



Provide work schemes for individuals at high risk of long-term unemployment

Long-term unemployment is associated with significant skill loss and lower wages, leading to detrimental consequences for unemployed individuals and for the society at large¹. The adoption of automation technologies may increase the barriers for (re)entering the labour market, especially for low/middle-skilled individuals. Thus, it is necessary to provide work schemes for those at risk of long-term unemployment to support their effective (re)-integrated on the labour market.

Encourage the registration of the long-term unemployed

The registration of long-term unemployed people is the first step in being able to provide works schemes for groups at high risk of being long-term unemployed². It helps to better estimate the unemployment rate, composition of vulnerable groups and the size of the informal economy. The registration should take place at employment service offices. Having complete information on who is long-term unemployed and why they struggle to enter the labour market helps to determine the type of work schemes that should be launched. Conversely, work schemes can act as an instrument to collect data on long-term unemployment when individuals aim to join these schemes. The labour force should be aware of the importance of registering their employment status and of the existence of work schemes.

Provide effective public works programs (PWP)

Public works programs represent initiatives that provide a public good to the entire community and help to support reintegration of unemployed on the labour market by offering a job, opportunity to acquire skills and work experience³. In most cases, the local government is either the main work provider or the manager of a work scheme. Nonetheless, the involvement of other institutions such as NGOs, universities and for-profit organisations is also common. To ensure effectiveness of the PWP, the skills, capabilities and non-work-related responsibilities of the previously unemployed individuals should be considered.

¹ European Commission. (2022). Long-term unemployment. Long-term unemployment - Employment, Social Affairs & Inclusion. Retrieved December 20, 2022, from <https://ec.europa.eu/social/main.jsp?catId=1205&langId=en>

² Ibid

³ Ibid



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Encourage and support self-employment/entrepreneurship among individuals at risk of long-term unemployment

Inclusive entrepreneurship and self-employment policies aim to support the creation and growth of businesses run by the long-term unemployed or those at risk of unemployment⁴. The long-term unemployed usually face higher than average barriers to entrepreneurship⁵. Some of these barriers include limited or no access to finance for starting a business, lack of entrepreneurship skills and low confidence levels, lack of supportive business network. Providing support to unemployed individuals to overcome these barriers can encourage self-employment, sustainable income and even creation of innovative solutions/products/services which may generate jobs in the future.

Provide financial incentives for employers to recruit individuals at risk of long-term unemployment

Providing financial incentives to employers for recruitment is an activating labour market policy. Such incentives, even if at the start they imply temporary recruitment of the long-term unemployed, have often led to a permanent job offer, due to gradual acquisition of needed skills, familiarity of an employer with a hired individual and a growing motivation of a person to be active on the labour market. These financial incentives can take different forms, such as hiring subsidies that partially or fully cover labour costs/salary, tax breaks for an organization that recruits the long-term unemployed. To ensure effectiveness of such incentives, the unemployed individuals should be motivated to work, the provision of incentives/benefits for employers should be connected to specific conditions (e.g., employment contract should indicate the minimum wage, number of working hours, duration of contract), and the employer should support the process of integration of the unemployed in the world of work by, for example, offering necessary training and acknowledging good performance.

Offer tailored support schemes for effective integration of the long-term unemployed in workplaces

Providing financial incentives to employers for integration of the unemployed in a workplace might be insufficient or ineffective. Some organisations are willing to recruit individuals that have been inactive on the labour market even without financial incentives, although they need support to facilitate the integration process. For example, some of the long-term unemployed individuals have limited physical/learning capabilities, experience psychological issues at a workplace, do not possess language skills to perform work effectively, or have other personal limiting circumstances. In such cases, the government and its agencies/services

⁴ European Commission. (2022). Inclusive entrepreneurship and microfinance. Employment, Social Affairs & Inclusion. Retrieved 2022, from <https://ec.europa.eu/social/main.jsp?catId=1560&langId=en>

⁵ OECD. (2021, September 10). Building local ecosystems for Social Innovation. OECD iLibrary. Retrieved December 20, 2022, from https://www.oecd-ilibrary.org/industry-and-services/building-local-ecosystems-for-social-innovation_bef867cd-en



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should support employers and newly recruited individuals by providing, for example, necessary equipment at a workplace, advisory and psychological support, language courses, personal/day-care services etc. In essence, more tailored support will ensure better integration of the long-term unemployed on the labour market.

Consider the following PILLARS and external resources to provide work schemes for individuals at high risk of long-term unemployment:

| Title and weblink | Authors and year | Description |
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| <u>COUNCIL RECOMMENDATION Of 15 February 2016 on The Integration Of The Long-Term Unemployed Into The Labour Market</u> | European Council, 2016 | The document offers multiple suggestions for addressing prolonged unemployment. It proposes that member states promote registration, provide personalized assessments and strategies for securing new employment, establish job-integration agreements, strengthen government ties with employers, and enhance assessment and monitoring within the Employment and Social Protection committees, among other recommendations. |
| <u>Job Training, Human Capital, and Labour Market Outcomes: The Role of Automation, Offshoring, and Digitization</u> | Oliver Falck, Yuchen Guo, Christina Langer, Valentin Lindlacher and Simon Wiederhold, 2022 (PILLARS REPORT) | In recent years, significant shifts in the labor market due to technological advancements and global outsourcing have altered occupational demands and required skill sets. Certain occupations, especially routine ones, are at risk of automation, potentially reducing the need for specific tasks. Similarly, jobs with tasks that can be outsourced internationally face changes in skill demands due to technological advancements and decreased trade barriers. Additionally, the increasing digitization of workplaces has amplified the necessity for digital skills, which has been linked to higher wages. This situation prompts the exploration of how workers lacking these skills can acquire them. One potential avenue is through job training, prompting an investigation into whether such training can enhance workers' digital skills and, consequently, their success in the job market. |
| <u>LMP Interventions for The Long Term Unemployed</u> | OECD, 2019 | The OECD report offers an initial evaluation of the data quality within the LMP database regarding interventions aimed at long-term unemployment. It is released together with another report that extensively evaluates the LMP data quality in five EU nations (Portugal, Finland, Bulgaria, Germany, and Hungary) concerning their completeness, comparability, and overall reliability. |
| <u>Public Works: How Can PES Contribute to Increasing</u> | European Commission, 2013 | The report delves into the definition and significance of PWPs, exploring their various existing programmes and their relevance. It further utilises case studies to |



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| <p><u>Their Value as An Activation Tool?</u></p> | | <p>gain deeper insights into the successful elements and rationale behind PWPs. Identifying the traits of impactful PWPs, it compares their costs, highlights success factors, and presents evaluation findings.</p> |
| <p><u>Boosting Youth Employment Through Public Works</u></p> | <p>ILO, 2016</p> | <p>The document examines public employment programmes as solutions to barriers faced by young people seeking skills and decent work. These initiatives aim to boost labour demand when private markets struggle to create sufficient jobs. By aligning with wider employment strategies, these programmes complement private sector efforts and serve as tools against unemployment in various economies. Despite potential benefits for youth employment, their impact requires more exploration. The paper analyses programme effects, benefits for young individuals, and key implementation aspects, offering valuable insights for the ILO's efforts to enhance inclusive growth and youth employment prospects.</p> |
| <p><u>Supporting Business Creation from Unemployment In Finland</u></p> | <p>OECD</p> | <p>Entrepreneurship is pivotal for Europe's sustainable, inclusive growth as per the Europe 2020 strategy, addressing economic challenges and fostering job creation. Amidst the aftermath of the global financial crisis, self-employment serves as a viable avenue for unemployed individuals to re-enter the workforce. However, disjointed responsibilities and resources across various levels of governance impede effective inclusive entrepreneurship policies. This project is a part of the OECD's LEED Programme in collaboration with the European Commission, building on prior efforts to enhance inclusive entrepreneurship initiatives.</p> |
| <p><u>The Missing Entrepreneurs 2023</u></p> | <p>OECD, 2023</p> | <p>This is the seventh report examining public policies' role in fostering job creation and economic growth by supporting business start-ups among underrepresented groups in entrepreneurship. It highlights untapped potential in women, youth, the unemployed, and immigrants, advocating for tailored government measures. Assessing COVID-19's impact, it also delves into microfinance and immigrant entrepreneurs, providing policy insights and future directions. Additionally, it offers country profiles outlining recent entrepreneurship trends and policy actions in the EU's 27 Member States.</p> |
| <p><u>Mitigating Long-Term Unemployment in Europe</u></p> | <p>IMF, 2020</p> | <p>Despite a decline in overall unemployment rates in Europe following the global financial crisis until 2018/19, the persistence of long-term unemployment, lasting over a year, remained notably high. The ongoing threat of the COVID-19 pandemic could</p> |



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| | | <p>further worsen this situation. This study delves into the factors influencing long-term unemployment across 25 European countries between 2000 and 2018. It identifies skill mismatches, the efficiency of labour market matching, and the impact of labour market policies as key factors contributing to prolonged unemployment. Notably, the research highlights the effectiveness of specific active labour market policies, such as training programmes and start-up incentives, in mitigating the incidence of long-term unemployment.</p> |
| <p><u>ESF Support To Combat Long-Term Unemployment: Measures Need To Be Better Targeted, Tailored And Monitored</u></p> | <p>European Court of Auditors, 2021</p> | <p>The European Social Fund (ESF) is a primary EU fund aiding Member States' labour-market strategies. From 2014 to 2020, about €11.4 billion was allocated to the priority of "Access to employment for jobseekers and inactive people." It covered the long-term unemployed and disadvantaged individuals but didn't always align with the scale of long-term unemployment across some Member States.</p> |
| <p><u>Elderly Left Behind? How Older Workers Can Participate in the Modern Labor Market</u></p> | <p>Oliver Falck, Valentin Lindlacher and Simon Wiederhold, 2022 (PILLARS REPORT)</p> | <p>Older workers benefit greatly from digital skills, which boost their job prospects and productivity, allowing access to higher-paying positions. These skills are learnable at any age. To close the gap in digital abilities among seniors, policymakers should incentivize employers to offer training and fund programs in higher education. There's a significant global difference in digital skills among the elderly, surpassing that of younger age groups, underscoring the need for immediate action.</p> |
| <p><u>Engage Your Community a Local Guide to Addressing the Long-Term Unemployment Challenge</u></p> | <p>Deloitte</p> | <p>As of September 2014, over 3.0 million Americans remained long-term unemployed, seeking work for more than 27 weeks without success—a lingering aftermath of the Great Recession. Despite their skills mirroring those of recently unemployed individuals, the long-term unemployed face considerable hurdles solely due to their unemployment status. Overcoming this stigma is crucial to address this crisis, and every local community holds the potential to combat long-term unemployment. Reintegrating these job seekers into the workforce not only bolsters the local economy through increased spending but also provides financial stability for families, easing the emotional strain of unemployment. In essence, connecting long-term unemployed individuals with suitable employment opportunities fortifies communities and enhances the lives of their residents.</p> |