

Labour activation

Social Protection System Modernization
Project in the Republic of Croatia
Project launch event – Tuheljske toplice,
March 16-17, 2015.

Labour activity

- Key source of autonomous existence for individuals and their families
 - Basis of social development and well-being
- Focus on high employment rate (and quality) in EU targets and guidelines (Lisbon, Europe 2020...)
- Labour activity as a continuum:

Employed	Stably employed
	Precariously employed
Unemployed	Employable unemployed
	Less employable unemployed
Inactive	Discouraged unemployed
	Inactive labour
	Inactive labour for whom work doesn't pay



% to be inserted

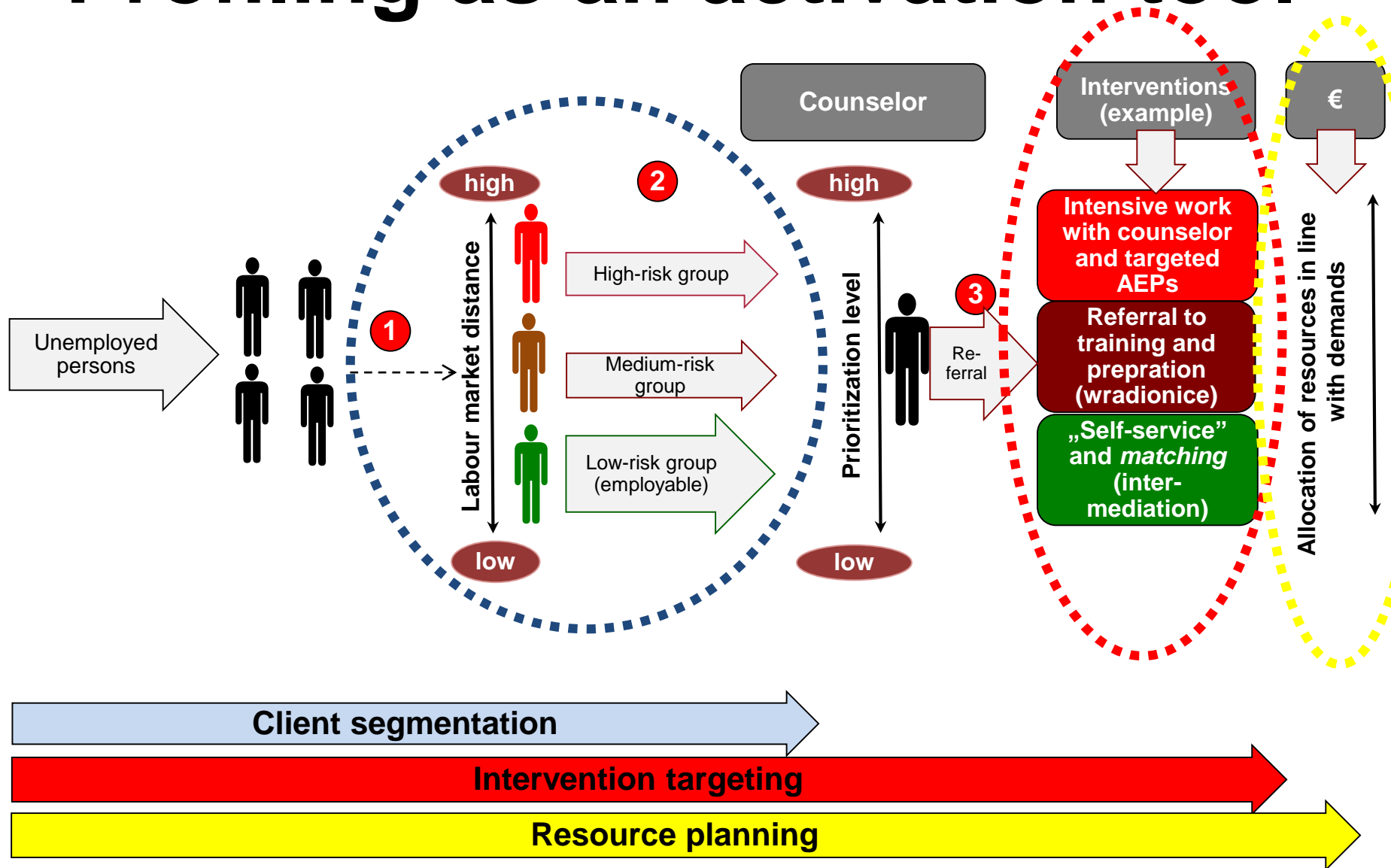
Activating

- Reinforcing links b/w individuals and labour market



- All activities pushing people to higher activity levels (inactive to unemployed, less employed to higher employability, and unemployed to the best possible employment quality)
- Active employment policies are just one of the activation measures, limited only to certain groups (costly and lengthy therapy, requires targeting)
- Passive measures, entitlements, benefits and contributions should also be activation-oriented to avoid the inactivity and unemployment trap (*making work pay*)

Profiling as an activation tool



Profiling as an activation tool for the unemployed

- A tool for triage/**diagnostics** in the business process for client segmentation given the risk of longer-term unemployment
- Allows **targeting**, i.e. activity planning, making professional plans and including individuals in appropriate programmes based on diagnoses
- Improves **allocation of resources** (human, financial) towards groups for which they are effective
- Enhances **intermediation** through more efficient *matching* based on data and appropriate candidates

...profiling aimed at activation is also applicable in the social welfare system, preferably when integrated with the employment system (a basis already exists in form of data exchange)

Multiple profiling methods

+Examples employability
To be inserted

- Without profiling: *all beneficiaries have equal access to all interventions and services.*

Through rules:

- **Demographic** segmentation: *Interventions or services available only to those belonging to specific groups (youth, senior citizens, women, without education...)*
- Segmentation by **duration**: *Interventions and services available only upon the expiry of a specific period (e.g. 12 months, long-term unemployed)*

Based on data:

- Segmentation given a **predictive statistical model**, a combination of facts immediately identifying an individual as risk-exposed.
 - Data-assisted (Sweden, Netherlands, Denmark, Finland)
 - Exclusively model-based (Ireland, U.S., Australia, Canada, Switzerland)

Based on assessment by counselors:

- With or without using **psychometric** assessment techniques (behaviour, attitudes, competencies)
- **HZZ** (Croatian Employment Bureau) introduced counselor assessment-based **profiling in 2002** (2 categories, revised to 4 categories in 2011), using *demographic and duration criteria for allocations to AEPs*

Project background

- As part of the comprehensive reform of Croatia's social welfare system, it was recognized that it would be important to introduce new measures to prevent the risk of able-bodied persons in the social welfare system (especially GMB) → timely and effective activation
- The Croatian Employment Bureau was identified as an institution which could, by improving its business processes, increase the capacity to activate people at the greatest risk of long-term unemployment and, thus, also reduce pressure on the social welfare system.

Statistically assisted profiling (SAP)

- Statistically assisted profiling (SAP) is a tool designed to support activation and counseling efforts made by employment services.
- SAP uses the existing historical unemployment data on individuals, as well as other relevant background variables (e.g. age, education, occupation, work experience, etc.) in order to assess the risk of entering long-term unemployment.
- *The model looks for ample and valid information on the track-record of unemployed persons (socio-demographic, work experience, previous unemployment). Such micro-data can be extracted from the HZZ's records for the past 11 years. More than 2,000,000 unemployment episodes starting from 2008.*
- The key outcome of such a model is to have persons properly classified in different groups by the risk of long-term unemployment or exit from registers, i.e. by distance from the labour market.

Benefits of using SAP

- SAP allows early interventions aimed at persons from the highest-risk group to avoid further deterioration of their skills.
- With a very high client-to-counselor ratio, such as that faced by the HZZ, it is difficult to ensure equally generous interventions for all registered unemployed persons.



- To this effect, SAP helps by grouping individuals more precisely and releasing scarce resources for work with the most vulnerable groups.

Challenges faced by HZZ

How can SAP be of help?

Clients are usually included in programmes when it is too late (6 or 12 months after their registration)

Clients at high risk become entitled to early intervention (to prevent them from falling into long-term unemployment)

High workload of counselors (700 to 1200 clients per counselor)

Guiding and setting priorities for the work of counselors through a very simple tool.

Active employment policy measures are allocated on a “first-come, first-served” basis, based on group profiling (risk: running out of resources during the year)

Preserving resources during the year for the most vulnerable groups of unemployed persons.

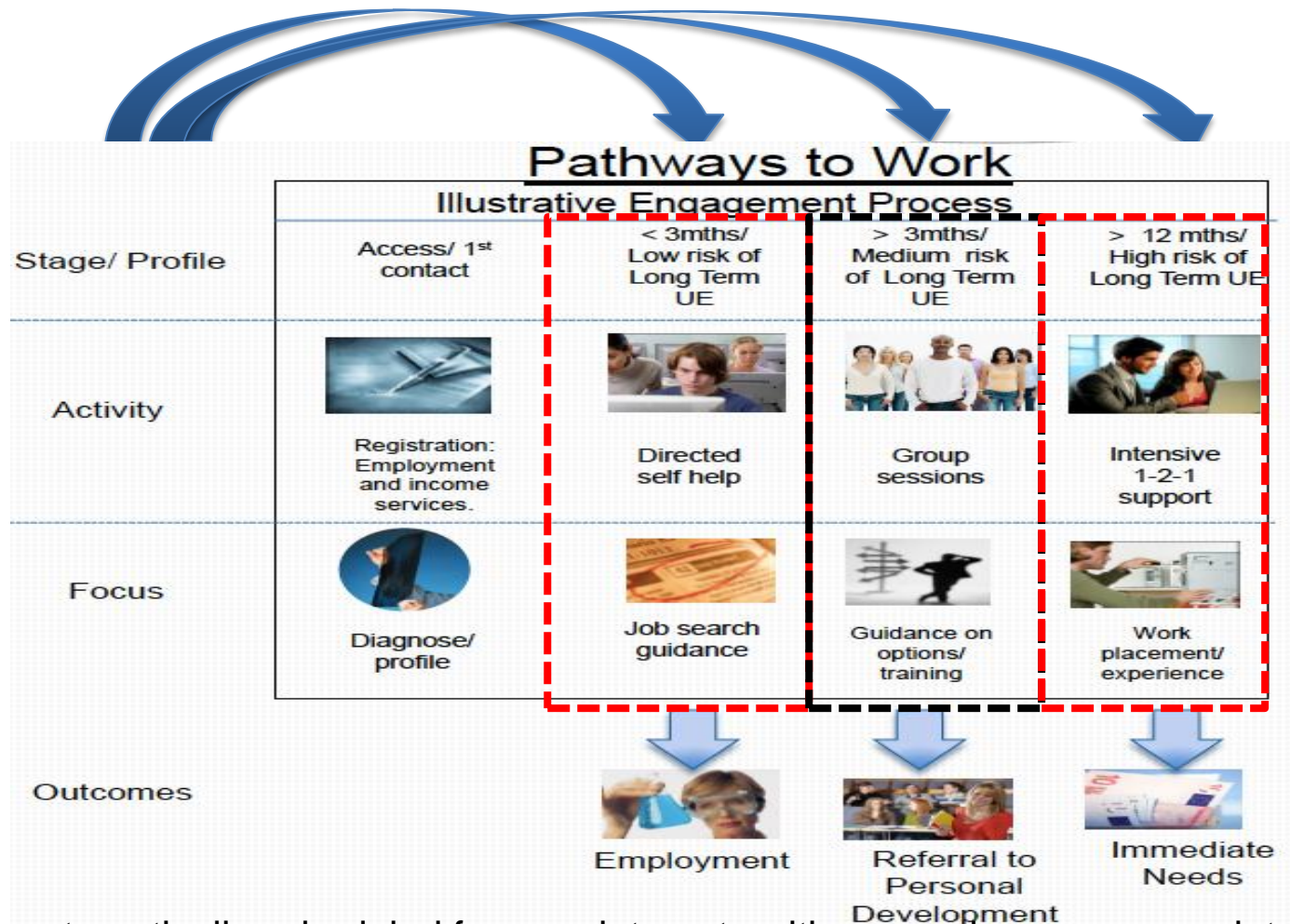
Focus on group risk (youth, disabled persons, senior citizens, etc.)

It objectively prioritizes unemployed persons depending on the identified risk of falling into long-term unemployment (prevents resources from being spent on persons who belong to a particular group, but are not at risk)

Different counselors may apply criteria in different ways (subjective assessment).

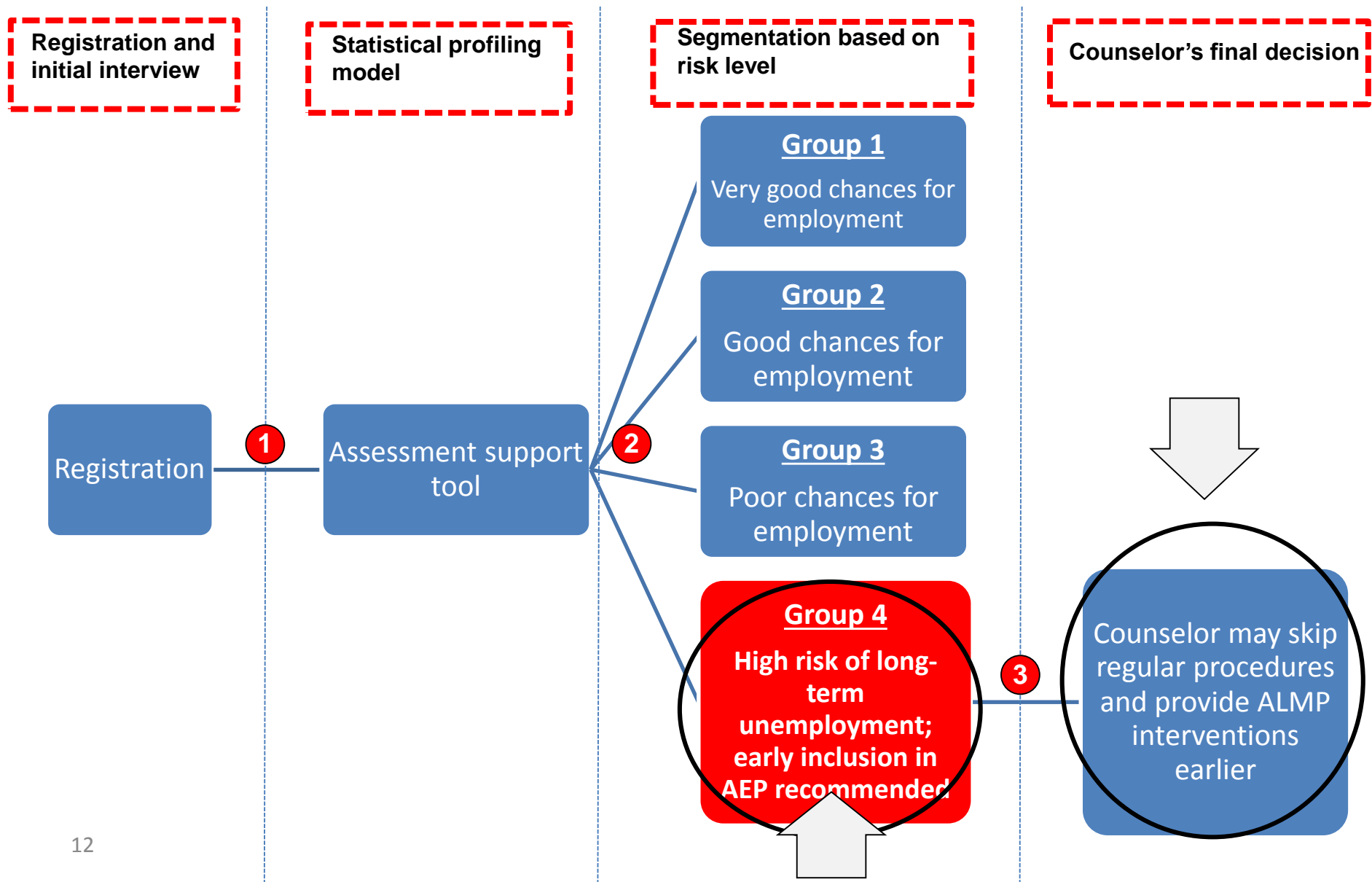
SAP is objective and relies on equal variables.

Different ways of applying SAP-a: Ireland



- Clients are automatically scheduled for appointments with counselors, sooner or later, depending on the group to which they were assigned.
- Unemployed persons assessed as the most employable are not allowed to see counselors at all, but are expected to find a job on their own.
- This method allows major resource savings, but does not provide autonomy to counselors.

Different ways of applying SAP: Sweden



Different ways of applying SAP

- **Irish model:** job seekers fill in all required information during registration at info-desks (even online), which determines the “route” to which each individual is referred.
 - **Swedish model:** profiling is done by counselors during counseling. More room for making choices.
 - *variants applied in other EU countries (EC: often recommends profiling in SWCs)*
-
- Looking into the applicability of statistical profiling in the Croatian system (legal and institutional framework, existing practices) requires not only **developing a statistical model**, but also **prototyping** and **piloting** possible solutions, along with an in-depth **impact evaluation** before wider application.

Project activities (1)

1. **Developing and testing the quality of statistical model projections** - A person with good knowledge of statistics and good access to data available to HZZ will, under the supervision of an external expert with experience in this field. be responsible for translating these data into an acceptable format and assessing the risk model for falling into long-term unemployment.
2. **Assessing feasibility and implementation in HZZ offices** – Following a detailed review of HZZ business processes, a selected expert team will design operational procedures to define where and how it is possible to implement the pilot version. To this effect, they will propose **at least three possible pilot prototypes**, one of which will be chosen for implementation.
3. **Integrating the profiling tool into the MIS system** – The software solution for the assessment of clients based on a statistical model will be integrated into the HZZ's existing IT system so as to ensure simple application of pilot implementation procedures.
4. **Pilot preparation: training and communication** – Training will be organized for counselors who will use the pilot version of SAP to ensure that they know how to use and interpret SAP results. They must also know what is expected from them during pilot implementation.
5. **One-year pilot implementation of SAP**

Project activities (2)

6. **Evaluation of statistically assisted profiling and processes during pilot implementation** – The evaluation will show whether the application of SAP brings any added value to the counseling process or efficiency monitoring. In this context, account should be taken of the efficiency of SAP in identifying the most vulnerable groups and the efficiency of interventions that are, accordingly, applied to them.
7. **Activation monitoring interface** – To build the HZZ's capacity to monitor the employability of different groups of unemployed persons and by enhancing the HZZ's existing IT system, an interface will be developed to monitor activation, which will measure the impact of particular indicators on employability over time.
8. **Revision of the profiling model and preparation for upgrades** – Depending on the outcomes of SAP pilot implementation (to be revealed by the evaluation of processes and effects), the experts will propose a model for upgrading SAP and integrating it in broader business processes within the HZZ.
9. **Study visits** – In the course of the project, 4 study visits will be organized for persons involved in project implementation, who will – during each visit – spend several days in countries/institutions with experience in using SAP in order to learn from best practice examples.

Spatial, temporal and financial framework for the implementation of activities

- The pilot project will be implemented in a part of the HZZ's Regional Office in Zagreb → and will be expanded based on evaluation.
- Total estimated value: € 400,000
- Expected duration: 24 months