational education at all were placed in the municipalities, and only 20 per cent in the state sector. Subsidised employment of the highly educated was, however, rare in all sectors.

The schemes are not directed at the low skilled unemployed in particular but, because they have the most difficulties in finding jobs, they are mainly placed through employment schemes. Almost 20 per cent of men and 40 per cent of women who had only basic schooling and no vocational training, unemployed in 1993, were placed in subsidised employment schemes in 1994. Women were more likely to find work through employment schemes than men (32 per cent compared to 18 per cent). Young educated men were in contrast the first to find employment in the open market.<sup>(20)</sup> Also, according to this source, unemployed mothers with children are an unofficial target for subsidised jobs. Almost 40 per cent of employed single mothers who had been unemployed at the end of 1993 were placed in subsidised employment schemes.

**Table 2.3**

**Numbers of Unemployed People placed in Wage-Related Subsidised Employment During Year by Type of Scheme**

YEAR	Placements in			EMPLOYMENT SERVICE	ALL
	STATE	MUNICIPALITIES	PRIVATE		
1988	12678	52385	13485	-	91992
1989	16554	46698	11996	-	83372
1990	19147	41794	10923	-	76622
1991	27025	54505	17614	-	106527
1992	22898	59850	33299	4456	130614
1993	21049	50045	29207	3804	141281
1994	23768	64623	43681	4367	169784
1995	21639	62729	24312	4890	141252

Source: Statistics from the Ministry of Labour

Table 2.4

Percentage of Women, the LTU and Young People placed in Subsidised Jobs by Type 1993-95

Placement in	Year		
	1993	1994	1995
<b>State</b>			
Female	39.0	46.4	48.6
LTU	60.7	64.5	67.1
-25	13.1	11.8	10.7
<b>Municipalities</b>			
Female	49.1	58.5	61.2
LTU	60.3	65.2	65.1
-25	32.7	26.9	26.1
<b>Private</b>			
Female	37.0	39.7	43.1
LTU	88.9	56.8	57.2
-25	28.0	26.6	26.4
<b>ES</b>			
Female	32.2	44.0	43.4
LTU	41.9	95.0	95.9
-25	28.0	6.4	5.5

Source: Statistics from the Ministry of Labour

Table 2.5 shows the level of education of participants in state, municipal and private firms in subsidised jobs in 1992.

Table 2.5

Placements through Subsidised Employment Programmes by Level of Education 1992

Level of Education	Employment Subsidies to:			
	State	Municipal	Private	All
9 yrs or less schooling	48.2	57.1	52.4	52.9
Intermediate schooling + <3 years vocnl educ.	25.5	25.5	28.7	26.2
High School Diploma + Vocnl. Training	18.8	15.1	15.6	16.7
High School Diploma + post secondary vocnl. training	2.9	0.9	1.6	1.7
University degree	4.2	0.8	1.1	1.8

Source: Statistics from Ministry of Labour

### Duration of Schemes

From April 1995 there have been no restrictions on the minimum duration of unemployment before being eligible for a subsidised employment scheme. The minimum average duration in 1991 was 21 weeks rising to 50 weeks by 1994. The maximum duration of a placement is 10 months, but the actual duration is less. (Table 2.6)

The 1995 reform made it possible to combine education and a subsidised job. Together with education, the employment scheme can last up to 18 months with 10 months of work included in it.

**Table 2.6**

#### Average Duration of Subsidised Employment and Average Duration of Unemployment of Participants (weeks)

Year	State	Subsidised Employment in:				Duration of Unemployment
		Municipalities	Private	ES	All	
1991	22	20	-	-	20	21
1992	25	21	-	20	21	34
1993	23	21	19	21	20	40
1994	22	20	19	22	20	50
1995	23	22	22	23	22	48

*Source: Statistics from the Ministry of Labour*

In the private sector, subsidy may be paid for up to 10 months, but the firm is compelled to make a contract that remains in force for longer. The subsidy is thus aimed at encouraging permanent or long-term employment. A private employer may, however, make a 10 months employment contract with an unemployed person if it is included in the training package arranged and designed by the PES. Before April 1995, 6 month fixed term subsidised employment was both allowed and common. In the public sector, employment contracts are made for a fixed of up to 10 months and the unemployed are not presumed to be employed in subsidised jobs longer than that.

### Level of Public Subsidy

Subsidy covers all wage costs in the state administration. In the municipalities and in the private sector full wage subsidy is from 2500 FIM to 4500 FIM and is paid if the required working time is at least 85 per cent of normal full-time work. The employment contract is between the employer and unemployed worker, and the wage is related to the job.

## Conditions of Employment

Legislation regarding temporary employment contracts is applied to subsidised jobs. Therefore working in a subsidised job affects, for instance, pension rights, sick pay and annual vacation in the same way as working in any temporary job. An unemployed person has to have worked and contributed to an unemployment insurance fund for at least six months during the previous year in order to receive wage-related unemployment insurance benefit for 500 days. If unemployment is interrupted by a 6 month employment or 8 month training period, entitlement to UIB is renewed without any change in the benefit level or duration. Because of this the incentive to accept a lower paid subsidised job for more than six months is weak because then the benefit level will be lower than before.

## Evaluations of Job Creation Schemes

Evaluations are divided into the two time periods; subsidised jobs between 1988 and 1992 and subsidised jobs since 1993.

(i) **Aho et al** <sup>(21)</sup> Studied training and employment programmes that ended in 1988, 1990 and 1992. They assess the effects of the schemes by comparing the employment situation of the participants with their own situation before participation, and with the employment situation of those unemployed people who were not covered by any scheme. Almost 80 per cent of those unemployed persons who were assigned to subsidised jobs were without any vocational education or had lower-level vocational education. Their employment background was also the weakest. After participating in the schemes, both the subsidised employees and those who had received training were more successful in finding a job than before. Those who were employed by the state and companies succeeded, on average, somewhat better than the subsidised employees in the municipal sector. This may be the result of selection of the unemployed and not the effectiveness of the schemes. Employment prospects remained the lowest after the subsidised employment period among low-skilled and long-term unemployed persons who had already had a poor labour-market career behind them. Subsidised employment could not considerably improve their future prospects.

(ii) **According to Sääski** <sup>(19)</sup> the subsidised 6 month guaranteed employment decreased the duration of unemployment and the number of unemployed people in the areas where the 1987 Employment Act came into force during 1988-1990. It also maintained and improved employability, but it did not create permanent jobs. Sääski <sup>(22)</sup> studied the employment of those who were unemployed in April 1989. Those who were placed in the public sector were mostly unemployed after guaranteed employment, while the situation of those who were placed in the private sector was better. The best employment results were achieved among those who were placed in training. It was considered possible that the most easily employable people were selected in training or in the private sector and the worst cases were placed in the public sector. In the private sector, there might also have been more opportunities to continue employment than in the public sector.

(iii) **Hurri et al**<sup>(23)</sup> studied the long-term unemployed in Helsinki, the capital of Finland, during 1.1.1990-31.6.1991. In this study, clear differences between the unemployed who were placed in the state or in the municipality can be seen. Those who were placed in the state were better educated, and their unemployment duration was shorter than those who were placed in the municipality. Long-term unemployed people who were placed in the state were more employable even before the placement than those in the municipality. The interruption rate of the employment period was lower and it was more common to work more than the maximum subsidised six months in the state than in the municipality. A year after the 6 month placement, both employment and unemployment were more common among those who had been placed in the state than among those in the municipality.

(iv) **Räsänen**<sup>(24)</sup> evaluated guaranteed employment in municipalities during the economic boom in the late eighties. The results were quite disappointing. The subsidised jobs remained the same, while new unemployed people were placed in them instead of those who had previously occupied the posts. Among many long term unemployed persons, 6 month guaranteed employment and at least one year unemployment succeeded each other. The unemployed seldom became employed in the open market after the guaranteed employment period. Those unemployed people who were placed in subsidised jobs were disappointed because the employers did not train them much. The municipalities, however, considered that guaranteed employment had improved the quality of their services and the permanent employees were quite satisfied with the placed employees. Over half of the placed workers felt that the 6 month employment period had not improved their future prospects in the labour market.

(v) **In Helsinki** quite satisfactory results were achieved among under 25 year old young people who were placed in jobs in the city<sup>(25)</sup>. About 90 per cent of those young unemployed people who were interviewed in the study were satisfied with their jobs. Half of them considered the tasks were challenging and only 10 per cent of them regarded their jobs as frustrating. 82 per cent of them were willing to continue in their posts after the guaranteed employment period. The young unemployed people regarded it as important to achieve experience in working life and thus improve their work prospects.

### **Drop Out from Schemes**

Dropping out from employment schemes was least common in the state sector. This may be because the work was of higher quality or the workers more motivated in the state sector.

Dismissals and interruptions because of handing in one's notice occurred most infrequently in the state sector where the highest education unemployed were placed. The ratio of dismissals and handing in notice remained quite stable over the period in the private sector, although unemployment had increased. Along with unemployment the supply of good unemployed workers increased. This can be seen in the decreasing trend for workers to be dismissed or leave from 1990 onwards.

Table 2.7

**Drop-Out from Employment Schemes by Reason 1989-92**  
(% of total in scheme)

<b>Drop out because of a dismissal or handing in one's own notice</b>				
<b>Year</b>	<b>State</b>	<b>Municipalities</b>	<b>Private</b>	<b>All</b>
1989	10.7	16.1	9.0	12.6
1990	14.5	18.4	12.7	15.6
1991	9.3	14.9	11.4	12.1
1992	5.9	10.5	10.8	9.0

<b>Drop out because a person became employed in a subsidised job or elsewhere</b>				
<b>Year</b>	<b>State</b>	<b>Municipalities</b>	<b>Private</b>	<b>All</b>
1989	8.7	7.4	9.3	8.0
1990	7.5	6.8	8.9	7.3
1991	5.8	4.7	10.7	6.0
1992	4.3	2.8	8.3	4.6

*Source: Statistics from the Ministry of Labour*

### **Post-Scheme employment status**

The employment status of participants in schemes 6 months after they had left the scheme is shown in Table 2.8. Employment schemes in the private sector seem to have improved their employability most effectively. It is, however, probable that private sector firms were able to select the most employable unemployed who would have been employed even without subsidies.

The follow up period of 6 months is also rather short for evaluating the employment situations when, as in Finland, the country is faced with the problem of mass unemployment.



Table 2.8

**Employment Situation six months after the end of wage-related subsidised employment by sector**

%

Employment situation	State	Municipalities	Private	All
1991				
Employed in the open market	2.0	2.3	3.6	2.5
Unemployed	57.1	53.4	49.1	52.0
1992				
Employed in the open market	2.7	1.9	3.3	2.5
Unemployed	72.2	56.0	59.4	57.9

Source: Statistics from the Ministry of Labour

\*This includes placement of 18-24 year old young people, those unemployed over 10 months and placements in firms in high unemployment districts.

### Evaluations 1993-1995

Hakuli et al<sup>(26)</sup> evaluated different kinds of job creation schemes in 1994. The employment subsidy schemes and four other work creation programmes were assessed both by employees and employers. The employers and employees were presented with some objectives of the subsidised employment scheme and they were asked to assess the importance of these objectives before and after the scheme. The employment situation after the scheme was also considered.

The employees considered subsidised employment important before participating in the schemes because they expected to improve their skills and employment opportunities. About 27 per cent of the employees in subsidised jobs regarded the schemes as successful with respect to their expectations, and about 70 per cent considered the schemes at least slightly successful. Almost one third of the placements were regarded as totally ineffective. Over half of the employees considered that their opportunity of finding a job had improved. A few months after the subsidised employment period, 27 per cent considered that the subsidised job had not corresponded to their education. Employees were most disappointed with the lack of training in the workplace.

Before offering subsidised jobs, the employers regarded them as means to alleviate the permanent employees' pressure of work. Furthermore, subsidised jobs enabled the employers to recruit more workers earlier than planned. About 90 per cent of the employers regarded the subsidised jobs as important in order to decrease labour costs. About 40 per cent of the employers asserted that it is not rational to employ workers without subsidies, and 65 per cent claimed that they could not have afforded to employ more workers without subsidies. A quarter of the employers would have employed a worker even without subsidies. Subsidised employment seems to have

acted as a probationary period in the firms. If the employed person had been suitable, he or she may have continued after the end of the subsidy. The employers assessed the subsidies to be more effective than the employees. Only 16 per cent of the placements were regarded as totally unsuccessful. Over 20 per cent of the employment contracts were continued after the end of the subsidised period. In the public sector, about 55 per cent of the previously subsidised posts were filled by a new subsidised unemployed person. The corresponding ratio was 20 per cent in the private sector. According to the assessments of both the employees and the employers, subsidised employment was most ineffective among the long term unemployed. The employers regarded subsidised employment as successful among skilled workers, while the assessments of the employees imply that besides the skilled workers subsidised employment was most successful among young people.

According to a study by **Marjamäki**<sup>(27)</sup> municipal organisations of health and social welfare use employment measures in order to perform their legal duties. Subsidised employees have replaced permanent staff in around 50 per cent of the municipal health centres, day care centres and old age homes. The role of the subsidised jobs has been significant particularly in old age homes. Subsidised employment in the municipalities produced the worst results both in respect to future employment and in the workers' own assessment. Subsidised workers were replaced by new ones every six months but the jobs remained the same.

### **Drop Out from Schemes**

In the period 1993-95 the unemployed with no vocational training continued to dominate all placements. Private firms appeared to need unemployed people from the most highly educated groups less than the public sector. During this period the Employment Service Scheme was set up and most of the participants were the longer term unemployed. Drop-out rates for schemes is shown in Table 2.9.

As for the earlier period drop-out because of dismissal or handing in notice occurred least often in the state sector. To become employed during the subsidised period was more common in private firms than for other sectors.

Table 2.9

## Drop-Out from Employment Schemes by Reason 1993-95

Drop-out because of a dismissal or handing in one's own notice					
Year	State	Municipalities	Private	ES	All
1993	2.8	6.1	4.6	4.0	4.7
1994	1.7	3.4	3.7	3.2	3.2
1995	1.5	3.2	4.0	4.3	3.2

Drop-out because of one becomes employed in a subsidised job or elsewhere					
Year	State	Municipalities	Private	ES	All
1993	2.5	1.8	8.5	2.2	4.1
1994	4.6	3.1	12.7	3.2	6.6
1995	5.7	4.8	17.5	2.7	8.6

Source: Statistics from the Ministry of Labour

As for the earlier period drop-out because of dismissal or handing in notice occurred least often in the state sector. To become employed during the subsidised period was more common in private firms than for other sectors.

Employment prospects in the public sector seem to be worse than the average, but were better than average in private firms. This may be because of the selection of the unemployed or on the effectiveness of employment in firms, but also maybe because the state and the municipalities cannot offer employment contracts to employees after the subsidised employment period. According to local authorities, their ability to employ more people and offer them long-term or even permanent contracts is non-existent. After April 1995 private firms have to offer longer contracts than for only the subsidised period, and this affects the duration of employment. There seems also to be a demand for additional workers particularly in small and medium sized enterprises but many firms cannot afford to employ more than the present number of the labour force although they would like to.<sup>(28)</sup> The employment prospects are the poorest after the Employment Service, but those who are assigned to the Employment Service are generally lower-skilled workers and longest term unemployed.

## Post-scheme Employment Status

Table 2.10

### Employment Situation Six Months after the end of Wage-Related Subsidised Employment by Sector

Employment situation	State	Municipalities	Firms	dES	All
1993					
Employed in the open market	2.9	2.2	4.6	2.8	3.0
Unemployed	74.0	72.1	60.5	83.1	67.4
1994					
Employed in the open market	4.6	3.9	7.1	2.4	5.0
Unemployed	66.2	71.7	51.8	83.7	56.9
1995					
Employed in the open market	5.5	5.7	8.1	3.2	6.3
Unemployed	63.1	68.2	47.6	82.4	56.2

Source: Statistics from the Ministry of Labour

The state schemes employ the most educated, normally workers aged 25-44 years old. These groups find it easiest to find employment on the open market, so it is somewhat puzzling why their employment situation at the end of subsidy is quite poor. One explanation is that those who are assigned to the state sector have longer unemployment duration than either participants within schemes of the municipalities or of firms.

## Discussion

The public sector is a significant employer of the highly educated. The least educated are mainly placed in the municipalities and in the private sector. Over 50 per cent of all those who are employed in the Employment Service are without vocational education. Those who are assigned to the Employment Service are also older than others, while the shares of the youngest employed persons (under 25 years) are the largest in the municipalities and in the private sector. The state mostly employs those who are 25-44 years old. Unemployment had lasted the longest before a placement among those who are employed in the state sector or in the Employment Service, and among the same people subsidised employment lasts the longest too. The duration of subsidised employment is the shortest in the firms. The employment situation is unambiguously the best among those who are placed in the private sector. This depends both on the selection of the unemployed and on the regulations concerning the duration of the employment contracts in the private sector.

The jobs which are created through the subsidised employment measures are good with respect to a few criteria. Working conditions and conditions of employment are similar to those in temporary jobs generally. There is usually a demand for the work to be done and the subsidised workers are really needed in the organisations. The contents of the jobs depend on the employers' needs and the employees' skills. In the municipalities, for instance, where the subsidised workers seem to perform established duties and replace the permanent labour force, the tasks correspond fairly well with education and skills. In the private sector, where the aim is to create permanent or long-term jobs, workers are selected carefully and the jobs correspond with their skills. Subsidised workers seem, however, to be dissatisfied with the few opportunities to attend training in their workplaces.

Even though the quality of the jobs in the municipalities may be good, the employment results are poor. Unemployed people succeed each other in the same subsidised jobs and perform the tasks that are the legal duties of the municipalities. Without the subsidised workforce, many municipalities would have to fill empty vacancies. On the other hand, if the empty vacancies were filled, there would not be enough good jobs on schemes for unemployed people to be placed in, and the employability of many unemployed people might deteriorate significantly.

In the private sector, many unemployed people would have been employed in the firms even without the subsidies. The employers have bargaining power over the selection of the unemployed candidates who will be assigned to the jobs. If the employers cannot have those they prefer most, they will employ nobody and it becomes hard for the local PES office to achieve the targets concerning employment results. Thus the private sector jobs are directed less to the long term unemployed than to others. There is need for additional workers in many firms although they cannot afford to employ more than their present number of the labour force. Subsidised employment may lower the barriers of employment in the private sector.<sup>(28)</sup>

The subsidised employment schemes have generally improved the employability of the unemployed.<sup>(26)</sup> The employment results are, however, quite poor because of mass unemployment in Finland. Unemployment is not only a problem of low skilled workers anymore, but has become a problem of skilled labour too. Improving the employability of low skilled labour is not the only concern in Finland nowadays. It should also be concentrated on preventing the deterioration of the employability of high skilled labour.

Private firms employ mostly men and the municipalities mostly women. Because the employment prospects are best in firms and worst in the municipalities, it may be that subsidised employment mostly helps men in achieving long term employment contracts. On the other hand, a larger proportion of unemployed females is employed through wage related employment subsidy measures than of unemployed males. Therefore, the measures may help women in maintaining their employability more than men.

Because of the extent of the unemployment problem and because of the lack of the quality evaluations in Finland, it is hard to assess the impact of quality of work in explaining the success of the employment subsidy schemes. The obligation of the

private sector to offer long term contracts may be one of the most important factors in explaining the employment results. The role of the public sector seems to be to maintain the employability of the unemployed and the role of the private sector seems to be employing them more permanently.

The best employment results were achieved in training.<sup>(21,22)</sup> An interesting scheme for future research is an 18 month combined training and work package. The employment results of the training and work package may be more encouraging than those of the subsidised jobs. Future research should be done in co-operation between the PES and the Ministry of Labour in order to have sufficiently detailed data. This will also enable a cost benefit analysis to be made.

**3. FRANCE**  
**Job Creation and the Quality of Working**  
**Life: Job Creation Schemes in France**

## Introduction

In France the quality of jobs created, except those on the black market, is subject to protective labour legislation and cannot be remunerated at less than the minimum wage. In this sense all jobs are of high quality. The French 'choice' has been to protect the quality of jobs to the detriment of their quantity.

## Unemployment and employment in France

At the end of August 1996 the ANPE (National Agency for Employment) registered 3.085 million job seekers looking for full-time permanent jobs. Adjusted to the criteria used by the ILO, there were 3.22 million unemployed, an unemployment rate of 12.6 per cent with an annual variation of + 1 point. More than a third of this total are long-term unemployed.

The low number of jobs created in France, particularly in the service sector is seen by macroeconomists as the result of the low employment content of economic growth. Employers maintain that 'regulations are too rigid and labour too expensive', and that reducing labour costs would result in more jobs. Trade unions argue that 'companies that need qualified manpower are prepared to pay for it and, in any case, labour costs are higher in Germany.' The liberal standpoint is that 'what is missing is the entrepreneurial spirit' and blame the national education system for training armies of unemployed who 'cherish the dream of working in the civil service.'

## Active Labour Market Policy in France

Since 1986, successive governments have been eager to act in favour of employment. This has been translated into a new 'plan for employment' every autumn. In 1993, the new right-wing government decided to stop the flood of these measures and to clarify the situation to allow the various actors, particularly employers, time to integrate these measures into their labour force projections. This was the goal of the 'FIVE YEAR LAW FOR EMPLOYMENT' which was passed in December 1993. This law aimed to simplify job creation measures, and to perpetuate them for at least five years. It planned, over a five year period, reductions in social security charges on low salaries, and the progressive taxation of contributions to the family allowance funds. It favoured entrepreneurs, by simplifying measures for trade union representation of employees, particularly in small companies. It opened the way to greater flexibility - reduction of working time, the annualised calculation of worktime, provisions to allow extra hours worked to be compensated for by time off, compensatory rest periods, and favouring of part-time work etc. A third pillar of the law decentralised training policy in favour of the regions, which had to set up plans for developing training for the young, reorganise financing of apprenticeships and develop conditions for work-based training.

Despite the desire to simplify, certain measures proposed by the law add to the old measures rather than replacing them. To date, there are no less than 60 active employment measures.



## **Job Creation Schemes**

Job creation measures include reductions in labour costs via the reduction or suspension of social security payments; job creation measures for employment in services; and aid to unemployed entrepreneurs and others wishing to set up an enterprise.

On 31 July 1996, 441,000 persons were working under a job creation measure in the non-market sector and 1,014,000 persons were working in the private sector, thanks to a job creation measure. In the private sector these measures reduced labour costs without affecting the minimum wage, by reducing social security payments for adults; and by authorising payment below that of the minimum wage for young workers, in return for training.

There are many opposed to these measures: the trade unions accuse employers of profiting, by recruiting at lower costs without creating any new jobs (opportunism and substitution). Liberal economists would like fewer rules to allow the labour market to balance itself. However these measures provide a solution, albeit temporary, to almost one and a half million persons on the Live Register. But one can question the efficacy of these measures, from two points of view: their effect on net job creation, and their effect on those employed by them. Evaluation of employment policies is new in France, and dates from the beginning of the 1980s. Basically, as long as there is strong consensus on job creation policies, the need to evaluate them is not felt. This is not the case any longer.

In addition to the national measures there are local and regional government measures as well as private sector initiatives.

National policies are put into action by local agents which include decentralised state services (22 regional and 100 departmental); ANPE service (800 local offices); local 'teams' created by elected representatives; the employment services of municipalities; and numerous associations for the unemployed. National job creation policy is involving local bodies in implementing measures to a greater extent and encouraging decentralised bodies to work with local partners to contribute to local economic development.<sup>(29)</sup>

### **Job Creation Schemes selected for this Study**

Four measures were selected for which evaluations have already been carried out. They all concern the long-term unemployed and include both the public (non-profit) sector and the private sector; wage earners and the self-employed. Table 3.1 gives a breakdown of the schemes.

Table 3.1

**Job Creation Schemes in the Study**

	<b>Measure</b>	<b>Work</b>	<b>Sector</b>
ACCRES: Aid to unemployed people creating or restarting a business	Public National	Self-employed	Private
CRE: Contract for those returning to work	Public National	Wage-earners	Private
CES: Solidarity through employment contract	Public National	Wage-earners	Public and non-profit
GEIQ: Employer Associations for training and integration	Private Local	Wage-earners	Private

All these measures create 'real' jobs, that is with a normal work contract, and complying with labour legislation and trade union agreements for the relevant sector of activity. Social protection is complete from the first hour worked: the social security contributions cover unemployment, illness, accidents at work, and retirement, as for the other employees in the same sector (these social security contributions represent an average of 10% of the wage for the employee, and 50% of the wage for the employer).

### **I. Aid to Unemployed People Creating or Restarting a Business (ACCRES)**

#### **Description of the Scheme**

The aim of the scheme is to support the creation or recreation of companies by the long-term unemployed (on the Live Register for at least six months in the last eighteen) and those receiving basic income support. Participants receive 32,000F in one lump sum after the company is created. The ESF co-finances this measure. In addition those benefiting from ACCRES can also receive "advice cheques", normally six, each worth 400F, to allow them to receive relevant advice before the company is set up, and in the following twelve months.

In addition to these measures women can also benefit from FGIF (Guaranteed Funds for Women's Enterprises). This enables them to obtain bank loans which are guaranteed up to a maximum of 150,000F, which must be repaid within two to seven years.

#### **Number and Type of Enterprise Created**

In 1995, 82,841 enterprises were created (75,327 in 1994), 81% new creations, 19% resumptions. Most (72%) were sole traders: a growing proportion were creating their own employment. 70% were in the tertiary sector and 30% in retailing; 12% were hotels, cafes and restaurants. These supported enterprises represent an increasing

proportion of all companies created - 36% in 1995. The greatest proportion is found in Languedoc-Rousillon - 55%, and the lowest in Ile de France - 23%.

### **Beneficiaries of ACCRE 1995**

ACCRE is used mostly by men, but women represent a growing number - 29% of beneficiaries in 1995 (up 34% since 1994). Over a third of the entrepreneurs were managers or professionals (37.5%), then white collar employees (34.4%), a category which is growing at the expense of that of manual workers (22%). The average age of the beneficiaries was 36. Long-term unemployed (ie for over one year) were 55% of those supported. This measure is also opening up to the least favoured - 18% had never paid social security contributions; 14% had received RMI (income support). The 'advice cheques' were used by a minority of 30%. In 1995 2,800 million francs went to 86,700 beneficiaries.

### **Evaluation**

Evaluation sources: <sup>(30,31,32,33,34,35)</sup>

The companies set up by the unemployed are small and have less capital than others, but are not particularly vulnerable - 62% of companies created in 1991 celebrated their third birthday in 1995 (INSEE 1995).

The mortality rate after five years is 50%, that is identical to other companies that were not supported.<sup>(32,34)</sup> The average number of jobs created per company is 0.25. Most of the companies created are sole traders and remain so.

Personal investment is heavy at the beginning. Declared income is generally low,<sup>(35)</sup> but 'the freedom to choose' appears to compensate for an income equal to that earned while an employee. The incentive effect is evident, as ACCRE is a financial and moral aid to leave unemployment 'to do something', and opportunism is rare.

There is a range of different enterprises created. At one end of the scale are 'pet ideas' shops run mainly by unemployed people with a long history of employment but who found it difficult to re-enter the labour market. Closures here are frequent and financial risks were underestimated at the beginning of the project. At the other end of the scale are "quasi SMEs" with staff and plans for development. In between are businesses based on professional qualifications (baker, pharmacist, plumber). They are often restarting a business.

Most of the entrepreneurs are satisfied with the independence gained, and with their status. They are proud of their company despite the hard work, worries that it engenders and low income. One group, however, the "self employed by default" remain nostalgic about being an employee and do not value their independence.

Even when their firms close, most maintain a positive view of their experience and have often found paid employment as a result of professional contacts made during the period.

The success factors appear to be:

- initial capital (either financial, cultural or professional)
- initial motivation
- capacity for innovation and adjustment
- family support and entry into professional networks.

## II. Contract for those Returning to Work (CRE)

### Description of the Scheme

The aim of this measure was to aid the long-term unemployed (those seeking work for more than twelve months) into long-term integration in the labour market. Companies contributing to unemployment insurance and those who had not made any employees redundant in the previous six months could participate. Companies were given a subsidy of 10,000 francs on recruitment of a long-term unemployed worker and also had exemption from social security contributions for a period, the length depending on the characteristics of the beneficiaries. In July 1993 the recruitment subsidy was doubled for certain target groups (those unemployed more than three years; those receiving RMI for over one year; the disabled; those over 50). Aid for training and towards a monitoring system for those unemployed over two years was available.

The contract is for permanent work, or for temporary work, of between six and eighteen months. The beneficiary is given the status of an employee. Pay is equal to or above the minimum wage.

Agreements are made between the company and the ANPE, and the insurance is co-financed by the ESF.

### Evaluation

#### Sources for the Evaluation of CRE

1. Bureau et al<sup>(36)</sup> - a survey of 300 companies who signed a CRE March-May 1990. Interviews with employer and employees.
2. Tusher<sup>(37)</sup> - telephone survey in 1991 of 1000 companies who had signed a CRE for at least three months.
3. Paquet et al<sup>(38)</sup> - study of employment of RMI beneficiaries in 200 companies in the Rhone Alpes region, plus interviews with beneficiaries.
4. Abrassimov and Gelot<sup>(39)</sup> - study of 2000 persons who signed a CRE in July 1993 (25% sample).
5. Aucouturier<sup>(40)</sup>

## Beneficiaries and Type of Contract

In 1993, 54% of contracts signed were for permanent jobs (out of a total of 130,000 CRE signed that year). Half of the beneficiaries were between 24 and 40 years old, while the proportion aged over 50 increased (22%). This measure is used mostly by men (59%), and relatively qualified people - 40% had studied to at least the Bac [school leaver's certificate].

Two thirds of the contracts were in the tertiary sector (shops - 18%, administrative employment - 14%, hotels and restaurants - 19%). Only 18% were in industry. Part-time contracts concerned less than 20%. Only 7% of the agreements signed were associated with a training aid (i.e. had benefited from training paid for by the State).

## Evaluation

### From the Beneficiaries' Point of View

Half of the beneficiaries claimed that the job they held was of similar quality to that they had held previously; even if the salary was less for over half of those surveyed. 20% of the beneficiaries had left the company before the end of the contract.

Eighteen months after the end of their CRE, 60% had a job, of which 21% were still holding a CRE (the target groups who had begun as permanent employees); 36% were on the Live Register at the ANPE, and 4% had retired or were inactive. The most qualified people seemed to have benefited most from the contracts.

Compared to your last job, would you say that during your CRE:

	% of answers		
	Were better	Identical	Altogether (better or identical)
Working conditions	25	37	62
Hours	24	40	64
Strain	19	45	64

The highest qualified suffered most in terms of salary loss (60% of engineers, compared to 44% of manual workers), and 18% said that they had a higher salary than they had before, and this was slightly more frequent for the young (20%) and women (24%).

Those who judged the CRE to be positive saw it as a means of gaining employment contacts (40%) and of furthering their work experience (38%), either by regaining confidence or by gaining an extra qualification. Only one quarter mentioned that CRE had helped them to find a job.

## **From the Employers' Point of View**

Companies using CREs can be classified into three types.

1. A CRE provides economic aid, either as employment or training, to new, small or unstable companies. In these cases, the measure has a strong incentive effect: four out of ten of those recruited would have not been taken on without it. This type represents 42% of companies using CRE; they are those attracted by the reduced labour costs.
2. For employers who recruit a high proportion of unskilled labour, the measure provides a strong incentive to take on the long-term unemployed, particularly those aged over 50. This group represented one third of companies using CRE; they are those having a semi-permanent need for unskilled labour.
3. For the others, CRE acts as a springboard for pre-recruitment, for selection and training (22% of cases). According to the employers, almost 90% of the employees meet the demands of the job; three quarters of employees said they had no problem adjusting to the work required. This corresponds to another study,<sup>(37)</sup> which shows that once hired, unfavourable prejudices towards those concerned (long-term unemployed, those over 50) decline, and that only skill levels are used as a criterion by the companies. Again we hear the same advantages cited as by the employees (see above) - gaining employment contracts, and reintegration into the work environment.

## **Cost and Outcome**

For 1997 the state budget allocated 17,000 million francs for an average 460,000 beneficiaries. The net job creation effect by reducing labour costs is at least 20 per cent.

## **III. Solidarity through Employment Contract (CES)**

### **Description of the Scheme**

This measure was created in 1988 and is aimed at the long-term unemployed and disadvantaged young people who encounter particular difficulties in access to employment. It has two objectives: firstly to provide the target groups with know-how and abilities; secondly to provide unmet community needs.

The employers are community groups, non-profit organisations and state-run bodies such as schools and hospitals. The contracts are temporary - between three and twelve months and for twenty hours per week. They can be renewed once or twice for target groups. The minimum wage is paid to beneficiaries., The state pays 65 to 85 per cent of the wage and employers are exempt from social security payments (except those for unemployment benefit) but the employee is covered. ESF funds finance this measure.

The government has now created a new measure, Consolidated Employment Contract (CEC), to find a long term solution for the beneficiaries of CES who do not have employment prospects once their CES is finished. Again employers are exempt from social security contributions and wages subsidised over five years on a reducing scale from 70-30 per cent.

## **Evaluation**

### **Beneficiaries and Contracts**

The following information is derived from Gelot and Tesmière.<sup>(41)</sup> In 1995, 700,000 CES signed and 50,000 CEC. Those signed up for CES were two thirds adults, compared to one third young people. Those aged over 50 accounted for 7% of CES and 16% of CEC, so their proportion has more than doubled, 62% were women. 85% had only studied to level V (equivalent to the level of studies reached two years before the Bac). The majority (52%) were long-term unemployed, of which 20% had been so for over 3 years; 80% had not received any unemployment allowances before the CES, which became a means of re-acquiring eligibility for such allowances. 46% of CES employers were private associations. 30% of work was the upkeep of public facilities, 25% was administrative work, and a growing proportion concerns work linked to the environment and nature protection. The average length of CES was 18 months, and 36% of people had a CES for over two years. Young men were more likely to have a CES than women.

CES employees work 20 hours a week, according to the rules. Over half of CEC employees work 30 hours or more per week, and 10% full-time. Only 8% of contracts involved associated training financed by the State.

The following evaluations are derived from various studies of the Centre d'Etudes de l'Emploi (CEE) and Gomel and Simonin.<sup>(42)</sup>

### **From the Beneficiaries Point of View**

Those holding a CES appreciate particularly being integrated into a work team, being "an employee like the rest". Women are more often dealing with the public than men, who are more often confined to upkeep tasks which are not linked to their training. The women are a lot more satisfied with the work they do than the men because they see it as useful, and it corresponds to their skills, or those they wish to acquire. In contrast the men see no future in the tasks which they carry out as part of the CES, and are less satisfied.

The first expectation mentioned by two thirds of the women is the salary, then leaving unemployment (52% overall, 69% of men). Then comes the increased chances of being recruited (cited by the majority of adult women who had already worked), introduction to a new job (33% overall, 41% of young women). The answer least cited (30%) is training, except by young women (53%).

More than nine out of ten employees say they are satisfied or very satisfied with the work atmosphere, as well as the activity carried out; then comes the pressure and

amount of work, the opportunity to use one's skills and training possibilities. Wages come last - they are satisfactory for only half the beneficiaries.

For the vast majority of the women, the CES is judged as a positive work experience, in a known (administrative) career. This is less so with the men (young and adult), who are often given tasks which bear no direct relation to their training.

### **From the Point of View of the Employers**

The CES employees are vital for smooth functioning of the relevant organisations. If they could not avail of them, 14% of the organisations would not have grown, 26% would have to close sooner; for 35% it would reduce the quality of service. The CES are nevertheless little used in new activities, they are more often given the routine tasks, thus allowing the permanent staff to find time for new projects.

In some public establishments, the provision of constant needs could no longer be assured using existing jobs, but using CES allows these constant needs to be met.

### **Other Outcomes and Cost**

Three months after their CES had expired, 50% of the beneficiaries had a job, 26% had a 'normal' (non-aided) job and 24% had an aided job, of which 22% were CES.<sup>(43)</sup>

These figures show how CES is relatively blocked off, which led to the creation of CEC. There is a worry that this is a policy which could result in recreating unstable jobs at the bottom of the public sector hierarchy and creating a secondary labour market in which participants are more or less excluded from the primary labour market. Further longer-term research is needed in this area. The State budget for 1997 has allocated 14,800 million Francs for CES and 20,000 million Francs for CEC.

## **IV. Employer Association for Training and Integration (GEIQ)**

### **Background to the Scheme**

These employer groups result from an initiative run by the FAFCA (The Agricultural Co-op Training Funds). The idea, first conceived in 1988, was to organise means of training and integration via companies who were members of an employer's association. They aimed to provide some stability for these in temporary, multi-employer jobs.

This initiative developed mainly in two sectors, agriculture and building, because it addressed the concerns of these sectors: commitment to social order, and difficulties recruiting manpower. Farmers complained that they could not hire agricultural workers and bearing in mind rural depopulation, they were looking for buyers to succeed them. The agricultural GEIQs organised means of gaining the 'Responsible d'Exploitation Agricole' [Farm Manager] certificate necessary to become a farmer.

The building trade was experiencing chronic difficulties in attracting young people as permanent workers, although it took on 65,000 people annually. This concern, to



secure the loyalty of young workers, was intensified by the tradition of passing on skills through guild-type organisations. 6% of those working in the building trade are apprentices, compared to an average of 2% in France.

In the manufacturing sector, industrial GEIQs have organised training which operates in many companies, for seasonal activities (food production), to provide qualifications for a cross-section of enterprises. But investment in training and qualifications is more important than the seasonal character of activity.

The GEIQ initiatives were supported by the National Federation of Associations for Social Readjustment (FNARS) and in 1991 they joined together and formed the National Co-ordinating and Evaluation Committee (CNCE). In 1994 the CNCE-GEIQ was made official.

The groups facilitating this scheme include public employment services, which authorise aided contracts or provide financial aid for starting up. Regions also help to set up GEIQs which address their social concerns. Employers' organisations and chambers of commerce, also do this from economic and professional perspectives. Finally, the Fonds de Collecte de la Formation (Training Funds) cover the cost of training.

### **Description of the Scheme**

The objective of the scheme is to organise a means of training and integrating unskilled employees, promote their long-term integration into the world of work. It is targeting at those without recognised qualifications, of any age, but in difficulty, or those eligible for job creation measures such as training contracts for those under 26 years old, or older people eligible for CRE. Conditions for the latter are described above. For young people an example, the Contract for Work-Based Training, is described below.

The contract for Work-Based Training assures training which is certified by a technical training school or professional groups and is aimed at those aged 16-26 with no qualifications. Contracts are with the private sector and last between six and twenty-four months. Payment of beneficiaries is according to age with sixteen year old receiving 30 per cent of minimum wage, twenty year old 65 per cent, and those over twenty-one up to 75 per cent of minimum wage. The training programme is established between the employee, the employer and a mentor.

### **Evaluation**

The services for the evaluation are Beaujolin et al<sup>(44)</sup>; Vatant<sup>(45)</sup>, Baron, Bureau and Nivolle.<sup>(46)</sup>

In April 1996 forty-five GEIQ were operating, thirty in the building trade, eight in the primary and food processing industries, while seven were interprofessional. 1,200 companies supported these groups. There are currently 675 contracts in operation. 71 per cent were for those under 26 years of age (66 per cent of these being work based training contracts). The average duration of these contracts is thirteen months.

Supported contracts for adults, lasting between one and two years, comprised 25 per cent of the total. The other four per cent of contracts were temporary. Around 80 per cent of contracts were for men, almost two thirds of GEIQs are situated in disadvantaged urban areas.

### **After the Period of Training**

- 40% have a non-aided contract (temporary or permanent), of which 80% are in one of the member companies (a logical follow though). In 80% of cases the skills learnt passed the test of a professional jury. For training leading to a diploma, it is not yet possible to judge: the longer training periods necessary for this are not completed.
- 10% are in supported contracts (mainly apprenticeships)
- 20% of contracts were broken off
- 30% have not found a job after the contract ended, but their 'employability' is increased.

### **Finance of the Scheme**

To function, the GEIQ rapidly needs to employ a permanent member of staff, and so needs to find finance.

A GEIQ receives an average of 150,000 Francs of public funds, under many forms. The GEIQ reaches financial equilibrium by combining diverse resources:

- billing of hours worked by the employees in the companies
- the bonuses linked to aided contracts (5 to 7,000 Francs for a contract de qualification, 2000 Francs per month for a CIE).
- Funding for training is a very important source.

In addition, Members' subscriptions of between 500 and 5000 Francs per company help finance the scheme.

The creation of GEIQs as a means of providing training is an undoubted success. However, a longer time period is needed to observe the effects on employability for the participants

### **Cost per Participant**

This measure uses 6.3 million Francs for 675 beneficiaries, less than 10,000 Francs per person. It is, therefore, a low cost measure considering that 40 per cent are on normal work contracts after training.

## Discussion

This analysis of job creation measures, with regard to quality of employment created, has been relatively superficial given the short time period allocated for the study. The comparison between measures is particularly difficult as the data is not always consistent between them, particularly with regard to the length of period in which they found jobs. This report must be considered as a first step, and whose objective is to outline future suggestions for research, with a view to comparing the various measures and countries. The results for this study are summarised in Table 3.2.

National measures were favoured, because their evaluation is required by the Ministry for Labour. The diversity of evaluators (consultants, researchers) means that these evaluations are objective, but cost-benefit analyses have not been carried out. However, other more localised initiatives merit analysis, as the implementation of measures moves more and more towards local co-operative initiatives. The example of GEIQs shows this.

**Estimations of `net' job creation** are very difficult, and require more in-depth economic analysis than is already available.

**Effects on the employability of participants** can only be measured several months or years later.

Comparing the measures merely from the point of view of employment rates, x number of months later, ignores the effect of selection at the beginning of the measures. Comparison of a group rarely shows all the variables. For example, in the four measures studied, the employment rate, measured from differing dates, seems to be linked to the initial qualifications of those participating in the measures.

In addition, employability depends on the economic outlook, and the phase of this cycle at the time.

Participants can reap positive benefits, without these being translated into the figures - an increase in self-confidence, personal regrowth, new bearings, all of which can give rise to better family and social relations etc.

These positive effects have repercussions on the environment: quality of life, social cohesion in the community.

Qualitative elements and `external effects' should be taken into account in a complete cost-benefit analysis. They can be introduced by their `absent' impact - the absence of social problems which would lead to degradation in the social environment (delinquency, alcoholism). This methodology should be more concretely established to obtain results comparable between countries.

Future research in this area needs to establish common methodological bases for an adequate time period. Measures should be situated in their national and local context, comparing these contexts in a comprehensive manner, to be able to deduce the conditions for reproducing the measures. International comparisons could be made

on the sectors or jobs created that seem potentially important. Two sectors would be particularly interesting to study, because they are developing: service activities, and new jobs linked to the environment (rehabilitation of communities/areas). Their potential development relies on local needs and local unemployment associations. Unsatisfied community needs on the one hand, people without jobs on the other: under what conditions can these be linked to result in a broader positive cost-benefit analysis?

**Table 3.2**

**Summary of Outcomes of Schemes**

Scheme	Beneficiaries							
	Sex	Qualification	Unemp. >1 yr	Average Age	Sector d	Employment Outcome	No Beneficiaries	Training Agreement
ACCRE (eval. 1994)	71%	37% managers & technicians	55%	36	70% tertiary	50% at end of 5 years	86,700 (1995)	Advice cheque 30%
CRE (eval. 1995)	59% Male	High-40% below or above	100% ?	22% more than 50	66% tertiary	60% 18 months later	130,000 (1993) 347,000 (1996)	7%
CES and CES (eval 1996)	62% Male	Low 85% basic education	72% of which 12% > 3 years	33 -young	Tertiary Non-market	50% after 3 months (22% in CES 1991)	750,000 (1995)	8%
GEIQ	80% Male	Without qualification	-	71% young	Building Agriculture	40% in normal employment 10% further training	675 (1996)	100%

**4. GERMANY**  
**Job Creation and Quality of Working**  
**Life: Job Creation Schemes in Germany**

## Introduction

Active labour market policy evaluations in Germany reflect the interests of programme administrators or organisations and have been traditionally concerned with such values as the problems of financing; planned and actual participation; costs per head; and reintegration rates into the primary labour market. Job creation and the quality of work has not been a central issue.

## Unemployment in Germany

In 1995 3.6m people were registered as unemployed in the Federal Republic of Germany, about 2.6m in Western Germany and 1.2m in Eastern Germany (Table 4.1). This corresponds to rates of 10.4% for the total federal territory, 9.3% for the old and 14.9% for the new Länder.

**Table 4.1**

### Unemployment in Germany, Western Germany and Eastern Germany 1991-95

	Germany		Western	Germany		Eastern	Germany	
	1000	% rate		1000	% rate		1000	% rate
1991	2602	NA	1689	6.3	913	10.3		
1992	2979	8.5	1808	6.6	1170	16.1		
1993	3419	9.8	2270	8.2	1148	15.8		
1994	3698	10.6	2556	9.2	1142	16.0		
1995	3612	10.4	2565	9.3	1047	14.9		

*Source: Federal Labour Office*

The number of unemployed people increased from less than 2m to a level of about 3.6m with a peak in 1994 of 3.7m (10.6%).<sup>1</sup> A substantial part of this development was to be attributed to the transition of the former GDR economy, which brought a burden of more than 1m registered unemployed, about 15% of the new federal states' civilian labour force. The proportion of eastern Germany in total German unemployment however, dropped from 39% in 1992 to 29% in 1995. This is still higher than the share in the total labour force (19.4%) but indicates a gradual approximation of the eastern and western economic development and labour market structures.

Of the total employed 32% were without a job for more than one year. Most problematic is the labour market situation for those who are unemployed for longer than two years. Their share in total unemployment is 15.4%, 16.3% in the old and

<sup>1</sup> The Council of Economic Advisers, Federal Labour Office estimate that a further 3.3 million constitute "hidden unemployment".

13.4 in the new Länder. The average duration of unemployment in 1995 amounted to 30 weeks.<sup>2</sup>

Women, considering their share in the labour force, are slightly over-represented among the long-term unemployed. About one half of all the long-term unemployed are aged 50 or over, a declining proportion since 1992 which can be explained by the increasing practice of early retirement in recent years. More than a third of the long-term unemployed are handicapped by health problems. Table 4.2 shows that those with no vocational training are more likely to suffer long-term unemployment once unemployed than those unemployed with training in both Western and Eastern Germany.

**Table 4.2**

**Unemployment and LTU by Training/Education 1994 (%)**

	Western Germany		Eastern Germany	
	Unemployed	LTU	Unemployed	LTU
No vocational training	46.3	50.2	20.5	25.6
Apprenticeship	42.4	40.2	66.9	64.8
Vocational schools	4.9	4.2	8.1	6.9
Polytechnic college	2.0	1.7	0.8	0.5
University	4.3	3.7	3.7	2.3
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Kress et al 1995<sup>(1)</sup>

**Active Labour Market Policy in Germany**

Beyond the general agreement about the need for an active labour market policy between both sides of industry, common ground on the extent, the organisation and the instruments of this policy is diminishing. The differences are concerned less with the quality of the job than the quality of employment. The employers emphasise the costs of a "second" labour market (jobs created by programmes) and the distortion of competitiveness by subsidised jobs, whilst the labour side favours standard employment relationships and equal opportunities for all groups of long-term unemployed. Roughly outlined the unions' position is that employment relationships in this "second" labour market should not be below the minimum standard of the first labour market; that created jobs be fully covered by labour law; and that payment below the standard rate should not be allowed by law. The employers, on the other hand, want clear differentials in wages to keep the incentive to join the first labour

<sup>2</sup> Using the calculation method of the Federal Labour Office short interruptions of unemployment by temporary employment or training courses lead to a new beginning of the unemployment period. Not considering these facts as termination of unemployment the shares of long-term unemployment are estimated substantially higher. So the Federal Statistical Office or Eurostat calculate values about 10 percentage points higher than the numbers presented in this section.

market high; and also that work activities should be clearly distinct to avoid driving out regular jobs.

The administration of labour market affairs follows a twofold structure. The Federal Ministry of Labour and Social Affairs is responsible for the legislative framework, and the legal supervision of its implementation by the Federal Labour Office. Furthermore, the latter has to provide public employment services such as retraining, further training, job creation schemes, vocational/occupational guidance, job placements and paying of the unemployment benefits.

Job creation measures are the only option provided by the Employment Promotion Act to effect immediate employment results. In the first instance the JCM should be for the hard-to-place persons, and long-term unemployment is a hard-to-place characteristic. JC-measures have to be additional - they would not happen without promotion - and the work done by the job creation projects has to be of public interest.

JC-measures can be carried out by the local communities or on behalf of the communities by non-governmental organisations (e.g. charitable organisations). The measures are financed by the Federal Labour Office through a wage subsidy. JC-measures are eligible for unemployed persons who receive unemployment benefits and are unemployed for at least six months.

Job creation measures are not the only publicly financed way of promoting temporary employment. In the 1980s many municipalities introduced job creation programmes for unemployed recipients of social assistance. In 1992 a new type of public promoted employment was introduced within the framework of the Employment Promotion Act. This wage subsidy programme (§249h), was first introduced for eastern Germany and later extended to western Germany (§242s). An overview of publicly promoted employment is given in Table 4.3.

The newest reform of the Employment Promotion Law was enacted in 1996. It is aimed to strengthen regional labour offices in their financial autonomy and general scope of action regarding active labour market measures, to support the integration of labour market and structural policies.



Table 4.3

## Publicly promoted employment 1991-95

Year	JCM western Germany	JCM eastern Germany	Employment instead of welfare payment	§ 249h § 242s	Total
	Persons				
1991	83,000	183,000	*	-	266,000*
1992	78,000	388,000	*	-	466,000*
1993	51,000	237,000	50,000	22,000	360,000
1994	57,000	192,000	*	88,000	337,000*
1995	70,000	206,000	*	109,000	385,000*
*No information for "employment instead of welfare payment" available					

Source: ANBA 1995

In 1997 a reform of the Employment Promotion Law is planned with an emphasis on strengthening regional labour offices in their financial autonomy and general scope of action regarding active labour market measures, to support the integration of labour market and structural policies.

### Selection of Schemes for this Study

The selection of German job creation schemes could not fulfil all the expectations expressed in the suggested methodology.

Firstly, the target groups of German job creation programmes were not homogenous enough to select examples which comprised only long term and low skilled unemployed. Normally German programmes would emphasise the problem of older workers and long-term unemployment.

Secondly, the requirement for a follow-up evaluation, preferably over a long time span cannot be met in this pilot study. Available evaluations were carried out during or at the end of programmes.

Thirdly, there were no evaluations on quality of work aspects.

The four schemes selected were:

1. The 250 million Special Programme for long-term unemployed
2. The 400 Ward-Assistant Programme in Hamburg
3. The Workshop "90" programme in Lower Saxony/Bremen
4. The programme "Labour and Future" in Baden-Württemberg

## **I. The 250 Million Special Programme**

In 1989 the German Federal government began to pursue a new course in labour market policy for the hard to place long-term unemployed by means of a special programme and model plan within an action programme: "the campaign to help the long-term unemployed to find work".

The action programme, comprised two parts: employment aid for long-term unemployed and measures for hard and very hard-to-place long-term unemployed. The latter is again composed of two parts: the Special Programme and the model plan. A new course of employment policy should be pursued by the Special Programme. This Special Programme was supplemented by the establishment of 18 (originally 8) model labour offices. This was the model plan part (budget of 50 million DM increased to 200 million DM) which is not included in the follow description and summary of the evaluation results.

### **Description of the scheme**

The essential innovative elements of the programmes were:

- The programme replaces individual support in favour of project support.
- It was an aim of the programme and model plan to set up "holistic" measures. These measures should strengthen the competitiveness of the target group on the labour market. The integration of problem groups into the labour market should be achieved by chains of support. The chains include social care and a target-group-specific combination of qualification and employment.

The target group were long term unemployed who were unemployed for at least two years and have an additional feature which makes them hard-to-place. Hard-to-place are people who because of their age, health problems, or low qualification have difficulty finding work.

For traditional active labour market policies employment and qualification measures are central. The special programme extends the traditional measures in two directions. It adds social support and a combination of different measures. There were seven different combinations possible: (1) employment (2) qualification (3) social

care (4) employment and qualification (5) employment and social care (6) qualification and social care (7) qualification, employment and social care.

The promoters could act as single organisations or jointly. The promoters could be:

- a legal entity of the public sector;
- other enterprises or institutions of the private sector pursuing aims of benefit for the public;
- enterprises or institutions of the private sector which because of the experience in previous measures seem to be able to promote the reintegration of the target groups in the labour market (private non charitable promoters).

Financial aid to the programme was originally 250 million DM but it was increased and reached 790 million.

The promotion is not directed to financial support of individuals but to the support of projects. The financial promotion of the original 250 million DM comprised investment subsidies (70 million DM), overhead expenses (50 million DM) and subsidies for trainers, teachers and other staff (130 million DM). Measures carried out in the framework of the Special Programme could be partly subsidised. Promoters had to use some of their own resources. 80% of defined expenditures could be paid by the Programme. For subsidy a commitment of five years for the benefit of the long-term unemployed was necessary. The subsidies for the project staff were paid for a two year period. The staff was paid according to the regional rates.

## **Outcomes**

### **Types of Participants**

The total number of participants was over 11,000 persons in late December 1990. In June 1992 the number had more than doubled and was around 27,000. The participants did not represent more than 3% of the target groups in 1990. The characteristics of participants is shown in Table 4.4.

The participants in projects of the Special Programme can be characterised as follows:

Male persons handicapped by health problems, they have either an apprenticeship or no vocational training qualification, are younger than 55 years old and have only compulsory basic education. Women and older workers are underrepresented.

In most of the cases the financing of beneficiaries was done by the instrument of the job creation programme (ABM) or by the promotion according to the Federal Law on Social Assistance/welfare (see Table 4.5). The selection of beneficiaries promoted by the Social Assistance Law was motivated by the fact that communities were released from financial commitments when the beneficiaries either returned to the labour market or in government financed unemployment after leaving job creation measures.

## Types of Project

There were seven different combinations of measures possible for the projects. Most projects combined employment, qualification and social care (around 60%). Those project measures which included employment were in a variety of activity areas (see Table 4.6). Around 30% were landscape gardening, horticultural or agricultural activities.

Whether activity areas matched market demand or not can be answered by the statistics of the placement success. In terms of placement clerical work, administration, metalwork activities, social services and construction were the most successful.

**Table 4.4**

### Participants by Age, Duration of Unemployment, Vocational Training, Education and Health

	In per cent
<b>Age groups (in years)</b>	
less than 30	23.9
30 to 39	32.1
40 to 54	36.9
55 and older	7.1
<b>Duration of last unemployment</b>	
less than 1 year	22.9
1 year to less than 2 years	14.5
2 years to less than 3 years	14.3
3 years to less than 4 years	9.9
4 years and over	38.4
<b>Vocational training</b>	
Apprenticeship	44.2
Fachschule	7.4
Polytechnic/University	3.3
Uncompleted training	16.1
No vocational qualification	28.2
<b>Compulsory school qualification</b>	
Hauptschule	59.2
Realschule	11.2
Abitur	4.9
Polytechnic entry qualification	4.9
Other university entry qualification	2.0
Special school	7.2
No leaving certificate	10.3
Male	71.2
Female	28.6
<b>Health problems</b>	
No	63.9
Yes	36.1
Survey of participants (N=814)	

Source: Schmid et al<sup>47)</sup>

Table 4.5

## Financing of Beneficiaries in Special Programme Measures

	In per cent
Job creation measures (ABM)	37.8
By the Federal Law on Social Assistance	32.6
Means of beneficiaries	20.0
Wage subsidise for older workers	18.7
From turnover of the project	17.8
Further training and retraining	17.0
Unemployment assistance	13.5
Unemployment benefit	11.7
Settling-in allowance	10.4
1.5 thousand million special programme	10.0
Other means	10.0
Job introduction allowance	8.7
50 million special fund	6.1
Labour market programmes of the Länder	6.1
ESF	4.8
Measures for the improvement of placement options (§41a)	3.9
Local job creation programmes	3.9
Promotion according to the Youth Welfare Law	0.9
Others	3.5
Survey of promoters. Multiple responses (N=230)	

Source: Schmid et al<sup>(47)</sup>

Table 4.6

## Measures including Employment by Activity Areas and Placement

Activity areas	Employment*	Placement
Horticulture and landscape gardening	28.2	8.0
Other services	26.1	13.0
Wood and wood products	26.0	2.5
Construction	23.2	10.0
Other manufacturing	20.6	8.2
Metalworking	18.4	17.5
Social services	12.7	5.4
Clerical work, administration	12.7	18.7
Catering trade and tourism	7.9	2.9
Agriculture	2.4	0.5
Others	-	13.2
Multiple response	N=164 measures	N=1,546 persons
Survey of promoters		

Source: Schmid et al<sup>(47)</sup>

## Evaluation

The Special Programme is summarised by the evaluators<sup>(47)</sup> as follows:

..."A change from purely qualifying or employment measures in the Special Programme can be observed in the kinds of measures offered. Measures are now being carried out in which a combination of working and learning is being closely linked with social care. Hence, a gradual occupational and personal stabilisation as well as a broader base of abilities, skills, and autonomy to act can be created. In fact, chains of support measures with a "holistic" orientation can be established within the Special Programme. According to the most recent information, the goal of the Special Programme to reintegrate difficult and most difficult to place unemployed persons within working life has been achieved to a considerable degree. However, this is also associated with a certain pre-selection of participants. Namely, women, older persons and persons with health problems and most difficult-to-place unemployed persons are underrepresented in this Special Programme. The most positive factors on the placement rate are the social care, conflict-free internal and external co-operation amongst the agents and the conceptional balancing of qualification measures and employment".

## II. The 400 Ward-Assistant Programme

### Description of the Scheme

The model project "400 Ward-Assistant" was carried out in Hamburg from 1990 to 1993. Four hundred jobs in old people's homes were provided by charitable organisations and by the community. The target groups of the programme were hard-to-place long-term unemployed (two third females). After a preparation period participants started a three years job creation measure. The measures were aimed at regular employment at the end of the programme period. As the German job creation programmes are restricted to activities which are additional to the activities of the regular labour market or which cannot drive out regular employment, the participants had to do work (eg cleaning) which was not the duty of a normal ward worker.

The aim of the programme was twofold - to reintegrate the long-term unemployed into the labour market, and to improve the nursing situation of old people in residential accommodation. The transition to continuous employment was assured for participants who successfully completed the job creation programme. It was intended that the majority of participants should be over two years unemployed and with characteristics that made placement difficult.

Two hundred and twenty jobs were provided by non-governmental charitable organisations and one hundred and eighty by public old people's homes and nursing homes.

Research was carried out throughout the programme to determine its effects by the Institute for Health, Environment and Social Planning.<sup>(48)</sup>

## Outcomes

### Characteristics of Participants

Around two thirds of the Ward Assistants were females. The average age of beneficiaries was 40 years old. Around 11% had no school certificate and 50% had a Hauptschul-certificate (lower level of secondary education). Most beneficiaries had been trained for a job in the manufacturing or service sector. Only 16.1% have had a training which was relevant for the jobs of the job creation programme. Selection of 400 suitable candidates was difficult. The candidates had to fulfil expectations which exceeded the general aptitude for the job. Beneficiaries should enter the measures voluntarily and motivated. The result was that at the beginning only around 10% of 1,600 selected and, in principle, appropriate could be persuaded to participate.

### Drop-Out and Employment

In total 446 Ward Assistants had - at least temporary - work in old people's homes or nursing homes. 89 Ward Assistants were laid off, 99 left the programme of their own accord, 258 Assistants were still in employment in August 1992. Thus 65% of the available jobs could be filled.

The question was whether those jobs were really long-lasting, and information on this is limited.<sup>(49)</sup> 190 of those 258 Ward Assistants were still employed in the job in January 1994, 8 had upgraded to Nursing Assistants, another 8 had changed to other jobs in the homes and 3 were in training and further training measures. It can be concluded that at least 195 persons had left the unemployment status by participation in the 400 Ward Assistant Programme. This corresponds to an employment rate of 43.7%. The rate is clearly higher than the average rate of general job creation measures which is 25%.

### Costs of the Scheme

In total 45 million DM were invested in the three year programme. Around 30 million DM were provided by the Labour Office Job Creation Programme subsidies (ABM). 10 million DM were job creation subsidies from the state of Hamburg and around 5 million originated from the programme for long-term unemployed launched by the federal government (see Special Programme above). If the programme had created 400 jobs, then the costs for one Ward Assistant would have been 112,000 DM. Considering that only 258 persons were employed after the job creation period then the costs were 174,000 DM for one Ward Assistant.

### Evaluation

The success of the 400 Ward Assistant Programme depends on the high integration of planning, administration and parallel support and research on the one hand, and the integration of social and psychological care, of stepwise vocational training and transition to a regular employment relationship on the other.<sup>(49)</sup>

This scheme was interesting because the continuous evaluation included many "quality of work" aspects. The programme work was overall of high quality. The tasks for the Ward Assistants were fixed in an official contract acceptable to all parties. The supervision of the contract terms was done by the Labour Office.

For different reasons the realisation of the programme was burdened with difficulties. The management of some homes had great difficulties in employing the Assistants in "additional" work. The consequences were that some Ward Assistants believed they had been misinformed about their work content. Some felt betrayed. In contrast to the promised work content they had to do hard manual work. There was a difference between the quality of the job on paper and the quality of the job in reality.

Beneficiaries were paid the rate for the job and worked normal hours, including shift work and weekend work. Payment, however, was sometimes an obstacle in the selection process as some beneficiaries had the prospect of earning less or not much more than unemployment benefit.

### **III. The Workshop 90 Programme**

Bremen is one of the German regions with employment problems arising from lack of demand on the labour market. This has resulted in high long-term unemployment rates. This challenge induced the Labour Office of Bremen/Lower Saxony to initiate the Workshop 90 Programme to improve the employment options for unskilled and low qualified long-term unemployed people by individual further education and re-integration.

#### **Description of the Scheme**

The Workshop 90 pilot project ran from May 1992 to March 1994. The measure was designed for 48 male participants. The participants were selected and allocated by the Labour Office. All of them were difficult to place. In the course of the two years 220 people took part in the project. The individual participation time was not fixed but could not exceed one year (including work experience in an enterprise). The project staff consisted of four social education workers/social workers and three workshop trainers for wood work, metalwork, painting, and storekeeping.

#### **After selection there was:**

- an entry phase in measures (information, discussion of expectations, advice);
- further social educational care, courses and opportunities for the organisation of leisure time;
- work in the workshop.

Workshop activities included metal working, wood working and decorating. Individual choice of skill was respected as far as possible. Beneficiaries learned basic skills



(health and safety at work, knowledge of tools, machines) and advanced skills (mathematics, drawing). Part of the practical work took place outside the workshop rooms. Beneficiaries refurbished the rooms of a centre for mothers and participated in a ship building project.

### Characteristics of Participants

There were 212 participants. The average age of beneficiaries was 39, the youngest was 22 years and the oldest 55 years old. 24% of beneficiaries had no leaving certificate or a leaving certificate of a special school. This is less than the average level of education of long-term unemployed in Bremen. Half of the participants had no vocational training. 60% of those who had finished an apprenticeship were trained for metal working occupation and 10% for an occupation in the construction sector.<sup>(50)</sup>

### Finance of Beneficiaries

16.5% of 103 beneficiaries in the initial phase received unemployment benefits, 72.8% received unemployment assistance and 9.7% social assistance benefits. Beneficiaries had to sign a further training contract. This contract regulated the payment of maintenance benefits.

### Drop-Out and Employment

26% of beneficiaries left the measure successfully (see Table 4.7) by changing from the project to employment on the "first" labour market. Around two-thirds dropped out before completing the programme.

**Table 4.7**

### Status after Ending the Measure

	per cent
Employed (first labour market)	25.9
Dropped out	8.0
Dropped out for health problems	27.4
Dropped out for other important reasons	2.4
Dropped out without important reason	35.8
Died	0.5

Source: Scharf<sup>(51)</sup>

Six months after the end of the scheme 27% (15 persons) of the employed were again unemployed. Thus, the employment rate of 26% had declined to 18%.

## **Evaluation**

Job quality and employment quality aspects have not been considered explicitly by the programme evaluators. The Workshop 90 programme was a social education-centred action for difficult to place long-term unemployed persons. Therefore, the quality element has to be evaluated in terms of quality of social education and social care.

Quality of work aspects have been evaluated for those programme participants who were employed. Two thirds of the employed participants indicated that the jobs were physically hard and that they were under pressure. 30% indicated that the work was dangerous and damaging to their health. The unstable re-employees felt less often accepted and acclaimed than stable employed.

## **IV. Labour and the Future for Long-Term Unemployed (Baden-Württemberg)**

### **Description of the Scheme**

The scheme was initiated in 1991 by the government of Baden-Württemberg. The aim was to re-integrate the long-term unemployed into the labour market by skills training accompanied by social care. Another aim was that the projects should be market oriented and should in part finance the costs of the programme by market sales. In principle any promoter could apply for funding by the Land's programme. The projects should, however, provide measures for those long-term unemployed who had otherwise no chance of being placed in regular employment. Participants should be over 25 and at least three years unemployed.

Projects should have a minimum of ten participants, and finance at least 20 per cent of their costs by sales.

### **Outcomes**

The evaluation of this programme was carried out by the European Research Institute in Königswinter<sup>(52)</sup>

### **Characteristics of Participants**

In 1993, 753 participants were financed by this scheme. For the most part the participants showed more than one characteristic which made them unattractive to employers. (Table 4.8)

Table 4.8

**Reasons why Beneficiaries were Hard to Place**

Categories	Per cent of beneficiaries in all projects
50 years and over	26.9
no school certificate	25.2
no finished vocational training	53.6
addiction	37.9
homeless	27.8
health problems	34.0
mentally/psychiatric disordered	17.3

Source: *Europäisches Forschungsinstitut Königswinter*

The highest proportion of participants were aged between 30 and 39, and over 50 years old. Women were 23 per cent of participants (compared to 54 per cent of the long-term unemployed). Foreigners were also under-represented at 11 per cent (21 per cent of long-term unemployed). Half the participants had no vocational qualification and a further 36 per cent an apprenticeship.

**Type of Project**

There were 43 promoted employment projects. 24 projects existed already before the programme was launched and 19 were created especially for the programme. Thereby around 300 additional temporary jobs have been created. 39 of the 43 projects were organised in an association, 3 were independent and 1 was attached to a local authority. The promotion period was from 1991 until the end of 1993.

The projects were active in different sectors of activity. Most promoters (33) were working more than one sector. Generally promoters chose to work in sectors which are typical for projects of this kind. These activity areas are agriculture and horticulture, wood and wood products, furniture showrooms, furniture transports, construction, packaging.

**Cost of Scheme**

In total the projects were funded with 87.3 million DM. The Land, Baden-Württemberg, provided 18.5 million - this is around 21% of total funds. The rest, 79% was financed by other programmes. This, the greatest proportion, was provided by person related instruments like the national job creation programme, and social assistance contributions.

**Reduction of Employment Obstacles**

The programme was aimed to bring long-term unemployed persons afflicted with serious placement obstacles up to the labour market and to place them in a regular

job. Therefore, the success of the programme had to be evaluated in two respects. The first was skills training, the second the improvement of the social and psychological capacity to work.

The best results were gained for work habit, skills training and resignation. Measures to reduce the problems of addicted or homeless people, or those in debt were less successful.

### Drop-Out and Employment

The evaluators report in September 1993 that since the beginning of the programme in 1991 a total of 477 beneficiaries had left the projects. Around 26% could begin a full or part-time job in the normal labour market. Around 6% changed from the measures to a training contract. More than one third (39.4%) returned to unemployment. According to the evaluation two factors seemed to explain the success of projects. These were:

- The integration of projects in the local area. The contact with local firms enabled participants to demonstrate their skills and usefulness and reduced prejudices.
- The supply of useful and sensible tasks. Motivation of the participants to permanent training and work dependent on this quality aspects.

**Table 4.9**

### Reduction of Placement Obstacles by Length of Employment in the Project

	Employment in the projects in months				
	6 and less	7-12	13-18	19-24	24 and over
qualification deficits	55.8	73.5	84.4	58.6	71.1
social deficits	49.6	60.7	77.9	67.6	70.8
lost the habit of work	67.4	83.1	94.0	90.9	88.9
low motivation	48.4	56.1	78.6	72.7	70.0
resignation	56.5	61.8	76.9	76.5	76.2
addiction	46.3	51.2	45.8	47.8	68.3
debts	45.7	58.4	60.7	61.5	78.9
homeless	32.3	54.1	28.6	57.1	25.0
Figures indicate the proportion (in %) of beneficiaries showing a progress (100% is the number of beneficiaries in the deficit group at the beginning)					

Source: *Europäisches Forschungsinstitut Königswinter*

### Evaluation

The quality of work has not been in the foreground of the Baden-Württemberg programme. The evaluation concentrates on the performance (financing, recruitment of beneficiaries, realisation of programme targets) and the results in terms of created jobs. Although in a non-systematic manner quality aspects have been reflected by the

evaluators. It was one aim of the programme to make long-term unemployed persons afflicted with different placement obstacles effective in the labour market. After an individual history of failures, of disaster and devastating events, beneficiaries needed psychological and social aid adapted to their specific life-story. Beneficiaries first had to regain a positive work habit and motivation for a job before the transition to the regular labour market could be a realistic alternative to the project. The success of projects depended on whether matching of abilities of the reference group and the activity areas had been considered. Long-term unemployed cannot be integrated into any job, eg the integration of women in projects which are traditionally attached to male professions turned out to be extremely unsuccessful. A compromise between the request of skills training and the necessary skills content has to be balanced with the needs and abilities of target group.

Most beneficiaries had a fixed term contract. All contracts which were in principle equal to contracts on the regular labour market and entitled beneficiaries to unemployment benefits after leaving the scheme included sick pay and pension rights. Remuneration was at the rate for the job and included paid holidays, extra payments etc. The beneficiaries had to work the standard working time of 38.5 hours. Irregular work, shift work etc. was an exception.

Three aspects of employment quality turned out to be very relevant for the success of the job creation programme. The first is the length of the fixed term contract. According to the evaluation there was an optimal length of job creation employment contracts of 1½ to 2 years. Beneficiaries frequently failed if they had to change to the regular labour market before this period was over. If the long-term unemployed person had to change from shorter training measures to unemployment then any regained motivation was destroyed. If they stayed longer than the optimum period then the need to change to the first labour market was decreasingly felt and transition rates declined. The second aspect was the distance or closeness to work in "real enterprises". This aspect is important for beneficiaries and employers. Beneficiaries may be motivated - a chance for a feeling of success - employers may dismantle prejudices. The third aspect is the trainer/beneficiary ratio. According to the evaluation this ratio was 1:7. This ratio held back integration. The consequence might be that more trainers are employed but this solution is not allowed by budget restrictions. Therefore, evaluators suggested that available trainers and social workers should concentrate on those beneficiaries for whom the measures seemed to be most promising.

**5. THE NETHERLANDS**  
**Job Creation and the Quality of Working**  
**Life: Job Creation Schemes in**  
**The Netherlands**

## Introduction

### Unemployment in the Netherlands

The number of unemployed persons in the Netherlands registered at employment offices has been estimated at 434,000 (April-June 1996) 49% of them are long-term unemployed. Since 1994 there has been a remarkable recovery of the negative trend which started in 1991: the number of unemployed persons is falling, the number of long-term unemployed persons is falling, and there is an increase in employment. The central aim of the present government, an increase of employment of 350,000 jobs in four years, will be exceeded. Against 600,000 jobs which are lost every year, 700,000 jobs are created.

Although trends are favourable, the number of long-term unemployed persons is still considered to be unacceptable. The slogan of the present government therefore is "Work, work, work" and the aims are ambitious. The creation of more jobs is necessary due to the growth of the labour force. Until the year 2000 there will be 70,000 extra persons annually seeking employment. There is also a lot of "hidden" unemployment. The degree of participation of women on the labour market is still low compared with other European countries.

### Active Labour Market Policy in the Netherlands

The first priority of the government is to create more simple work for the unemployed. The quality of this work is not an important issue at the moment. In general, the central elements of the labour market policy of the present government are:

- reduction of taxes and social contributions (indirect wage costs), to make labour cheaper (especially low-paid labour);
- stimulation of social partners to create more jobs in the area between the current lowest wage scale of the collective labour agreements and the level of the minimum wage;
- improvement in the mechanisms of the labour market;
- differentiation of working times and working hours;
- improving the activating impact of the social benefit system;
- direct creation of more additional or supplementary jobs for long-term unemployed;
- more coherence in (new) acts, measures and funding;
- improvement in the co-operation of the organisations in charge of the implementation of the labour market and social security policy, such as the employment offices and the Department of Social Services of the municipalities.<sup>(53)</sup>

The social partners are also committed to the problem of (long-term) unemployment. In most new collective agreements wage scales are created on or just above the minimum wage. In more than 40% of the collective labour agreements of 1995 arrangements are made related to employment schemes. Also arrangements are made to improve the chances of groups with a difficult position on the labour market.

## **National Job Creation Measures**

The major job creation measures at national level are:

### ***1. Labour Pools (BP)***

Initiated in 1990 this measure aims to help long-term (over three years) unemployed workers who are not considered to have a realistic chance of regular employment. Labour Pools offer permanent employment contracts to participants and hire them out to public institutions which create supernumerary jobs. Labour Pools are organised by municipal authorities. Remuneration is based on the minimum wage. In 1991 HFL 236 million was spent for 6,000 participants.

### ***2. Youth Employment Guarantee Act (JWG)***

This measure, in operation since 1991, aims to prevent long-term unemployment in young people by offering combined training and work experience. Places for work experience can be created in the public, voluntary and, subject to conditions, in the private sector. Jobs must be "additional". The scheme is organised and financed by municipalities. Expenditure on JWG increased from HFL 127 million to HFL 332 million in the period 1992 to 1994. Participants for the same period grew from 6,000 to 18,000.

### ***3. Framework Regulation on Integration into Working Life (KRA)***

The KRA, in operation since 1989, aims to re-integrate the employed into regular jobs. For the long-term unemployed (over two years, or one year if ethnic minority) it provides work experience in the public or private sector for one year for a subsidy of between HFL 7,500 and 15,000 in the private sector and HFL 22,000 in the public sector. From 1995 employers are exempted from social insurance contributions. An employer who then offers a regular job can receive HFL 500 for training and guidance. The scheme is organised by the Regional Boards (RBA) of employment offices. In 1994 HFL 111 million was spent on 16,200 participants. In 1995, partly due to the difficult financial situation of the Employment Service the KRA budget was reduced to HFL 35 million.

### ***4. 40,000 Additional Jobs for LTU***

This scheme was introduced in 1995 and aimed at creating additional permanent work for the long-term unemployed (over one year) in the welfare and health care sector, bodies engaged in public surveillance and child day care. Pay is between 100-120 per cent of minimum wage. For each placement HFL 4,000 per year is paid. Labour Pool participants are also eligible for the 40,000 new jobs. For the period 1995 - 98 HFL 1,600 million is budgeted for this scheme.



### **5. 20,000 Supplementary Jobs for the LTU**

In the scheme (1995) for those unemployed over a year, part of the unemployment benefit is used as a subsidy to create supplementary or additional jobs. For each job a maximum subsidy of HFL 18,000 is available for a two year contract. The aim, to provide permanent employment for participants, can be achieved by subsidising jobs in new types of employment which can develop into self-sustaining permanent employment, or by subsidising employers who may have a normal vacancy in the future and promise to transform the contract into permanent employment if the applicant proves suitable. Fifty seven projects have been approved, in both the public and private sector, 7,000 in the four largest cities, 4,000 in national institutes and the rest spread over 12 provinces.

### **Job Creation Schemes selected for this Study**

The four job creation schemes were selected in accordance with the methodology prescribed, but two additional criteria were formulated. These were that the schemes should offer the possibility of an interview with the project co-ordinator to collect more information on quality of work, and that chosen schemes should give a valid impression of job creation schemes in the Netherlands.

### **Sources of Evaluations**

A literature search of evaluations of employment schemes revealed that there was no national literature on the combination of job creation and quality of work. Therefore, it was thought necessary to obtain, in addition, information on the central research question by interviewing project managers of the four chosen schemes. During these interviews information was gathered on the content, the organisation, the working conditions, the conditions of employment and the specific success factors. In this "re-evaluation" special attention was paid to the success factors as perceived by the project managers, as well as to the success factors of employment and employability of participants required for this project.

## **I. Work Orientation Jobs, Sittard**

### **Description of the Scheme**

The scheme aims to offer a last chance to very long-term unemployed people by offering them work orientation jobs for six months, at the end of which 50 per cent must lead to regular jobs. The scheme started in October 1993 and ended in September 1995. It was the outcome of a collective labour agreement at DSM Limburg, a huge chemical company. The scheme was initiated by the employment office and an employment foundation of the trade union, CNV. It is a regional scheme situated in the west of Limburg province, where there has been a fall in employment and 59 per cent of the unemployed are long-term unemployed.

The scheme involves "individual project supervision or counselling" (ITB). This starts with the formulation of learning points, individually tailored for participants in the following areas:

- orientation on work; when necessary the work orientation job is situated in another sector than the client is educated for and/or has work experience in;
- to show intellectual and physical capacities;
- to get relevant work experience and skills in combination with (re)training;
- to develop a work rhythm or work attitude;
- to experience the necessity of further education;
- to be convinced about their own capacities.

Candidates are nominated by the "Target Team" of the employment office. The target groups were those aged over 23, unemployed for longer than 2½ years, with low educational level, will and ability to work, and with no insurmountable problems in motivation, command of the Dutch language and other social factors.

Participants work with the maintenance of their unemployment benefit. During the six month period conditions of employment are the same as for other employees in the firm. The employers pays travelling expenses and necessary insurances for participants. The target group for employer participants is small and medium sized firms in the private sector. The scheme was mainly financed by DSM Limburg which donated HFL 295,000 for two years. The employment office invested HFL 70,000.

## **Outcomes**

### **Characteristics of Participants**

During the period studied one hundred and fifty candidates were nominated and after assessment ninety-two motivated candidates were selected. The age of the candidates was between twenty-four and forty-nine years old; Eighteen participants were over forty. Fifty-four were male and thirty-eight female. Fourteen finished primary education and/or dropped out of lower vocational training; thirty-four finished a lower vocational training; thirty-five finished a secondary vocational education; and nine finished a higher vocational training. Fourteen candidates did not have a Dutch background. All ninety-two were at least 2½ years unemployed, sixteen had been unemployed for between five and twelve years and five candidates, aged twenty-six to twenty-nine, had never worked before.

## Sectors Where Jobs Created

- transport logistics: 5
- industry: 16
- retail trade: 5
- hotel and catering industry: 3
- building/metal industry: 12
- service sector: 15
- health care: 3
- automotive industry: 3

## Quality of Work in Jobs Created

One of the central aims of the project is to find a balance between the demands of the job and the skills of the participant. During the project the participants have to discover whether this kind of work is suitable for them or not. This process strengthens their self-confidence. Every participant is counselled by a mentor, a colleague of the company he works for. The counselling differs from company to company, but all mentors have to give information on tasks and requirements, adequate support, supervision and feedback on their performance. The participant is also counselled by the project manager, especially at the start of the job. The project manager also contacts the employer or the mentor about the progress of the participant. In this way problems can be avoided and drop-out prevented.

Participants were paid only their unemployment benefit. It appeared that the participants working in the production sphere in companies had the most problems with keeping up their motivation. This was due to the fact that after a short period they had to do regular tasks. These participants felt discriminated against with regard to remuneration. Participants doing administrative work and participants with a higher vocational training did not have these problems. They had a more intrinsic motivation and paid more attention to training activities.

## Drop-Out and Employment from the Scheme

Of the ninety-two candidates selected for the project twenty-three left the scheme before work orientation, seven having found a job. For seven candidates a work orientation job had not been found by the end of the scheme. The other sixty-two were placed. Of these sixty-two, twenty-six left the scheme before the six months was over, half of them found a job. Twenty-seven participants completed the six months and of these twenty-one found a job immediately.

Of the total group of ninety-two, among drop-outs 40 per cent found a job, compared to 78 per cent of those who completed the work experience.

Men had a better chance than women in being selected for the scheme, and a slightly better chance of obtaining a job at the end of the scheme.

Initial evaluation and outcomes refer to<sup>(54)</sup>

## Evaluation

The aims of the original scheme, to provide regular employment for 50 per cent of participants, was surpassed as nearly 80 per cent completing the scheme succeeded in finding work.

The secondary evaluation, showed again that some aspects of the quality of work were vital for the success of the scheme. Two factors should be mentioned especially:

- The opportunity to learn new things and the tailor-made match between the demands and skills of the participants and the requirements of the work orientation jobs made it possible that the participants regained their self-confidence and developed a much more positive image of themselves. Participants found a regular job during or at the end of the scheme because they could show their skills. Sometimes the positive self-image brought about a change in application behaviour and the use of new network relations, improving their chances on regular jobs.
- A very important success factor was the ITB-supervision the participant received from the start of the scheme until he or she found a job. This individual approach is essential for long-term unemployed who are otherwise dependent on Banenpool-jobs. An essential element of this supervision was the frequent contact between the project manager, the participants and the mentor or employer.

## II. City Guards, Dordrecht

### Description of the Scheme

This is a local scheme in Dordrecht, initiated in 1989. The aim of the scheme is two-fold. Firstly, to educate long-term unemployed persons and offer work experience which would lead to a regular job in the security sector or elsewhere. Secondly, to increase the level of safety in the centre of Dordrecht.

The selected participants are trained for two months and then in the third month work as a city guard together with a more experienced city guard. During the following six months they work in couples for twenty hours a week and follow a course for the Basic Security Certificate for twelve hours a week. For the last three months the city guards work thirty-two hours a week and look, with the help of the project manager, for a regular job. The participants work with the maintenance of unemployment benefit, and receive an extra HFL100 a month and a compensation fee for working in the evening. The target group for the scheme were those unemployed for over a year; aged eighteen to thirty; living in or around Dordrecht; able to speak and write Dutch; and with no police record.

The municipality of Dordrecht has financed the scheme since 1991, together with the regional employment office (which pays for training) and the local police who currently provide HFL130,000 a year to pay the project manager.

The police commissioner of the district South-Holland South has responsibility for the day-to-day running of the scheme.

### Characteristics of participants

There were 114 participants in all between 1989 and 1993. Most participants were long-term unemployed and had lower vocational educational background.

**Table 5.1**

#### Number and Description of Participants, Dordrecht 1989-1993

Year	Part.	Gender		Age				Culture	
		Male	Female	18-24	25-29	30-39	>40	Dutch	Ethn.
1989	17	13	4	7	3	7	-	9	8
1990	21	19	2	9	4	5	3	12	9
1991	23	15	8	5	7	5	6	16	7
1992	24	12	12	10	6	6	2	14	10
1993	29	17	12	18	3	5	3	23	6
<b>Total</b>	<b>114</b>	<b>76</b>	<b>38</b>	<b>49</b>	<b>23</b>	<b>28</b>	<b>14</b>	<b>74</b>	<b>40</b>

Table 5.1 shows the breakdown of participants by sex, age and culture.

### Quality of Work in Jobs Created

Main tasks of the city guards are:

- to inform and to refer;  
The city guards act as a source of information for everyone who needs it.
- to supervise;  
The city guards supervise and act in the case of lost properties, defective parking meters or telephone boxes; they warn the police in the case of offences (parking, robbery, burglary alarm, threat, vandalism, fireworks), they give assistance when needed (call for ambulance, assistance in case of an accident, first aid, regulation of the traffic).
- to prevent;  
The city guards have a task in the prevention of criminality and feelings of insecurity by surveillance (walking particular routes).

Other tasks of the city guards are:

- the security of all public events in Dordrecht (fair, festivals);
- the administration of incidents encountered during the surveillance;
- to work periodically at the counter of the city guards office.

To make work more interesting it is organised in projects. Small projects are carried out during surveillance, major projects together with the police. Participating in these projects is very much appreciated by the city guards. Citizens and shop-keepers are also very enthusiastic about the city guards. This is another motivating aspect of their work. The city guards are supervised by a "practice counsellor". Every working day starts with a briefing with this counsellor. Where projects are assigned and problems of the previous day are discussed. Also the counsellor tries to keep up motivation. City guards always work in couples, so they do not feel unsafe.

### **Drop-Out and Employment**

In five years 26 per cent of participants (30 people) dropped out, but of these nine had found a regular job in security or elsewhere, and others went on to further training/education. Of dropouts men more often found a regular job (73 per cent) than women (10 per cent). Of the 84 participants completing the scheme 69 per cent found a regular job at the end of it. The differences here in the success rate between men and women was negligible (70/67 per cent).

### **Evaluation**

The scheme is evaluated every year, by the Social Geographic Office of Dordrecht, with respect to four functions of the city guards: to obtain work experience; to inform and to refer citizens; to supervise; and to prevent crime.<sup>(55,56,57,58,59)</sup>

The scheme is, as far as the work experience aim goes, considered to be successful when more than half the participants find a regular job after obtaining the Basic Security certificate. This target has been obtained every year, so far. Also with regard to the other three functions the scheme is considered to be a success.

The secondary evaluation is based on the 1989-1993 reports of the Social Geographic Office of Dordrecht and an interview with the project manager. It turned out that of quality of work factors are especially responsible for the success of the scheme.

City guards are doing tasks for which there is a growing demand among citizens. People are feeling more and more unsafe in public areas. A proven remedy is to increase the number of uniforms in the streets. The other tasks of the city guards (supervision and information) are also very much appreciated by the citizens and shopkeepers. From the start of the scheme attention was given to variety in tasks and the mixture of complex and simple tasks. Special projects and work at the counter of the office make the work more attractive for the participants. These tasks also provide the opportunity to learn new things.

A lot of time was and is invested by the project manager and the practice counsellor in the coaching and supervision of the city guards. Especially the long briefing at the start of each working day creates an opportunity to give clear information on tasks, feedback on performance and support. It also gives the opportunity to meet colleagues. The project manager is convinced that these aspects of the organisation prevent participants dropping out.

The participants are obliged to follow an education during the scheme and to take part in the examinations for the Basic Security certificate. Since the security sector is still booming, it is quite easy for them to find a regular job at the end of the scheme. Another advantage is the work experience; this gives them more self-esteem and improves their employability.

In the first years of the existence of the scheme it was difficult to recruit women. The security branch seemed to be a men's world. This situation changed gradually; after a few years the first women participated with success and entered the security branch. It also became more common to see female city guards in the streets. This change motivated more unemployed women to enter the scheme. In general, female participants are doing very well in the scheme. It appears women meet less resistance in the streets than men.

### **III. Work Experience Jobs in Homes for the Elderly, The Hague**

#### **Description of the Scheme**

The aim of this scheme was to provide 100 work experience jobs for long-term unemployed people in homes for the elderly and to obtain, if possible, permanent jobs in these homes for the participants. A further aim was to increase the supply of labour in homes for the elderly.

The scheme was a regional project in and around the Hague and was carried out between 1991 and 1994. A project co-ordinator is responsible for the implementation of the scheme. The co-ordinator selects, supervises and appoints the candidates for a placement in consultation with the homes for the elderly. The homes can join the scheme if they can offer the participant training and a good chance of a regular job afterwards.

For every work placement there is a test to see if it is really additional work. Possible work experience jobs are clerical personnel, caretaker, housekeeper, laundering attendant, ward assistant, restaurant assistant, activity companion, organiser of recreation. The work experience lasts for one year. Participants work with maintenance of their unemployment benefit. Working hours differ according to the home and the job.

Participants must be eligible for KRA (see above). Within this project long-term unemployed, ethnic minorities and women returners are special target groups.

The total cost of the scheme was HFL393,000 shared between the regional employment agency (RBA) and a sectoral employment foundation. The homes receive financial subsidy under the KRA regulation.

### **Outcomes**

In the timespan of the scheme, 122 work experience jobs were created. The participants worked in different functions, eg care service (42%); kitchen and food services (15%) and housekeeping (21%). A lot of attention was paid to the placement of the selected candidates or participants in the homes for the elderly. When the coordinator was convinced a candidate was fit for the scheme but some problem could arise, he made all efforts to solve this problem: if necessary apprenticeships preceding the work experience year were arranged; ethnic minorities attended a language training; participants with personal problems were helped.

The participants were enthusiastic about their work: 98% thought it was a good job to do; only 5% found it difficult to deal with old people; and 92% wanted to obtain a regular job in a home at the end of the year.<sup>(60)</sup>

### **Drop-out and Employment**

The number of participants who left the scheme before the end of their year was 23 (19%). Reasons for dropping out were: dismissal, private circumstances, acceptance of a job elsewhere. Of the 99 persons who completed the work experience year 50 (51%) found a regular job in a home or elsewhere. In spring 1996 this percentage was 65%. The results of the scheme in The Hague were negatively influenced by the plan of the local authorities to reduce the personnel budget of the homes. Even so the percentage finding a job was slightly higher than the KRA average of 63 per cent.

Participants who did not find a regular job after the scheme were rebellious and disappointed. They had the feeling they had failed again and some people were less motivated to enter the labour market than before. The survey discovered some "failure factors"<sup>(60)</sup>: Long-term employed who took care of children before the scheme functioned less well on the scheme and were less likely to get a permanent job after the work experience year. Also absence of training during the year had a negative influence; 88 per cent of participants who received training found a job compared to 51 per cent without training.

### **Evaluation**

The primary evaluation was carried out by the PVV<sup>(61)</sup> and in 1996 by Bureau Bartels<sup>(60)</sup> at the request of the PVV. The employment results are shown above. It is not clear whether the scheme contributed to an increase in the supply of labour for the sector. The participants did, however, decrease the pressure of work in the homes, but in some homes a tension arose between the need for more care and time available to supervise participants. Since 40 per cent of the participants were not offered jobs because the homes were not satisfied with their performance. There appears to be a need in future to intensify supervision and training.



The secondary evaluation, based on an interview with a PVV employee, found quality of work to be an important factor for the success of the scheme.

Due to the efforts of the co-ordinator and the homes in the selection and placement of participants there was, in general, a good match between demand (the requirements of the job) and supply (the capabilities and skills of the participants). From another angle the content of the job was also important: the work that has to be done is very useful and rewarding.

Participants were satisfied with the supervision and training and liked the atmosphere of the homes.

Although one of the main target groups for participants was women returners with childcare responsibilities only 11 per cent of participants were in this category.

#### **IV. Service Shops, The Hague**

##### **Description of the Scheme**

The aim is to create jobs for the long-term unemployed and to meet the growing need, especially amongst the elderly for low priced services, that they can no longer perform themselves, and also to provide services for voluntary organisations.

Service shops offer low priced services like house cleaning, repairs, shopping, baby sitting, domestic work, painting and garden maintenance. They offer work that otherwise would not be done or would be done illegally on the black market. Competition with commercial enterprises is not allowed. The work is carried out by employees who are participating in the Banenpool regulation (Labour Pools, see above). These employees are engaged by the Foundation Werkbij ("Worker Bee"), that manages the Banenpool in The Hague, but they are lent out to the Foundation De Nieuwe Aanpak ("The New Approach"). This foundation is the initiator and co-ordinating agency of the service shops scheme.<sup>(62)</sup>

The first service shop was opened in 1992 in the centre of The Hague. At this moment there are six service shops with in all 120 employees.

The scheme is financed by the municipality. In 1995, total subsidy was HFL 800,000 for three years. Three years after setting up the shops must be self-financing, apart from the salary costs of the scheme manager. Employees receive the minimum wage financed from three sources: unemployment benefit of participants, the regional employment agency (RBA) and Foundation de Nieuwe Aanpak. To keep the subsidies at a minimum and to open more shops, each shop has to realise an annual turnover of at least HFL 180,000. Participants work 6 hours a day and 187 days a year.

## Characteristics of participants

In 1994 the service shops had in total 103 employees (women 40% and men 60%; native Dutch 34% and ethnic minorities 66%). The employees are predominantly men over 40 and women who are re-entering the labour market. All participants had been unemployed for over three years.

## Outcomes

### Quality of work in the Jobs Created

Although the scheme was designed to allow flexibility in tasks, with everyone available to do either counter work, cleaning work, domestic or all round work in practice flexibility was less than expected. Some employees did not want to have different tasks. The employees have the impression that their work is very useful. The majority of the clients are quite old and unable to do the jobs themselves. They are often very grateful that the job is done.

There are not many educational opportunities and the employees are not eager to learn. The "handyman" course was not a success because it presented too much theory and was too long. Work is planned by the administrative worker and the shop manager, with the preferences and skills of the employees taken into account. Employees work alone or in groups, dependent on the job. The division of the jobs is very traditional; women do the cleaning and counter work and men the small repair jobs. The Employees are supervised by the Shop Manager. When the turnover of the shop increases, the manager has less time for supervision. Some employees can not handle this freedom or responsibility, they need more supervision.

The employees usually work in the area where the shop is located. Employees sometimes have to work in filthy households and find this difficult to handle. Another problem is the increase of painting jobs, which are not very healthy. Employees receive the minimum wage, a compensation for expenses, money for coffee and a subscription for public transport in The Hague. Compared with the lowest unemployment benefit (RWW) bread winners receive HFL 800 per month more and singles HFL 400. Another attractive aspect of the job is the fact that many clients offer tips.

## Discussion

The most important aim of the four schemes in this report was the improvement of the employability of the long-term unemployed. In the planning, implementation and evaluation of the schemes quality of work is treated as a secondary aspect. Nevertheless, the evaluation reports pay some attention to the role of quality of work in explaining the success of the schemes. The following aspects of quality of work are mentioned:

Content: tasks which provide the opportunity to learn new things/tasks for which there is a growing demand in the labour market; demands matching the skills of participants.

Organisation: adequate support, supervision, mentorship, relevant feedback on performance; opportunity of meeting colleagues, appropriate amount of autonomy in accordance with skills; opportunity for training.

It is interesting that conditions of employment are hardly mentioned. An explanation might be that the participants in three of the four schemes keep their unemployment benefit and receive no or only small extra payments. Their motivation to participate is not so much the remuneration during the scheme, but the chance of obtaining a regular job afterwards. This holds true as long as the work of the participants is additional. When they have the same work to do as their regularly contracted colleagues, they also want the same conditions of employment.

Another interesting conclusion is that working conditions (Health and Safety regulations; no discrimination; equal opportunities) are not mentioned either. One can deduce from the evaluation reports that working conditions for those on the schemes are the same as for regularly contracted colleagues.

In several schemes it appeared difficult to recruit women, especially women with children and women re-entering the labour market. Once they were selected, they have more or less the same chances as with participants of obtaining a job.

The secondary evaluation of the schemes confirm the importance of quality of work in explaining the success of the schemes. The following aspects of quality of work seem to be decisive for the success of the schemes:

- tasks for which there is a (growing) demand in the labour market;
- adequate support, supervision, mentorship;
- opportunity for internal and external training;
- demands match the skills of the participants.

Other aspects of schemes, at least as important as quality of work that explained their success were: an enthusiastic and capable project manager; excellent organisation; close selection of candidates and matching demands and skills; co-operative local/regional institutional arrangements; backing from trade unions, employers organisations and private companies.

### **Ideas for Future Research**

Job creation measures or regulations are often evaluated at a national level and leave out much of the regional and local information. On the other hand, evaluations of regional and local schemes often use very different methodologies, which make it difficult to compare and to analyse the results of the schemes. This project shows the importance of combining both approaches.

An aspect of job creation schemes which deserves more attention is the role of the conditions of employment. It is assumed that especially long term and low skilled unemployed persons could be more motivated to participate in job creation schemes when the conditions of employment are more favourable. This needs among other things a flexible social security system. The research question could be: how to activate and mobilize as many long term unemployed persons as possible within the framework of the social security system.

**6. SPAIN**  
**Job Creation and the Quality of Working**  
**Life: Job Creation Schemes in Spain**

## **Introduction**

The initial objective of this research was to re-evaluate job creation schemes considering job quality criteria. Nevertheless, evaluations of job creation schemes are very scarce. There is no ample and rigorous evaluations of employment schemes in Spain and much less having to do with concepts such as the quality of work. Even more, there is no data, no statistical information about these aspects. For this reason we have tried to qualitatively evaluate the schemes as a whole, considering both job quality criteria and other aspects related to the group of beneficiaries and the organisation of the experiences.

## **Unemployment in Spain**

In 1994 3.7 million people in Spain were unemployed, 2.1 million of these had been without a job for longer than a year. Of these long-term unemployed 1,170,000 were women and 946,000 men; 62 per cent of unemployed females were long-term unemployed compared to 56 per cent of unemployed men. Around 36 per cent had only primary education or below, and a further 40 per cent intermediate or non technical secondary education. Youth unemployment was high in 1994 at over 45 per cent.

## **Labour Market Policies in Spain**

Labour policies and social security policy in Spain are generated by the Ministry of Labour which is the highest authority in these matters and belongs to the central administration of the State. The principal body that carries out the labour policy is the National Institute of Employment (INEM). This Institute is responsible for unemployment benefits, job brokerage actions and training policies. Very recently the monopoly of the public employment service held by the National Institute of Employment has been broken down and now local authorities and non-profit organisations can act as job intermediators. Other organisations in which social agents have consultative power are the Economic and Social Council and the General Council of Professional Training. The Foundation for Continuous Training directly manages some aspects of labour policy. Finally, regional governments known as Autonomous Communities have power for some specific actions related to labour policies in their respective territories.

The distribution of funds between active and passive labour policies indicates an increasing weight of active policies since 1994. In that year expenditures on unemployment benefits were stabilized for the first time. Nevertheless, in that same year an 88.1% of the total labour policy budget was directed to passive policies. In 1996 this percentage is estimated to be 85%.

## **Selection of Job Creation Schemes for this study**

In this report we present three labour schemes, public and private, which can be characterised by an efficient combination of job creation, quality of work and the increase in the employability of workers. One experience can be considered as an

active policy of the central government, the other two are schemes promoted by private institutions.

It is important to take into account that the analysis of experiences has been made through publications and interviews with the promoters of the created schemes. Therefore, the information may be biased towards the employers or promoters side, especially that having to do with job quality characteristics. Publications 63-79 refer to the case studies below. (see References section)

## **I. The Workshop - Schools and Trade Houses Programme**

During the first half of the nineteen-eighties unemployment in Spain was rising month by month and a large number of the new unemployed were young people without experience who faced special difficulties when it came to finding their first job. The bleak economic outlook, together with a particular concern about the increase in youth unemployment, gave rise to the Workshop Schools Programme in 1985. The programme which is a national scheme, began in 1985 and is still in effect today with a few modifications.

The main aim of the scheme is to ensure jobs for young people through training combined with work experience in activities related to rehabilitation and conservation of the heritage. This involved training in specialist craft trades, some of which have almost disappeared, for which there is a growing demand in the labour market. Training, both theoretical and practical should lead to a recognised professional qualification. A secondary aim is to improve the environment and society's enjoyment of its heritage.

Participants in the programme are young unemployed people under 25 years of age. The selection of participants is carried out by the promoters and the provincial offices of INEM .

The Programme is divided into 14 areas or specialities. Each unit (Workshop School or Trade House) imparts one or more specialities according to the activities which are carried out in practice. The most important areas are: construction, environment and gardening, woodwork, handicrafts and public utility services.

A beneficiary's participation in the Programme lasts a maximum of two years in the Workshop Schools and one year in the Trade Houses. During the first six months, the participant receives theoretical training and then begins his work experiences by doing a remunerated job with an apprenticeship contract. One of the main aims of this programme is the effective insertion of the participants into the labour market once their participation is over. For this purpose, the possibility of creating Business Initiative Centres and Promotion and Development Units has been envisaged. The former should accompany those young people who wish to become self-employed. It will offer them technical and computer technology support and common services for the functioning of the new company, and also help them with management and finding suitable first premises. The period of accompaniment will last until the economic

viability of the project is guaranteed. The Job Promotions Units' main aim is to establish the Workshop School in the local sphere by studying the potential of the local economy, by means of future projects for the School and by searching for future jobs for the participants.

Regarding the quality of job, the general philosophy of the Programme, but especially the combination of theory and practice in the training and professional experience which is given determines the consideration of quality of job criteria in the design of the programme.

The funds which finance the Programme come from the INEM, the European Social Fund and, where appropriate, from the alienation of properties and services resulting from the work of the participants.

### **Outcomes**

Since 1985, the year in which the Programme began, and up until 1995, approximately 2,095 Workshop Schools and 1,087 Trade Houses have been created, with a total participation of 159,385 student workers and 25,673 teachers. A significant percentage of the latter were skilled young people who were also unemployed.

### **Characteristics of Participants**

In 1993 there were 1,034 Workshop Schools and Trade Houses in operation in which 44,448 students and nearly 9,000 teachers and other supporting personnel participated. The majority of the participants had a low level of education when they started the Programme 81% of them had finished Basic General Education (EGB) or had done courses at this level but had not completed EGB. Additional training is also provided for these participants, enabling them to obtain the EGB qualification before leaving the Programme. 16% of the participants had finished a certain level of secondary education and only 3% had taken university courses (graduate or postgraduate).

62% of the student-workers were male and 38% female. With regard to age, 27% of the participants were between 16 and 17 years old, 21% were between 18 and 19, and 52% were between 20 and 25 years old.

The basic data regarding teachers and other supporting personnel indicate that 70% of them were male and 30% female. The majority of them (75%) were between 25 and 45 years old and 63% were qualified or middle managers.

### **Types of Scheme**

The specialities with the highest number of students were in Construction (17,833), Woodwork (7,094), Gardening (5,418) and Environment (4,992).



## **Cost per Participant**

In the period 1985-95 the cost per student worker participant was 2,164, 570 pesetas.

## **Employment**

In order to have reliable statistical information at its disposal, the INEM wished to evaluate the programme from the perspective of the participants' insertion into the labour market. The scope of the survey covers all the student workers who participated in Projects which finished during 1988, 1989, 1990 and 1991. The results of this work have yet to be made public.

Prior to this work, the INEM made two insertion analyses through self-evaluation questionnaires sent by post. The results indicate that the rate of participant insertion into the labour market is around 60%, of which 15% became self-employed or formed part of a co-operative. However, these data cannot be considered as definitive because they refer to a sample and not to all the Workshop Schools and Trade Houses.

## **Quality of Work Creation in the Scheme**

### **Quality of the Job**

The student workers carry out a wide variety of tasks both during the training stage, when they pass through different workshops in order to get an overall idea of the activities, and during the work experience phase, in which the diversity of tasks within a particular specialisation is essential for acquiring a thorough training through working. The tasks which each worker carries out are in accordance with his skill and clearly help to broaden his training.

The tasks which the participants carry out provide them with new skills and abilities which were either lost as a result of being artisan crafts, or corresponded to new occupations which arose in order to meet new social needs (home help for senior citizens, rehabilitation or urban public spaces, activities related to the environment etc.)

In this programme special attention is also paid to the organisation of work quality criteria. The student workers receive clear information about tasks and responsibilities; they continually receive support, supervision and feedback on the performance of the tasks. Given that the development of creativity and a critical spirit are objectives of the training process, the student worker also has the autonomy in accordance with his skills. Training is given in groups and the work is usually carried out in teams, thereby facilitating and fostering relationships between colleagues.

Training is given in small groups, with a low student/teacher ratio, making it possible to get to know the characteristics and attitudes of each student. The educational level of the participants in this scheme is relatively low and there is a noticeable rejection of traditional school approaches and of training in general. Therefore, the aim is to for active and participative theoretical - practical classes, in an attempt to develop creative attitudes and promote student autonomy. In the workshops and places of work,

training is based on methods involving demonstration and discovery. There is a close relationship between the training plans and the work or activity to be carried out. The programme also respects labour health and safety regulations and pays special attention to risk prevention. A policy of equal opportunity for men and women is also adhered to.

### **Working Conditions**

The student-workers have a work contract of a specified duration in accordance with the "apprenticeship contract" modality. The working time is eight hours a day and they do not do overtime or shifts. They are also entitled to the legally stipulated amount of holidays.

The amount of economic remuneration depends on the performance forecast for the activity carried out, and this amount may increase as the worker contributes greater productivity to said activity. In any event, the INEM subsidises at most the salary equivalent to the interprofessional minimum. In those sectors and occupations in which it is agreed in the collective agreements, unfavourable work conditions and/or danger bonuses are awarded.

The apprenticeship contract does not entitle the individual to unemployment benefits and neither does it offer other types of social benefits for workers.

A summary of quality of work factors is shown in Table 6.2.

### **Evaluation**

The Workshop-Schools and Trade Houses Programme has played an important part in putting young people into the labour market. The rate of insertion is considerably higher than that of other public programmes aimed at young unemployed people under 25 years of age. For example, the rate of insertion of the students of Formacion Ocupacional (Occupational Training) for young people under 25 stood at 41% in 1994 and, according to a study carried out by the INEM, this rate is 17 points higher than that of the same group of unemployed people who do not participate in any programme. From this it may be deduced that the rate of insertion of the Workshop-Schools Programme, is 36 points higher than that of young people under the age of 25 who do not take part in any programme.

The participants improved their skills and acquired their first work experience, which allows them to return to the labour market with a higher level of employability than they had before taking part in the Programme. The scheme improves the participant's self esteem and motivation not only because the young person is working but also because he does a job which serves the local community to which he belongs.

The social benefits or gains of the programme are also important. The number of jobs carried out to the benefit of the historical-artistic and natural heritage as well as the services rendered to the community are proof of this.

Table 6.2

WORKSHOP-SCHOOLS AND TRADE HOUSES PROGRAMME. QUALITY OF WORK					
	Yes	No		Yes	No
<b>A) Quality of the job</b>			<b>B) Conditions of employment.</b>		
<b>Content</b>			<b>Contract</b>		
Variety in task	X		Undetermined period		X
Mixture of complex and simple tasks	X		Fixed term	X	
Tasks with provide the opportunity to learn new things	X		Apprenticeship	X	
Tasks for which there is a (growing) demand in the labour market	X		Self employed		X
Demands match or challenge the skills of the participant	X		Others		X
<b>Organisation</b>			<b>Working time</b>		
Clear information on tasks and requirements	X		Number of hours (40 hours per week)	X	
Adequate support, supervision, mentorship	X		Working shifts		X
Feedback on performance	X		Working irregular hours		X
Appropriate amount of autonomy in accordance with the skills	X		Entitlement to holidays	X	
Opportunity of meeting colleagues	X		<b>Remuneration</b>		
Participation in decision-making		X	Payment	X	
Opportunity for internal or external training.	X		Special payments	X	
<b>Working conditions</b>			Productivity payments		X
Health and safety regulations are respected	X		Profit-related pay		X
Equal opportunities for all (no discrimination)	X		Special bonuses		X
			Incentive bonus payment for seniority		X
			Extra payment for unfavourable working conditions and or working at night or during weekends.	X	X
			<b>Social security</b>		
			Entitlement to unemployment benefit after leaving the scheme		X
			Pension rights.		X

**Table 6.3**

<b>WORKSHOP-SCHOOLS AND TRADE HOUSES PROGRAMME. SCHEME EVALUATION CRITERIA.</b>					
<b>Quantitative aspects.</b>	<b>Yes</b>	<b>No</b>	<b>Qualitative aspects.</b>	<b>Yes</b>	<b>No</b>
A) Permanent or semi-permanent entry of participant into formal sector of the labour market.	X		H) Improvement in participant's self-esteem and confidence.	X	
B) The scheme has contributed to the 'recycling' of workers.		X	I) Improvement in motivation.	X	
C) The scheme has involved the removal or the replacement of jobs.		X	J) Improved physical and mental health.		X
D) Additional jobs have been created.	X		K) Improved security.		X
E) Increases in participants' income.	X				
F) Increase in output or social gains.	X				
G) Improved skills.	X				

## **II. The Engrunes - Miques Programme**

Economic development, which has improved income levels and the standard of living in many households, co-exists with groups of underprivileged people who lack the most basic economic resources and personal and environmental conditions which might enable them to reinsert themselves into society. These people are the "socially disinherited", people who are lonely, homeless and in some cases, alcoholic.

### **Description of the Scheme**

Concern for the socially underprivileged and belief they should be recognised and valued citizens led to the creation of the Engrunes Foundation in 1982. The Foundation's main objective is to make it possible for those who are seriously in need to recover and equip themselves in order to eventually achieve social integration and reinsertion into work. The reinsertion into work begins at the Miques Cooperative, created in 1992. This Cooperative's main activity is the collection and recycling of refuse, which is carried out through contracts with public and private institutions. The activities are carried out in various areas of the Barcelona region.

Beneficiaries are adults who have found themselves in a marginalised situation for a long time and who have lost the working habit, suffer from low self-esteem, have few personal resources and few opportunities to obtain them, and who in some cases are lonely people addicted to alcohol.

### **Participants in the scheme follow four clearly defined stages:**

#### **1. Admittance**

The phase lasts between two and three months. The aim here is to attempt to ensure the participants begin to respect timetables, acquire a work habit, improve self-esteem, maintain personal hygiene, find adequate living space and diet and where appropriate begin a programme for curing alcoholism.

## **2. Motivation**

This stage lasts for two years. The participant devotes nine hours a week participating in workshops in which furniture and electrical household goods are repaired, and eleven hours a week to group therapy. The latter attempts to gradually cure the participant of his illness, maintain the process of integration, increase his awareness of his physical environment and provide him with a basic educational level which will later allow him to acquire further knowledge.

## **3. Pre-Work**

The aim of this stage is to prepare the individual for immediate entry into a working situation. The concepts of requirements and quality in the context of work, as well as those of responsibility and productivity, are inculcated in the individual, and the latter is offered the prospect of a real job, whether it be at the Miques cooperative or a collaborating company.

## **4. Work**

This stage lasts from one to three years. The individual now performs a real full-time job which involves tasks in accordance with his skills and attitudes. Once this stage has finished, the participant is given help in order to allow him to continue his working life in other companies.

Participants whose physical or mental conditions do not allow them to progress to the pre-work stage are helped by the Foundation, during the period until retirement age, to maintain self-esteem and social rehabilitation.

## **Finance of the scheme**

The Engrunes Foundation and the Miques Cooperative are financed with income obtained by the activities they carry out through service contracts and agreements with public institutions. They also receive subsidies and donations but these are relatively small.

## **Outcomes**

### **Characteristics of participants**

From the creation of the Engrunes Foundation up until 1995, over 500 people have participated in the scheme, this figure including both beneficiaries and support personnel. The beneficiaries of the Programme amount to 293.

The personal characteristics of the participants and where they come from make it easier to understand the specific difficulties relating to insertion into society and the world of work. 26 per cent of the beneficiaries were temporary and 4 per cent were foreigners or belonged to ethnic minorities. The majority of them did not have family commitments or responsibilities, which also indicates the lack of family or separation from the family.

26 per cent of the beneficiaries came from areas close to where the Foundation is located and they contacted the scheme through the respective town councils. 21 per

cent came from non Governmental organisations, 17 per cent went directly to the Engrunes Foundation, 1 per cent came from penitentiary institutions, and 34 per cent came from elsewhere.

### **Drop-out and Employment**

The number of participants who left the Foundation between 1982 and 1995 was 230. A significant proportion of them leave during stages prior to the work stage.

Given the complexity of the process of insertion in this scheme, the evaluation of the insertion into employment, which is the last stage in the process of recovery, should not involve the consideration of the beneficiaries who have left the scheme before the pre work stage. The number of beneficiaries who have managed to find work amounts to 51. Of these, 28 work at the Miques Cooperative and the others have found work in collaborating companies or other companies. Once their stay at the Miques Cooperative is over, those workers begin, with the help of specialists, searching for work in social economy companies or conventional companies.

The rate of employment is underestimated because some participants who drop out had found a job. The exact number cannot be given as the Programme did not mediate in their placement.

### **Quality of Work Criteria in the Scheme**

This analysis refers to the Miques Cooperative where the participants had a formal position of employment.

### **Quality of the Job**

The workers are organised into teams in which each individual carries out a variety of tasks of varying levels of complexity, according to the specific experience and training of the worker. Teamwork creates a favourable atmosphere for relationships among colleagues and a degree of autonomy and participation in decision-making related to the activity. Special consideration is given to support, supervision and mentorship criteria during this work stage; clear information about tasks and responsibilities, and feedback on the effectiveness of the performance of the tasks. All of these criteria have a strong influence on the worker's self-esteem, one of the key variables in the overall process of the individual's recovery. The integration of training in the production process is another of the keys to success in this scheme. Training is personalised. The combination of training and working activity allows immediate application of the skills acquired and favours a positive response on the part of the workers.

With regard to the working conditions, health and safety regulations are respected and there is a policy of equal opportunity, regardless of the origin of the workers (ex-prisoners, ethnic minorities, temporary, etc).

## **Working conditions**

The very aim of the Miques Cooperative, to offer a first work experience to the beneficiaries determines that their participation is temporary. Therefore, the usual type of contract is temporary, although there is also a small percentage of undetermined period contracts which generally correspond to the workers with worse prospects of continuing their working life in other companies.

The normal working time consists of a full working day of eight hours. Some teams do shifts, but not overtime, and they are entitled to holidays and bonus payments in accordance with the regulations which govern the contracts. The workers may also receive extra payments for unfavourable working conditions. However, there are no other monetary incentives. This is in order to include the largest possible number of workers in the activity.

Workers are entitled to unemployment benefit due to them in accordance with the period of time for which they worked. Similarly, the Miques Cooperative gives assistance for the purchase of housing. Table 6.4.

## **Evaluation**

The Engrumes-Miques initiative has proved itself to be an effective means of reinsertion into the world of work, even more so if we consider the characteristics of the beneficiaries.

The scheme has involved the creation of additional jobs and, perhaps more importantly, has achieved the semi-permanent entry of a significant number of participants into the formal sector of the labour market. The workers' gains are much more than the income they receive as remuneration, because although the latter is of vital importance to them, the work is the means of social reinsertion, which gives them more than just economic independence.

Indeed, in this scheme the social benefits derived from the recuperation of marginalized individuals as working members of society have a value even if we do not have a price with which to quantify it.

Table 6.4

"ENGRUNES-MIQUES" EXPERIENCE. QUALITY OF WORK					
	Yes	No		Yes	No
<b>A) Quality of the job</b>			<b>B) Conditions of employment.</b>		
<b>Content</b>			<b>Contract</b>		
Variety in task	X		Undetermined period	X	
Mixture of complex and simple tasks	X		Fixed term	X	
Tasks with provide the opportunity to learn new things	X		Apprenticeship		X
Tasks for which there is a (growing) demand in the labour market	X		Self employed		X
Demands match or challenge the skills of the participant	X		Others	X	
<b>Organisation</b>			<b>Working time</b>		
Clear information on tasks and requirements	X		Number of hours (40 hours per week)	X	
Adequate support, supervision, mentorship	X		Working shifts	X	
Feedback on performance	X		Working irregular hours		X
Appropriate amount of autonomy in accordance with the skills	X		Entitlement to holidays	X	
Opportunity of meeting colleagues	X		<b>Remuneration</b>		
Participation in decision-making	X		Payment	X	
Opportunity for internal or external training.	X		Special payments	X	
<b>Working conditions</b>			Productivity payments		X
Health and safety regulations are respected	X		Profit-related pay		X
Equal opportunities for all (no discrimination)	X		Special bonuses		X
			Incentive bonus payment for seniority		X
			Extra payment for unfavourable working conditions and or working at night or during weekends.	X	
			<b>Social security</b>		
			Entitlement to unemployment benefit after leaving the scheme	X	
			Pension rights.		X
			Housing benefits	X	



The quality of work criteria exercise a noticeable influence on the increase in the participants' employability: individuals who when they join the scheme have almost no employability, leave the scheme with a level of employability similar to that of other individuals with the same personal characteristics (age, skills and gender) through the improvement of their self-esteem and confidence. However, their underprivileged past continues to be a negative aspect for some employers.

**Table 6.5**

<b>"ENGRUNES- MIQUES" EXPERIENCE. SCHEME EVALUATION CRITERIA.</b>					
<b>Quantitative aspects.</b>	<b>Yes</b>	<b>No</b>	<b>Qualitative aspects.</b>	<b>Yes</b>	<b>No</b>
A) Permanent or semi-permanent entry of participant into formal sector of the labour market.	X		H) Improvement in participant's self-esteem and confidence.	X	
B) The scheme has contributed to the 'recycling' of workers.		X	I) Improvement in motivation.	X	
C) The scheme has involved the removal or the replacement of jobs.		X	J) Improved physical and mental health.	X	
D) Additional jobs have been created.	X		K) Improved security.		X
E) Increases in participants' income.	X				
F) Increase in output or social gains.	X				
G) Improved skills.	X				

### **III. The Social Area of the Tomillo Foundation**

#### **Description of the Scheme**

The southern outskirts of Madrid, where a large proportion of the city's industry is located, suffered a serious loss of employment in the late 1970s and early 1980s. The rates of unemployment, particularly youth unemployment were very high as a result. The Tomillo Foundation, a private non-profit organisation, came into being in 1984 with the objective of fighting against youth unemployment. The aims are fourfold:

- Prevention of unemployment through measures aimed at combating academic failure.
- Improvement in young unemployed people's employability through theoretical and practical training.
- Direct and supervised creation of jobs through business initiatives.

- Improvement in young unemployed peoples' employability through measures complementary to training.

The Foundation has a Central Services Department which initiates and supervises projects carried out in other departments. One of these, the Centre for Pedagogical Activities has the aim of preventing unemployment arising from academic failure, and carries out its activities in state schools in the neighbourhoods, with pupils aged 4-16. Training activities are carried out in both the Training Classroom and the Trade Houses promoted by the Foundation. The former selects courses on the basis of local labour market requirements and also helps early school leavers to acquire the School-Leaving Certificate (Graduado Escolar), without which it is difficult to find a job. The Trade Houses are promoted and financed by the INEM (as in the first case study). Their initiatives are designed to provide a training closely related to the job for participants who are strongly opposed to theoretical training.

The direct creation of jobs is carried out through business initiatives in different spheres:

- Home-help for senior citizens and people who are HIV positive or who have AIDS.
- Urban Services: notification of traffic fines, courier services, delivery and distribution of advertising material, bill-sticking, delivery of mail etc.
- Administration and management services to small and medium-sized companies in the area.
- Gardening and Environmental Services.
- Cleaning and maintenance of buildings.
- Laundry and Construction work service (repairs, painting, plumbing, electricity, etc).

The above activities are organised by non-profit and voluntary organisations.

In addition there is a Youth Information Centre and the Employment Exchange, where information is available about job offers and job related matters in general, training, housing for young people, conscientious objection programmes, etc. The Centre has network of 192 entities and 4,000 associated young people, allowing it to exchange information with a wide social and business sector in the area.

Given the wide scope of the activities, the beneficiaries follow more than one itinerary, because there are many different ways of entering the labour market. The participants usually arrive at the Young Information Centre or at Integral Employment Services, having come from the INEM. From there, some of them are advised to go to the training and employment units according to the requirements and characteristics of each young person. However, companies also have their own employment exchanges, which constitute another very important means of entry.

## **Finance of the Scheme**

The business initiatives of the Tomillo Foundation's Social Area are self-financed by the economic activities they carry out. The Training Classroom, the Trade Houses, the Youth Information Centre and the Integrated Employment Services obtain funds from subsidies and agreements with the various Governments and from the Tomillo Foundation, itself.

## **Outcomes**

### **Employment in the Tomillo Foundation**

The number of workers in the Tomillo Foundation's Social Area is 270. 61 per cent of them are usually women and 39 per cent are men. The age range indicates that the employees are usually young people. 15 per cent are under 20, 48 per cent are between 20 and 30 and only 37 per cent of the employees are over 30. The distribution according to educational levels is quite heterogeneous: 60 per cent have a primary studies level (including Basic General Education), 24 per cent have done secondary studies and 17 per cent of the employees have been to University. The distribution according to professional categories reflects the structure of the Social Area and of the various business initiatives: 57 per cent of the employees are unskilled workers and 26 per cent are teachers and skilled workers. The rest comprise administrators, middle managers and management personnel.

### **Employment**

The "internal" employment rate, i.e. in the Foundation's business initiatives is difficult to state precisely but 40 per cent of the Social Area's employees come from the Foundation's own Training Classrooms and Trade Houses. A further significant percentage come from the employment exchange of the business initiatives, which the Social Area also manages. The rate of "external" employment has been more than 60 per cent for several years, much higher than that of other training schemes.

### **Quality of work criteria in the scheme**

All information in this sector refers exclusively to the beneficiaries who accept a formal post. As the context of the activities varies, not all criteria described below will apply to all beneficiaries.

### **Quality of the job**

Given that the production processes of the various activities are not automated, each job involves performing diverse tasks of varying complexity. The tasks provide the employees with new skills and abilities. The tasks are also in accordance with the individual's skills; furthermore, the promotion of certain economic activities had been carried out according to the characteristics of the groups to be employed.

The workers receive clear information about the tasks to be carried out and their responsibilities, as well as support and supervision in the performance of said tasks.

The Trade Houses also offer the students mentorship. The feedback on the effectiveness of the performance of the tasks, a degree of autonomy in accordance with the employee's skills and participation in decision making are criteria which are continually applied in the scheme. The workers also receive training, either internal, in the Training Classroom, or external. The latter ranges from regulated studies to vocational training courses at private institutions. The Social Area awards study grants for external training.

In all the activities, a policy of equal opportunities regardless of gender and ethnic origin is promoted, and the regulations relating to health and safety at work are respected.

### **Working Conditions**

There is diversity in workers' contracts both in terms of duration and type. The student workers at the Trade Houses are the exception. All of them have an apprenticeship contract whose duration is fixed in accordance with the corresponding regulations. The normal working time is full-time. Holiday periods are respected and employees do not do overtime or shift work.

Workers' remuneration includes the wage (according to agreement), two bonus payments and seniority bonuses and, where appropriate, extra payment for unfavourable working conditions.

All the workers, except the student workers at the Trade Houses due to the stipulations of their contracts, are entitled to unemployment benefit, but not other kinds of social benefits.

### **Evaluation**

The Social Area of the Tomillo Foundation is a clear example of how a determined and well-planned scheme can have positive effects on employment. The scope and solidity of the business initiatives are proof of this. However, perhaps one of the most important keys to the success of this scheme is the work carried out simultaneously on various fronts in the battle against unemployment. The thorough exploration of each facet of the problem (academic failure, training, information, personalised treatment of the unemployed and direct job creation) improves the knowledge of the problem and helps to find specific solutions to the benefit of the group of beneficiaries.

The activities carried out by the Tomillo Foundation's Social Area have helped the participants to permanently or semi-permanently enter the labour market. This contribution cannot be evaluated only in terms of job creation in the Social Area itself. It is also necessary to consider the insertion of the Training Department's courses into the labour market, which even during the years of economic crisis was high.

In the twelve years it has been in operation, the Social Area has shown that it is possible to create jobs apart from those directly generated by economic growth. An adequate intervention may make business initiatives viable in still largely underdeveloped activities related to the new requirements of the community.

Furthermore, the scheme has managed to find activities with a future despite the limitation which having a group of beneficiaries with certain characteristics involves.

The social gains easily outweigh the income earned by the participants. The insertion into the labour market of young people from economically depressed areas involves more than initiating their work career, it also involves distancing them from other forms of marginalization.

The results of the scheme in terms of insertion into the labour market are negatively affected by the socio-economic situation in the neighbourhood and towns in which the activities are carried out.

**Table 6.6**

SOCIAL AREA OF THE TOMILLO FOUNDATION. SCHEME EVALUATION CRITERIA.					
Quantitative aspects.	Yes	No	Qualitative aspects.	Yes	No
A) Permanent or semi-permanent entry of participant into formal sector of the labour market.	X		H) Improvement in participant's self-esteem and confidence.	X	
B) The scheme has contributed to the 'recycling' of workers.		X	I) Improvement in motivation,	X	
C) The scheme has involved the removal or the replacement of jobs.		X	J) Improved physical and mental health.	X	
D) Additional jobs have been created.	X		K) Improved security.		
E) Increases in participants' income.	X				
F) Increase in output or social gains.	X				
G) Improved skills.	X				

Table 6.7

SOCIAL AREA OF THE TOMILLO FOUNDATION. QUALITY OF WORK					
		Yes	No		
<b>A) Quality of the job</b>				<b>B) Conditions of employment.</b>	
<b>Content</b>				<b>Contract</b>	
Variety in task		X		Undetermined period	X
Mixture of complex and simple tasks		X		Fixed term	X
Tasks with provide the opportunity to learn new things		X		Apprenticeship	X
Tasks for which there is a (growing) demand in the labour market		X		Self employed	
Demands match or challenge the skills of the participant		X		Others	X
<b>Organisation</b>				<b>Working time</b>	
Clear information on tasks and requirements		X		Number of hours (40 hours per week)	X
Adequate support, supervision, mentorship		X		Working shifts	
Feedback on performance		X		Working irregular hours	X
Appropriate amount of autonomy in accordance with the skills		X		Entitlement to holidays	X
Opportunity of meeting colleagues		X	X	<b>Remuneration</b>	
Participation in decision-making		X	X	Payment	X
Opportunity for internal or external training.		X		Special payments	X
<b>Working conditions</b>				Productivity payments	
Health and safety regulations are respected		X		Profit-related pay	
Equal opportunities for all (no discrimination)		X		Special bonuses	
				Incentive bonus payment for seniority	X
				Extra payment for unfavourable working conditions and or working at night or during weekends.	X
				<b>Social security</b>	
				Entitlement to unemployment benefit after leaving the scheme	X
				Pension rights.	X

## Discussion

The selected experiences represent job creation schemes that depart from the reality of the individual beneficiaries of the same. It is this reality that determines both the consideration of quality criteria and the specific structure of the schemes. The quality of work is not a characteristic exclusively associated to the job sites, it is the reflection of a general philosophy that is present in the overall organisation of the schemes.

In the schemes the sequence individual-conception and organisation of the scheme-quality criteria can be read neatly. In this sense, the consideration of the criteria of job quality is independent of the physical location of the experience (regions more or less developed), of the economic activities in which jobs are created, of the characteristics of the local environment of the size of the companies and of the public or private character of the promoters. Nevertheless, it is important to consider the quality of work at the time of designing the schemes. To consider these aspects since the beginning permits the design of career itineraries for the beneficiaries and it unifies the structure of the scheme so that later it is much simpler to apply the criteria for job quality. To incorporate the criteria the job quality in the schemes of job creation in the way described above is totally different from the application of job quality criteria forced by pure market forces. Competition in prices and in product quality demands the consideration of criteria for job quality that has to do with the plans so called "total quality". This total quality setting clearly affects all the human resources in modern companies. But in this last case, the departure point is the production process and the consideration of quality of jobs criteria is done in a specific time and place but not necessarily, as before, at the time of designing the experience.

**7. UK**  
**Job Creation and the Quality of Work:**  
**Job Creation Schemes in the UK**



## Introduction

### Unemployment in the UK

In 1994 the unemployment rate in the UK was 9.3 with 2.6 million people out of work. Just over 45 per cent of them had been without work for longer than a year. Within the total long-term unemployed 1.7 million were men and 880 thousand were women. The rates of long-term unemployment for men was 51.2 per cent, for women 33.9 per cent. Over half the long-term unemployed had been manual workers, most of these in manufacturing and construction. A further third were in low skill service occupations. The level of unemployment and long-term unemployment is higher in certain regions of the UK particularly Northern Ireland, the North of England and Scotland. Long-term unemployment is very high in the inner areas of cities and in large public housing estates on the outskirts.

### Labour Market Policy in the UK

By the late 1980s in the UK 75 per cent of all expenditure devoted to tackling unemployment went on passive measures, a pattern repeated in most OECD countries.<sup>(80)</sup> In the 1970s the policy was to use job creation and job subsidies together with employment training. The later period sees the way to reduce claimant unemployment as through intensive counselling, guaranteed job interviews, job search seminars and compulsory attendance at job clubs. These measures appeared to have a dramatic effect on the number of claimant unemployed. However, evaluation studies show that these policies have not had the effect of employment creation, but have acted more as a creative mechanism for forcing claimants into either non-registration or low paid, unskilled marginal jobs in the deregulated labour market.<sup>(81,82)</sup> The recent introduction in 1996 of the Job Seekers Allowance completes this trend and is set to add even more restrictions and tightening of the rules regarding claimant eligibility whilst providing little towards financing or creating jobs.

### Evaluating ALMPs

Much of the evaluation of policies that sought to measure the effects of past job creation seek to quantify the cost per job of direct job creation and job subsidies through such concepts as deadweight, substitution, displacement and "churning" or "recycling". Very little concern has been upon the actual quality of the jobs created or on the social impact or longer-term employability of the employees. Disney<sup>(81)</sup> indicates the methodological difficulties involved in trying to do this. These effects can be approached in three ways. One is to look at the earnings of participants before and after their programme, presumption is that human capital will have increased as a result of eg training. Employability will have increased and the programme may be judged a success. However, without scientific control group studies such results are difficult to ascertain, also the changing general employment situation causes difficulty in assessing the precise effect of any given scheme.

Another approach to measurement of effectiveness is to look at the value to the individual and the value of the output. On many of the UK Community programmes

that provided employment, the express purpose of the schemes is to provide work on projects that the private sector would never fund. This reduces deadweight and displacement but results in end products that are described as having low marginal market outputs and wages that do not correspond to those in the formal labour market. However, this aspect is crucial from a quality of work point of view providers and participants might see the output of the programmes as economically low and psychologically unrewarding, ie "not proper work". However, in the later part of this report one of the examples used (Wise Group) demonstrates how community objectives, high value output and good training can be reconciled.

The third way of evaluating effectiveness commonly used is that of re-employment probabilities. In this area the evaluation depends on having a time series form of analysis at a number of points after the end of the ALMP. Often this is provided for one, three, six or twelve months later but is not then followed through to give a long-term perspective on employability.

### **Selection of Job Creation Schemes for this Study**

In selecting schemes it is clear that most of the programme evaluations that have been adopted fall into the categories laid out above. The national schemes tend to be evaluated in terms of value for money for the taxpayer and the deadweight and displacement figures. In local authority schemes there is more variability in assessment but often the earnings and employability figures are assessed. Voluntary initiatives with their diverse aims and structures give us even less uniformity in evaluation often tailoring this - where it exists - to the restricted aims of the scheme itself.

The schemes chosen are of different types and encompass job subsidies, job placements, cooperatives and vocational attachment. They have different target groups and a variety of funders. They are also in different geographical situations.

## **I. The Wise Group**

### **Description of the Scheme**

This initiative originated on a housing estate in Glasgow in 1983. The dual aim was improve heat retention and damp proofing of housing and in doing this provide training and work experience for unemployed people in carrying out this work. Since that time the Wise Group has developed into a group of companies that provide social products to improve the quality of life in the community, at the same time providing training and employment opportunities for the long-term unemployed. Activities have expanded into "Heatwise" which provides, in addition to home insulation, home security and smoke detection equipment; "Landwise" for environmental improvements; and in 1991 "Treewise" and "Wise Recycling", the latter being the sole collector of glass from Glasgow public deposit banks. These activities are organised by charitable companies. In the private sector non-charitable companies in the Group after similar services. Profits generated are used for the Group purposes. In 1995 the Wise Group had a turnover £13.7 million with £3.6 million profits.

In the last four years the Group has expanded outside Glasgow and also developed a franchising system for other local authorities to develop on the same model.

### **Funding of the Scheme**

Funding sources have changed over the 13 years of the project. The major funder initially was central government. In 1995 of total funding of £13.7 million 17 per cent was provided by central government, 24 per cent by local authorities, 22 per cent by the European Union and 26 per cent by profits from activities.

### **Outcomes**

The number of trainees more than doubled in the period 1985-1996 reaching a peak of 567 in 1996. In the same period permanent staff increased from 13 to 234. (Table 7.1)

### **Characteristics of Participants**

Recruitment is targeted to take account of the Group's objectives to provide employment in the locality for the long-term unemployed. 90 per cent of participants are from inner city or peripheral housing estates dogged by social problems, deprivation and high unemployment.

In 1995/96 89 per cent of participants in Glasgow and 92 per cent in Newham, London were male. Most participants were prime age workers aged 25-39, followed by young workers, then workers over 40 years old. In Glasgow 82 per cent and in London 65 per cent of participants had been without work for longer than a year.

### **Duration**

The duration of training posts is 52 weeks. The full year is devoted to training both on and off site. The training is orientated towards achieving nationally recognised qualifications (NVQs) to improve the job prospects of participants. (See Table 7.2)

The failure of a significant number to gain any formal qualifications may appear high. However, this does include some trainees for whom there is no equivalent qualification, those who left early, as well as those who failed to meet the criteria to pass.

### **Payment of Participants**

The rewards given to the trainees in part have to take account of the benefits system, especially where the job involves an element of training and subsidy from the central government or training agencies. The benefit plus rule applies for the first period. This means that the Glasgow trainees receive existing benefits plus £10 for the first eight weeks and then the "rate for the job" for the remaining 44. There are variations between the geographical areas. In Motherwell the scheme organisers decided to cut the benefits plus element to only four weeks, whilst in Newham in East London the

benefit plus element is extended to six months due to local losses, and the rate for the job applied thereafter. The change meant that more people on high rates of benefit came onto the scheme. Payment of a wage commensurate with the job is seen as a crucial element to the success of the scheme.

### **Drop-Out and Employment**

In Glasgow and Newham over two thirds of trainees find employment and nearly a half retain employment up six months after the scheme. These figures are based on a 42% response rate and include those who only stayed for a short period. On average around 45-50 per cent of all Wise Group trainees make the transition to work. Compared with figures from other government schemes this is creditable. To be able to compare we also need to look at the drop-out numbers and their employment situation. It is not always the case that the people completing 52 weeks have a better prospect of employment. An element of "creaming" goes on whilst trainees are on the scheme. Those who are left between 13 and 52 weeks had the highest likelihood of retained employment after six months with the pre-13 week drop outs and the 52 week completers markedly lower.

Over 50 per cent of those dropping out after 13 weeks went into employment either immediately or up to six months afterwards. The main reasons given for dropping out were (Glasgow) leaving to take a job (46%), entering further education (2%), not picking up useful skills (10%), money not good enough (1%), illness (10%), personal reasons/family commitments (12%) and finally other (19%).

### **Costs of the Schemes**

Totalling all income and dividing by jobs per year shows that each training job costs £14,100. If one then estimates the cost per employment gained at the end of the scheme (50 per cent) it would be £30,000 per job. The Wise Group offsetting for reductions in benefit and gain in tax revenue estimate the cost at £6,000 per participant which is comparable to other UK schemes in inner city areas.

Table 7.1

Staff and Trainees 1985-96 in Training Organisations

WISE GROUP	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96
<b>Heartwise:</b>											
Permanent staff	10	27	52	80	72	85	84	88	97	97	92
Trainees	254	376	357	307	280	270	280	243	241	246	249
<b>Landwise:</b>											
Permanent staff			10	12	19	31	35	40	51	56	52
Trainees			102	106	59	124	142	118	158	184	188
<b>Treewise:</b>											
Permanent staff							6	8	9	9	9
Trainees							20	25	27	37	37
<b>Wellwise:</b>											
Permanent staff								9	9	9	9
Trainees								13	36	42	42
<b>Newham Wise:</b>											
Permanent									15	20	20
Trainees									51	51	51
<b>Wise Group (Holding Co)</b>			6	6	15	15	18	20	20	20	20
<b>Merverrie</b>	3	11	25	25	25	16	15		15	12	12
<b>Heatwise Services</b>										13	13
<b>Commercially Wise</b>											
<b>Totals:</b>											
Permanent Staff	13	38	93	123	131	147	162	186	222	243	234
Trainees	254	376	459	413	339	394	442	379	513	560	567

Table 7.2

**Qualifications gained (%) Glasgow and Newham**

	Glasgow	Newham
NVQ level 1	30	35
NVQ level 2	29	31
No qualification	41	34
TOTAL	100	100

**Evaluation**

An academic group from Glasgow University<sup>(83)</sup> undertook an evaluation of the scheme both in terms of how it measures up to the founders objectives and in terms of displacement/deadweight effects. They found positively on both counts. In the first place the Wise Group is closer in its overall objectives, these are: to give the long term unemployed a period of employment in their own right; keep them in contact with the habits of work; improve their skills in order to keep them closer to the mainstream labour market; prevent them from dropping into unemployability and becoming a permanent social costs. Each one of these objectives has been met by the scheme to a larger or smaller degree and has resulted in a steady flow of qualified people moving from the ranks of the long-term unemployed into the mainstream labour market.

The outcome has been to provide additional jobs since money was raised outside the area (eg the ESF). It was concluded that the Wise Group managed the objectives of a "disparate number of organisations to achieve a useful outcome that would not have been possible under the auspices of a local authority alone." The result is what the evaluators call an "intermediate labour market model". The Commission for Social Justice in the UK saw in the Wise Group a potential union of community economic development, targeted help for the LTU and social payback, all within a corporate entity that promised managerial efficiency and cost effectiveness. Most of all it seemed to offer the LTU practical help of quality, one that did not patronise nor offer marginal pay rates, and a route via upskilling back into the mainstream labour market that would avoid social exclusion.

From the participant's point of view nearly 30 per cent felt that without the Wise Group they would not have got the job they had and a further 15 per cent felt that whilst Wise was not the only factor it was a big help. The trainees especially valued the acquisition of new skills, the qualifications and the increased confidence that the training brought. In the work experience element the key was the opportunity to practise the skills given them and the raised self esteem being at work brought. As far as drawbacks were concerned courses were seen as too short and some of the time spent in training was seen to be badly organised. In the work experience setting the biggest criticism was the lack of quality of their supervision and the failings in the organisation of trainee time. Financially, 87 per cent of the respondents were better off on the scheme than the last time they were unemployed with 60 per cent of these citing this benefit as £20 and over. Once in work the financial benefits were higher.

The former trainees when asked how the last spell of training and work experience compared to the Wise Group overwhelmingly endorsed the Wise experience (67 per cent to 7 per cent in Glasgow).

## Conclusion

This programme represents an intermediate labour market model that operates in particular enclaves within the overall economy. As such it benefits from extended funding, retains a degree of flexibility and is capable of adaptation and extension to other localities. On the other hand its impact has been very local. The report<sup>(83)</sup> has necessarily concentrated on the employment aspects of these benefits and discussed only in passing the community development and the physical impact on the renewal of the housing stock. Taken together these benefits do offer a job, work experience and training significantly better than on offer through other ALMPs in the UK at present. The evaluation has little to say about the quality of working life aspects sought.

## II. Finsbury Park Community Joblink

### Description of the Scheme

This scheme provides a customised training for residents based in a North London Community Trust in Finsbury Park. A Neighbourhood Economic Development Partnership was formed designed to bring together private sector and community groups. This scheme uses a partnership between the Finsbury Park Community Trust and private business (Dixons Electrical Wholesaler) to provide training and to guarantee a job to those who successfully complete the course. The project is targeted at unemployed people between the age of 16 and 25 and provides them with twelve weeks of full-time training followed by a job in the participating company. It is small-scale, dealing with 40-60 participants per annum during the start up period in the late 1980s. The Dixon Group decided to set up a training and recruitment scheme that would both benefit them and provide a route for unemployed young people back into work. In this they are aided by the organisation Business in the Community who were used to identify local agencies that might be able to run such an initiative. Initially this was the Ujima project - a housing association with strong links with local black youths. The initiation of the project Joblink in 1987 was under their aegis but has subsequently moved to the Finsbury Park Community Trust. The scheme employs two full-time workers, a project officer and a scheme coordinator.

The activities of Joblink can be divided into four main elements:

- providing life skills training designed to develop personal abilities and confidence;
- giving vocational training and to retailing in the Dixon Group, supplied primarily by Dixons;
- offering work experience placements throughout the 12 week training period in one or more of the Group's stores;

- a guaranteed job as a junior retail assistant in either Dixons or Currys Stores.

After a re-evaluation of the course based on the experience of the first participants, there was the opportunity for trainees to gain recognised vocational training to extend their qualification base in the future.

Recruits were not paid a wage and all kept state benefits. The Training Agency was persuaded to up-rate the allowances and pay all trainees the same rate. This was an encouragement to remain with the scheme.

### **Funding**

The initial costs of the scheme were borne by the Government agencies (Training Agency, London CAT and Business in the Community) together with the Dixon Group. The primary costs were the employment of the two workers and the design and running of the training courses. The staff costs of £39,000 were entirely met by the outside agencies but in subsequent years these were attributed to the employer/s benefiting from Joblink.

### **Outcomes**

#### **Characteristics of Participants**

The recruitment is in the hands of local groups. Ujima, the original project leader, was responsible for identifying and approaching those young people interested in a career in electrical retailing. They had thirty candidates who were interviewed by a joint Dixons/Ujima board. Of these twelve were chosen, eleven of whom were black.

#### **Drop Out and Employment**

In the first cohort twelve recruits underwent the three month period of training and placement. Of these nine were eventually offered permanent jobs with the firm and six months after seven of those were still with the Group. Of the drop outs two obtained employment elsewhere.

This project was given one of the highest ratings for positive outcomes at 92 percent<sup>(84)</sup>

### **Costs**

Positive outcome in terms of expenditure (excluding benefit costs) was considered to be in the lowest group at £636 per job. However, if all of the costs including the start up and recurring costs of the full-time staff are included the cost per job outcome is much higher at around £2,100 again not including the benefits.

### **Evaluation**

The limited nature of the scheme does come foremost in the area of skills. The restricted employer base has meant that entry is into a junior retail sales job. The



character of the jobs determines the low level of skills that are achieved. The scheme participants would like to widen the employer base and place trainees in higher skilled managerial and supervisory posts. This would also contribute to the kudos and status that such joint schemes can offer especially in inner city areas.

This scheme, although it is small scale and local, does provide for a high level of positive outcomes for the unemployed from an especially difficult-to-employ sector. The links with the local community also means that there are direct channels for the local unemployed to go through that are identifiable, distinct and successful. There is at the same time a high chance of recruitment given the use of local search and advice. This is potentially expandable to other companies if it is demonstrated that it is a cheap and effective way of solving recruitment problems in a high turnover sector. The evaluating team did indicate that the scheme would be primarily attractive to larger companies and would pose other problems if the skill levels did rise as managerial and supervisory posts were added. The length of the training period would increase and the question of payment other than benefits would arise.

The relevance of this project is its success in dealing, albeit in a small way, with a section of the population that is prone to long-term unemployment, has had a poor experience of the school and training system and have few community and social resources upon which to draw. The study does not unfortunately give a systematic evaluation of the longer term outcomes, nor the particular details of the trainees involved, nor does it offer a view on the quality of the actual training or job entered into after the end of the course.

Evidence from elsewhere, however, does suggest that job placement schemes are one of the most effective approaches to the problem of long-term unemployment. Macgregor<sup>(85)</sup> contrasted four approaches - personal development, training programmes, job placement schemes and business development. Of these the work placement and personal development routes proved to be the most cost effective.

### **III. New Routes - Blantyre, Central Scotland**

#### **Description of the Scheme**

This is a voluntary training and job placement scheme that covers a single town. The disadvantaged group most represented here are those of long-term unemployed especially women attempting to return to the labour market. The New Routes scheme in Blantyre began as a social initiative in 1984 designed to help those most disadvantaged back into the community through basic and further education. Within this initiative a project was developed entitled New Routes to Job, Training and Enterprise in 1987. The main functions extended the remit of the scheme beyond training and into the provision of training and employment counselling and a caseload initiative that sought to place people in jobs in the locality. This taken together with the training elements gives the project a more flexible and effective set of channels for the unemployed to follow. The central core of the New Routes is focused upon Personal Development and this runs through all of the projects adopted. Staff aim to raise basic

educational skills, re-socialise the unemployed, raise their confidence and self-esteem, broaden their horizons in terms of training, jobs and job search and support the participants once started in education or employment. The job placement element draws upon the programme run in-house by the group and they have developed the courses to include nationally accredited qualifications. In 1991 the caseload/placement project was started with the employment of three job enablers. These were specifically brought in to work with people with special needs - those with literacy/numeracy problems, the very long-term unemployed and people with learning difficulties. The area did have a Job Centre but the group preferred to use one of their staff as a placement officer. The placement officer built up training plans suited to individuals, offered one to one support and gave guidance on job search. The project also developed six month courses for those with severe learning difficulties, where groups of six people are led through a staged programme with individual tuition at each stage.

### **Structure and Funding**

This is a free-standing community initiative with charitable status. It has resisted entering into formal links with national employment services, business development agencies or local companies. The scheme was funded by the government Urban Programme together with the ESF and the Training Agency.

### **Outcomes**

#### **Employment**

The evaluation of New Routes was carried out by TERU, a research team at the University of Glasgow,<sup>(65)</sup> who surveyed participants of the placement services and had a 50 per cent response rate. In the first year of operation the scheme provided 220 placements. Only 12 per cent of clients were placed more than once. 72 per cent of those placed were women. 35 per cent of placements were filled by workers under 25 years of age. The scheme transformed participants' situations with 81 per cent being occupied. After the placement support 26 per cent were employed full-time, 47 per cent part-time and 9 per cent were in some form of education or training, with 19 per cent unemployed. The second year of operation saw very similar figures (26 per cent, 52 per cent, 5 per cent and 17 per cent respectively). Furthermore, in a follow up survey of the first two years of operation over 60 per cent of the placed personnel had retained employment in the months immediately following the intervention. The types of jobs secured were of a mixed quality. Nearly half of them were temporary and a third were part-time. 63 per cent of those employed reported that they were learning new skills. When asked about the reasons for leaving their employment 53 per cent of the participants indicated that the job was only temporary, 24 per cent had got another job, 12 per cent were made redundant and 6 per cent dismissed. Very few of the people left the jobs because of low wages (6 per cent).

#### **Cost of the Scheme**

The training element averaged out at a cost of £1,000 per client placed in a job, and where only job placement services were offered average cost was £360 per client. On

these figures and given the comparative employment performance of training as opposed to placement, the study concludes that training was the least successful mechanism for getting people into jobs and that placements offer a cheaper and more effective way.<sup>(85)</sup>

## Evaluation

### Participant's Views

Of participants in the scheme 54 per cent expressed personal satisfaction, with a markedly higher 88 per cent saying they would recommend the service to other unemployed people. In interviews with a small sample of the placement service clients the reasons they found the scheme useful are shown in the following table (Table 7.3).

**Table 7.3**

#### Most valuable service provided (New Routes)

Service	%
Vacancy information	38
Help with Applications	22
Advice on interviews	22
Help with fares to interview	11
Someone friendly to talk to	11

Source: Macgregor<sup>(85)</sup>

## Conclusion

This is an independent and voluntary scheme that achieves modest results for a low cost. It does seem to have a good record with those in the very difficult-to-place category and especially amongst long-term unemployed women, who also take advantage of the personal development and other training courses on offer. The problem with assessment in this case is caused by the paucity of hard evidence in relation to funding and costs. Further, the connection between the training/education elements and the employment outcomes has not been disentangled, nor has the longer term employability figures for these categories. The outcomes could disguise a high element of "creaming" where those with initiative, prior qualifications and some skills will be those who get the employment and are designated as successes. The scheme has retained its independence and has tried to place the LTU in mainstream jobs without development partnerships or ongoing structures. This may result in future problems of supply and is one reason why New Routes subsequently began to develop a partnership with the local district council to provide temporary employment places. One other problem highlighted in the evaluation was the lack of an aftercare system for those placed in employment, one that could consolidate the time and resources that have gone into finding the individual work in the first place. Without this it may be the case that the scheme provides only a once-off form of assistance that

could put the placed personnel quickly back in a situation similar to that before they entered the scheme.

#### **IV. Castlemilk Partnership (CEDA)**

Castlemilk is a very large housing estate to the south of Glasgow with a high proportion of single parent households and a persistent male unemployment rate of around 40 per cent. Female unemployment is also above the average for Glasgow. Long-term unemployment has also been high since the mid 1980s when it was between 40 and 45 per cent. For these reasons it was chosen in 1989 as one of the four areas in Scotland as the site of a major economic initiative.

##### **Description of the Scheme**

The Scottish Office was the leading partner in setting up an Urban Partnership Area. The main objectives of the UPA was to improve the economic standing of the area, provide employment and encourage training. These particular aims were to be met by a number of lines of activity:

- Counselling local residents about employment and training issues;
- Organising vocational training;
- Providing business start-up support;
- The operation of a Training and Employment Grants Scheme (TEGS), that provides for a subsidy to be paid to employers to recruit and train the residents of initiative areas;
- In addition to these activities there was also a caseload initiative run by national employment services.

To aid the delivery of the main employment regeneration activities a free-standing agency the Castlemilk Economic Development Agency (CEDA) was set up in 1990. It has a board of directors made up of various government agents, private sector representatives and representatives from the community. CEDA's role is to act as a specialised employment agency for Castlemilk, particularly in putting together training packages; undertaking special initiatives such as encouraging local building contractors to take on local recruits for local contracts; supporting new and existing local businesses; and working with agencies to provide childcare facilities (important given the high incidence of single parent households).

The partnership devised various structures to tackle unemployment. These were:

1. A Training and Employment Shop - opened in 1991 by CEDA. Within this was a "Supportive Job Club" funded by the Employment Services yet run by CEDA.

2. An Outreach Education unit to encourage the first steps for personal development and qualifications.
3. A Caseload initiative run together with the Employment Service to match local unemployed with vacancies in the local and wider Glasgow labour market - and arrange placements.
4. An Economic Forum established in 1994 to where members of the community discuss with the Partnership wider economic issues and the direction of economic development on the estate.

Two of these - the training/supportive Job Club and the caseload initiatives have been evaluated. These evaluations will be discussed before looking at the wider impact of the scheme.

## **Outcomes**

### ***1. Training***

This initiative in its first year had 200 people through its two programmes. One had part-time training of up to 21 hours per week which allowed trainees to receive benefit. The other was a full-time training course paid for by the Training Agency and participants received £75-£100 per week. This latter type of programme had three to four times the training input and included work experience. In Castlemilk most of the training was part-time.

### **Employment and other destination**

The initial outcomes of part-time courses were encouraging. The courses achieved a completion rate of 78 per cent and 47 per cent went into some form of employment.

### ***2. Supportive Job Club***

In Supported Job Clubs participants are given one to one assistance and job seeking is done actively on their behalf. The period of help given is eight weeks.

### **Drop out from Employment**

In the first year of operation there were 55 participants, 17 dropped out, of those left 79 per cent went into jobs or training. This compares to a normal Job Club outcome of 74 per cent for the same area. The evaluation report saw this as disappointing and possibly a result of the Supportive Job Club working below capacity.

### **Cost**

Because the organisation was working under capacity the cost was £1000 per job - three times as high as for a normal Job Club.

### ***3. Caseload initiative - placements***

#### Unassisted placements

This part of the scheme gained 330 placements in one year.

## **Characteristics of participants**

Of all placements 75 per cent were men, 25 per cent women. 35 per cent were aged under 25; 7 per cent over 45; the majority, 58 per cent were aged 25 and 44.

## **Employment**

Of total placements 81 per cent of participants were unemployed and after placement 60 per cent remained in employment. The data on the long-term unemployed after six months showed around two thirds remain in employment or training. Around half (49 per cent) received training in their placement. Of the 40 per cent who had left jobs since placement 49 per cent did so because the jobs were temporary and only 11 per cent because of poor conditions or low wages.

Of participants in this scheme, 63 per cent felt that they had found jobs as a direct result of the scheme; and 96 per cent would recommend the service to other unemployed people.

## Assisted placements

This scheme provides a subsidy to the employer towards the cost of employing and training a participants.

## **Characteristics of participants**

Of participants, 24 per cent were women, 76 per cent men; 35 per cent had no qualifications; 58 per cent were young - under 25, and only 2 per cent older workers over 45 years old.

## **Employment**

Half of all participants were in full-time employment some months after placement; 42 per cent were unemployed; 3 per cent in part-time jobs; and 4 per cent in another scheme or in training. There were very positive views on the amount of skill enhancement in the placement with 73 per cent of participants indicating they had learned useful new skills. Those who left the placement, 38 per cent were made redundant, 23 per cent were dismissed, 21 per cent left for health or personal reasons, the rest because of poor conditions or wages. Overall there seems to be less satisfaction with this scheme than the unassisted placements.

## **Evaluation**

The independent evaluation<sup>(36)</sup> looked at all the activities of the Castlemilk Partnership including job creation.

The overall assessment they made compares the situation for employment in 1990 and again in 1994. On this basis they saw a reduction in unemployment of a modest kind. Figures for both male and female unemployment fell much more substantially

than in the wider area (male 49 per cent, Glasgow area; 18 per cent - female; 52 per cent; Glasgow area 31 per cent). The impact upon the longer term unemployed (2 years plus) was less substantial with a 8.1 per cent decrease for males across the four year period and a 6 per cent decrease for females.

A number of recommendations were made. Greater emphasis needs to be placed upon pre-vocational training, personal development and confidence building measures, especially amongst the LTU. One of the central problems identified was a lack of personal abilities. Hence prior to job training much more effort is needed to bring the LTU to a point where they themselves could be confident and active in relation to job search and training opportunities.

In addition other more practical measures were identified; very important was the provision of childcare and caring services to allow residents to actively seek work. Secondly, it was urged that more links be made with local industry - especially the construction and building trade, to employ local people. Finally, a greater involvement of the community in all aspects of economic development was recommended.

## **Conclusion**

This example is set within a particularly difficult area within a regional blackspot for unemployment. In UK terms the situation does not get much harder for job creation. This model of a voluntary partnership does appear to have given modest results. However, given the backdrop and the limited time span, it has reduced unemployment rates and had an impact on the training and skills level of the community. The key area where it has had most problems is with the LTU and given the multiple disadvantages that face them it is not surprising that a voluntary agency, will be unsuccessful. The recommendations about greater support for personal development and basic issues of self-esteem give some small indication.

## **8. CONCLUSIONS AND RECOMMENDATIONS**



## Conclusions

The aim of this short study was to assess to what extent the quality of working life in job creation schemes resulted in positive outcomes for the long-term unemployed. To this end previously evaluated schemes in six Member States have been examined. None of the existing evaluations had quality of work as one of the major factors under consideration. Most were concerned with employment outcomes and the question of additionality of jobs, with some information on the upgrading of skills for workers. However, some useful and interesting outcomes have emerged from the national reports that suggest that it is very worthwhile to pursue this subject further.

Within the framework of the methodology, in addition to the generally stated problem of lack of quality of work factors, it was not always possible to find schemes that were solely for the long-term unemployed with low skills. Most did concentrate on the very hard-to-place categories, but some such as the Spanish schemes Workshop Schools and Trade Houses Programme and Social Area of the Tomillo Foundation, and the French GEIQ were concerned with young workers who, if not already long-term unemployed were most at risk of becoming so, and reflected the concern with the high level of youth unemployment in Spain and France.

The schemes chosen ranged in number of participants from the national CES scheme in France with 700,000 taking part in one year to the UK scheme Finsbury Park Joblink with only twelve participants. The majority of case studies were initiated at local or regional level and dealt with relatively small groups of people, in hundreds rather than thousands.

Thus comparison between the outcomes of schemes is, therefore, difficult. Some general points do, however, emerge.

National schemes that rely almost solely on labour cost subsidies to employers and have little in the way of training or individual support for workers have on the whole low employment outcomes at the end of the scheme except for selected or more highly qualified candidates as in CRE in France and private firms in Finland. In Finland also the national scheme resulted in a lot of "deadweight" expenditure and recycling of the unemployed through the scheme, to be expected in a situation of high general unemployment and no employment growth.

Local and regional schemes, where the long-term unemployed were prepared for additional jobs for which there was a specific demand, eg 400 Ward Assistant Programme in Germany, City Guards, Work Experience in Homes for the Elderly, and Service Shops all in the Netherlands, and the Wise Group and Finsbury Park Joblink in the UK all reported high employment outcomes for the low-skilled long-term unemployed of between 44 per cent and 92 per cent, and a relatively high satisfaction of participants.

Schemes for the most difficult-to-place long-term unemployed with multiple disadvantages such as the Engrunes Miques Programme in Spain and the Baden Württemberg scheme in Germany adopted a holistic approach to the problems of participants, dealing with homelessness, addiction, low self esteem and isolation over

a period of two to five years. Employment results were remarkable, considering the characteristics of participants but, more importantly, other benefits of a social and psychological nature that promoted social reintegration of the most marginalised members of society resulted from the high quality, individualistic approach of these schemes, and for the German scheme success depended on the length of the programme.

Only one scheme, ACCRE in France, examined the outcomes of incentives for self-employment for the unemployed, over half of whom were long-term unemployed. It was also the only scheme where results in employment were available over a long period with a 60 per cent success rate after three years.

This raises another problem from the existing evaluations, that there is virtually no information on participants employment prospects for more than a few months after the scheme has ended. As the long-term unemployed are particularly vulnerable to lay-offs and returning to not only joblessness but also to a further loss of self esteem, confidence and a cycle of disadvantage the positive effects of any scheme should be assessed over a much longer period, a point reinforced by the French report.

Although the primary evaluations contained little comment on quality of work, in the Netherlands a secondary evaluation was undertaken for this purpose, with both participants and project leaders. It was found that the success of schemes was related to adequate support, supervision and mentorship; the opportunity for training; a variety of tasks within the job; the demands of the job matching the skills of participants; and good programme managers. In Spain it was reported that quality of work criteria such as support, supervision, feedback, teamwork, low student teacher ratio, and devising a scheme which takes all facets of the problems of the unemployed worker into account, helps in reintegration into permanent employment. The Spanish report contains detailed tables of quality of work and other quantitative and qualitative aspects of programmes. The report from Germany, in discussing the 250 Million Special Programme, commented that positive factors on placement were social care, conflict free cooperation between agents and the balancing of qualifications and employment opportunities. Negative effects, concerning lack of quality of working conditions in schemes were reported in the UK, Germany and the Netherlands. The UK evaluations criticised lack of supervision and organisation of time (Wise Group), the limitation of skill training (Finsbury Park) and lack of aftercare (New Routes). In Germany payment (400 Ward Assistants), and poor trainer/participant rates (Baden Württemberg) affected drop out and improvement of skills respectively. In the Netherlands (Work Orientation Sittard) participants motivation was low because of pay, and there was a need to intensify supervision and training (Work Experience in Homes for the Elderly).

The case studies revealed that there was no systematic information on costs. In some cases cost per participant was not available, in others there was only an overall cost and number of participants. In only one case costs were calculated on the basis of future payback in reduction of unemployment benefit and increased tax revenue from employment gained. No breakdown of costs on different aspects of schemes was available. Again this makes comparison of outcomes very difficult.

## Recommendations

The following recommendations include suggestions from national reports. The above conclusions do indicate that quality of working life is an important factor in the success of schemes, even though information is piecemeal and not systematically evaluated. While the existing evaluations deal only, in general, with short-term employment outcomes, and in some cases employability, though upgrading of skills, national reports emphasise that there are many other valuable outcomes of job creation schemes for the long-term unemployed which should be considered in future research.

The European Commission<sup>(87)</sup> recognised that "the gravity of unemployment problems in Europe is underlined by the extent to which unemployment affects certain groups of labour, in particular low skilled and inexperienced workers, and often turns into long-term unemployment." While macroeconomic policy is focused on the maintenance of low inflation as the sole criteria for the operation of a European Central Bank, unemployment is of secondary importance and the creation of new jobs in the open market is unlikely to make a significant impact on the unemployed<sup>(88)</sup>. While this is the case, long-term unemployment as a proportion of total unemployment is likely to increase. The report of the EAPN<sup>(18)</sup> considers "the growth of long-term unemployment reflects the effective exclusion of millions of Europeans from the primary labour market ..... and threatens the long-term stability and prosperity expected from economic integration." It recommends targeted flexible interventions with high quality content that ensure "additionality" in employment programmes. Further, they recommend that any assessment "should give equal weight to qualitative as well as quantitative outcomes of measures." Since resources for active labour market programmes suffer from budget constraints and are likely, per unemployed person, to fall as the unemployment rate rises, (see Section 1 and Layard et al<sup>(89)</sup>), it is more than ever necessary to have effective programmes for the long-term disadvantaged unemployed that avoid economic and social exclusion, and also have lasting effects.

To this end it is recommended that a further comparative study of different types of job creation schemes for the long-term unemployed should be undertaken which would include the following features:

- identification and measurement of all quality of work factors with regard to job content; organisation; working conditions; contractual conditions and remuneration,
- type and length of training and qualification available
- other qualitative inputs eg social and psychological support, educational upgrading
- length of aftercare

- outcomes to be measured;
  - (a) quantitative:
    - (i) entry into formal labour market
    - (ii) displacement/substitution
    - (iii) additional jobs created
    - (iv) recycling of workers
    - (v) increase in income of participants
    - (vi) improvement in skills and employability
    - (vii) social gain to the environment/community.
  - (b) qualitative:
    - (i) improvement in self esteem and confidence
    - (ii) improvement in labour market behaviour  
e.g. job search activity
    - (iii) improvement in health, physical and mental
    - (iv) improvement in social behaviour.

All of the above refer to the participant. In addition, it would be worthwhile to measure impact on:

- (v) family members: improvement in family relations  
improvement in employment situation of partner and children.
- (vi) the community and social relations

While quantitative aspects are normally assessed, qualitative ones that improve social integration, reduce social exclusion and improve the life chances of the family are not. They do, however, avoid social breakdown and the costs imposed on society by this.

The study should take account of the location of programmes in assessing success factors and also the effects of the social security system in operation which can affect motivation and willingness to participate in schemes. The study should also take note of the problems inherent in selection when comparisons are made.

A detailed breakdown of costs per participant is necessary for a full cost benefit evaluation. The quantitative outcomes are relatively easy to measure on the benefits side and would also include changes in public expenditure and revenue over time. Qualitative aspects must also be assessed in a systematic and measurable way, even though assigning a monetary value may not always be appropriate or possible.

## SUMMARY

This short study was designed to explore the question "Is quality of work an important factor in explaining the success of job creation schemes?" This was done by looking at the results of previous evaluations, not addressed to the question, on job creation schemes in six Member States.

Nine million people in the European Union were long-term unemployed in 1995 and the proportion of the unemployed jobless for longer than a year was growing in nearly all countries. The most affected were the unskilled, women, ethnic minorities, those with health problems and workers in depressed areas.

In Finland, national wage subsidy schemes in private firms, the state administration, municipalities and the employment service were evaluated. Employment results were low and deadweight expenditure and recycling high. There was a lack of quality of work factors studied.

The French job creation schemes chosen were aid to self-employment (ACCRE) subsidies to employment (CRE and CES) and a private sector initiative to train the young in areas of labour market demand. It was reported that qualitative and external effects were absent and that the time period covered of evaluation inadequate.

One national programme for the hard-to-place LTU and three local/regional schemes, one matching demand in the labour market, were chosen in the German study. Some qualitative factors were considered to be relevant to the success of schemes, and also affected the dropout rate from schemes.

The Netherlands report, which also contained a relevant secondary evaluation, looked at four local schemes, three of which linked training to local employment needs and one supported by the private sector. The secondary evaluations revealed tentative conclusions that quality of work was responsible for the success of schemes together with matching demand to skills.

The Spanish report examined a national scheme for the young and training/work experience with special attention paid to quality of work; a local scheme for the very socially underprivileged long-term unemployed. and a local scheme for the young in an area of very high unemployment. Quality of work factors were present in all three schemes. Social gains were greater than formal evaluations of employment and income would suggest.

The UK report discussed the effects of four local schemes in areas of high unemployment and social problems. Two were concerned with training the long-term unemployed, in one case, young people were guaranteed work on successful completion of the scheme. The other two aimed to help participants through a variety of measures that dealt with the individual deficits of the long-term unemployed person. Comments were made on the lack of quality of work factors negatively affecting employment and employability.

The report concludes that, although there were some indications of the importance of quality of work in the success of job creation, the information was piecemeal and inadequate for purposes of comparison or to reach any definitive conclusions that could be useful to policy makers.

It was recommended that, since job creation schemes for the long-term unemployed were vital if permanent economic and social exclusion were to be avoided, a systematic comparative study which identified and measured quality of work aspects and outcomes was desirable. Within the evaluation not only the usual quantitative outcomes should be considered but also qualitative factors on improvement in the life chances of participants and their families, and also gains to community life should be measured. It is suggested that evaluation of participants should continue for several years after the end of the formal schemes to assess the long-term impact.

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