



# European Network of Public Employment Services

## Support to vulnerable groups

Thematic paper

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The European Network of Public Employment Services was created following a Decision of the European Parliament and Council in June 2014, amended in 2020. Its objective is to reinforce PES capacity, effectiveness and efficiency. This activity has been developed within the work programme of the European PES Network. For further information: <http://ec.europa.eu/social/PESNetwork>.

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## INTRODUCTION

The labour market consequences of the COVID-19 pandemic were particularly disadvantageous for vulnerable groups, including older individuals, people with low levels of (digital) skills, ethnic minorities, those with a migrant background, people with disabilities, and for youth – as pointed out by the [Recommendation on an effective active support to employment following the COVID-19 crisis](#). Indeed, the crisis led to increasing inequalities, and we may expect that the negative employment consequences of COVID-19 for more vulnerable groups could become more long-standing.

The Recommendation on an effective active support to employment following the COVID-19 crisis (as well as several Resilience and Recovery Facility Plans) emphasised that Public Employment Services should be reinforced in order to have the capacity to provide relevant measures and services, and that their efforts ought to target hard-to-reach vulnerable (long-term unemployed) people and, to be able to do so, more cooperation with social services is needed. Furthermore, the focal point of the [PES Network Strategy](#) (in line with the [Decision to extend the mandate of the PES Network](#)) is to reduce unemployment among the vulnerable groups. One of the key ways in which the PES Network can contribute to this is by promoting and sharing best practices to support the labour market integration of vulnerable groups.

The implementation of the 2016 European Council [Recommendation on the integration of the long-term unemployed into the labour market](#) (the 'LTU Recommendation') has led to important developments which lay the foundations for more comprehensive support to vulnerable jobseekers. However, in many countries, those furthest from the labour market are still underrepresented among the clients of PES and have relatively low access to active measures and services. Furthermore, there is a risk that job loss during the pandemic might lead to long spells of non-employment and, ultimately, further poverty and social exclusion within vulnerable groups. Hence, PES need to increase their efforts to find appropriate solutions for a large number of jobseekers within a limited amount of time.

This thematic paper provides a summary of the issues and the progress made in some of the crucial areas of support to vulnerable jobseekers. It builds on the discussions of the European PES Network's Thematic Review Workshop (TRW) on 'Support to vulnerable groups', organised online on 28–29 September 2021, hosted jointly by Actiris and Le Forem (the PES of the Brussels-Capital and Walloon Regions, respectively) and attended by participants from 15 PES. Much of the TRW was devoted to discussing novel solutions for the long-term unemployed, building on the involvement of social enterprises and on the cooperation of a variety of stakeholders at the local level.

This paper is structured as follows: First, we look at the **diagnosis of employment barriers** and the **targeting of services**, and at the issue of broad-brush versus fine-tuned approaches. After briefly reviewing the developments of more integrated services, we look at the most promising area of support to vulnerable persons; **increased contacts from counsellors**. A considerable amount of evidence has accrued over the last five years on the effectiveness of this approach, and – while it does require recruiting and training additional PES staff – it can be less costly and time-consuming than traditional active measures. We then go on to review how **upskilling for vulnerable people** is evolving. Finally, we discuss how **long-term measures for the most vulnerable** (including those with disabilities), who in some cases might only be expected to be able to re-integrate into the labour market after several years of support, is evolving. Given that a number of new approaches have recently been piloted in this area, we devote particular attention to these, highlighting some of the positive achievements of these novel projects, but also raising some difficult questions.

## 1. DIAGNOSIS AND TARGETING

A holistic diagnosis for vulnerable groups is needed so that PES can map their obstacles in order to find proper solutions. Much progress has been made on this issue, and evidence is accruing from two sources: (i) the emergence of AI-based profiling methods, and (ii) more holistic approaches, among others thanks to the implementation of the LTU Recommendation. Related to the issue of diagnosis are the following questions: are there some services which are universally helpful to all vulnerable jobseekers, and do we have evidence to suggest general conclusions about the proper targeting of active labour market policies (ALMPs)?

### 1.1 New developments in diagnosis

While it might seem obvious based on counsellors' past experience that some jobseekers need more support than others, finely delineating which people are most prone to becoming long-term unemployed is much needed (for cost-effectiveness reasons, among others). With growing data storage and computing capacities, statistical profiling models are becoming increasingly accurate and refined.

There are three important recent developments, two of which require input on the part of the jobseeker (rather than just relying on 'hard' administrative data). First, it is widely acknowledged that previous labour market history is a very good predictor of job-finding probabilities, and with increasing possibilities for data-linking, this is becoming widely available. Second, the person's soft skills and job search motivation are also extremely important – as well as their education – for determining their labour market success. Both can be detected using short, low-cost, online questionnaires (such as the one used by UWV in the Netherlands). Third, in PES where a large proportion of services are available online, including job recommendation and job search functions, jobseekers' activity in the PES' online portal can be recorded, and this behaviour can feed into statistical profiling (a prime example is the profiling system of the VDAB, the Belgian Flemish Region PES).

The usefulness of statistical profiling hinges on its accuracy (e.g. the likelihood it will correctly classify those with a high risk of becoming long-term unemployed), which has been shown to be higher than 'pure' caseworker judgement, and can typically reach at least 70–75%. Some limitations of statistical profiling must be highlighted, however. First, that these models need to be updated regularly, and relying on historical data might be particularly tenuous in times of unexpected crises (as currently, in the aftermath of the COVID-19 pandemic). Second, a particularly relevant issue for vulnerable jobseekers is that the fairness of the results could be questioned, as the models may suffer from statistical discrimination (see Desiere, Struyven (2021)). In other words, jobseekers with a vulnerable background might have a disproportionate probability of being wrongly classified as having a high risk of becoming long-term unemployed. The latter is not an issue if those deemed more vulnerable are prioritised in terms of service provision (as opposed to purely being subjected to more stringent monitoring of their job search activities).

The second type of development goes hand-in-hand with more integrated service provision for the long-term unemployed (and other vulnerable jobseekers). This, in some cases, means that a more holistic understanding of the client's problems can be attained. The two main aspects where progress can be made is knowing the client's: (i) social and family circumstances, and (ii) health limitations (work ability). These two areas are considered sensitive; the client cannot be obliged to disclose information (unless they apply for incapacity benefits), and information (data) exchange cannot be automated. Thus, more integrated service provision is needed, such as in the LAFOS centres in Finland, or as seen in the cooperation between the social work centres and the PES in Slovenia. While different in nature, a number of PES can rely on (internal) experts to do a more thorough analysis

of the strengths and weaknesses of jobseekers, if required, especially in terms of 'soft skills', as well as competences.

Participants of the TRW concurred with this second point, based on their experiences. First, they agreed that the opinions of several different specialists might be needed to gain a holistic understanding of vulnerable jobseekers' situations. In this vein, in several countries, not does only the employment counsellor have a number of interviews with the client, but they might also have an in-depth conversation with a psychologist (for instance, in CZ or SI). In other cases, such as in the 'accompagnement global' in FR, a social worker also establishes a diagnosis, alongside the PES counsellor. Furthermore, most participants emphasised the role of counsellor, rather than relying on a variety of data, while keeping in mind that information-sharing with health services is a necessity in many cases.

## **1.2 Targeting: fine-tuning service packages and generalist approaches**

Over the last decade, PES have made efforts to personalise services to the needs of jobseekers. This means that increasingly complex sets of both in-house and outsourced services (including mentoring and psycho-social counselling) are combined with more classic active programmes (training and subsidised employment). These tailor-made and multi-faceted programmes appear to be effective for the integration of jobseekers of vulnerable backgrounds.

At the same time, various empirical phenomena have transpired. First of all, it has emerged that in order to establish contact with various jobseekers of vulnerable backgrounds, there is a need for low-threshold service centres, in particular those that provide vocational guidance. What is more, these centres seem to be more successful in attracting disengaged clients if they are 'marketed' separately from PES (for instance, the Cité des Métiers/Beroepenpunt, Brussels). Second, a number of services have been tested with different alternative groups of vulnerable jobseekers, and there is an emerging consensus that intensive counselling and regular meetings with case managers is beneficial for a wide range of vulnerable jobseekers (including those with mental health issues etc.). Third, pooling a number of jobseekers facing a variety of issues in *social enterprises* is a newly-emerging phenomenon, and it remains to be tested whether these can serve as an employer of last resort.

Further advances in big data analysis have also allowed for finer scrutiny of the targeting of services and ALMPs. Recent analyses (see Goller et al. (2021); Knaus et al. (2020)) showed that the effectiveness of policies could be substantially improved by: (i) providing certain services and measures to those who (ex ante) benefit from them the most; and (ii) expanding the budget, in some cases, for those services that proved to be beneficial. These analyses have also shown that a number of services are more effective for those with lower employability, particularly due to smaller losses during the training period (lower lock-in effect). A further important result is that: (i) currently, measures and services are not allocated efficiently; and (ii) under given (current) budget constraints, by implementing relatively simple evidence-based assignment rules, outcomes could be improved by 15-20%. An example of such a simple assignment rule comes from Germany's 'Social integration into the labour market' programme. Based on research conducted during the first phase of implementation, it became clear that the programme was particularly effective for the most vulnerable. It turned out that selecting participants based on prolonged (5+ years) minimum income benefit receipt, combined with low work intensity, effectively led to targeting the most vulnerable, hence in the second phase of implementation this enrolment rule was legislated. However, based on previous results from experiments, it seems that caseworkers may need to be given incentives or behavioural rules in order to implement more effective targeting strategies, as simple information provision has not induced changes in assignment practices.

## 2. LESSONS FROM SERVICE INTEGRATION

It is clear from the approaches to service provision for the long-term unemployed that there is a need for cooperation and coordination with many more partners than has previously been the case, in order to facilitate the reintegration of vulnerable jobseekers. These individuals often face a multiplicity of barriers and offering only employment-oriented services is insufficient. This raises several questions. First, to what extent is service integration necessary, and do we have lessons from the implementation of the LTU Recommendation? A second, related, question is which services is it particularly important to keep in-house at the PES? Third, given that this approach will need a concerted approach, how should we deal with the financing, monitoring and accountability issues that arise?

Recent studies on service integration for the long-term unemployed (European Commission 2018a, and 2020) have shown that more integrated services in partnerships between the providers of employment and social services lead to quicker re-employment. While institutional set-ups can vary (from formal partnership to mergers), having these services 'under the same roof' does not necessarily guarantee effective referrals. By the same token, regular joint case management meetings can be sufficient (such as in Slovenia). A similar approach is taken in France (under the 'accompagnement global'), where the most vulnerable jobseekers simultaneously receive support from the employment counsellor and the social counsellor, who regular exchange information about the progress of the client. While it is beneficial if the cooperating institutions are at the same level of territorial governance, this is not a must.

An important example comes from France, where there are variations across departments in how the cooperation works between the PES and the social services, for the purpose of the joint follow-up of vulnerable jobseekers. In particular, it became clear that when there is a dedicated social worker for this task – or there is one social worker who oversees the work of all those within the 'accompagnement global' team and communicates with the PES colleagues – there is much more effective coordination. In these cases, both parties (PES and social services) are involved in setting up a joint integration plan for the client, communication is more regular, and each has a better understanding of the goals of reintegration. Furthermore, there is some evidence that this kind of coordination ultimately leads to better re-employment chances for vulnerable jobseekers.

It appears to be important that for vulnerable jobseekers such cooperation-based solutions should provide a low-threshold entry and are available at the local level and, in some cases, are not a formal part of the PES. Besides employment and social counselling, health and psychological services might need to be integrated in order to achieve the best results for jobseekers with a vulnerable background. Ideally, the establishment of closer cooperation ('one-stop-shops') does not necessarily mean a large increase in staff but, rather, bringing together services that are already available in a fragmented manner. Thus, each cooperating institution might delegate staff, expertise and budget. It is also worth keeping in mind that having a separate identity from the PES is part of the success of these institutions.

It needs to be emphasised that without a harmonisation of goals, and agreement on what the headline indicators ought to be, cooperation is difficult to achieve. Furthermore, clear incentives, responsibilities and mechanisms for monitoring results need to be put in place to guarantee cooperation. It is important to underscore that this does not preclude variation at the regional/local level in the implementation of cooperation but, in such cases, strong accountability or transparent benchmarking is needed. In the absence of such incentives and clear concepts, there is a risk that different agencies shift clients and costs to other institutions. When thinking about partnerships and cooperation, it is necessary to consider which services need to be outsourced. Broadly speaking, past research has shown that there seems to be no additional benefit to outsourcing employment counselling,

especially given the difficulty of designing proper incentives. However, it is clear that many of the tasks related to outreach, as well as mentoring, might be done by grassroots NGOs.

Some important lessons related to service integration and cooperation emerged from the TRW and recent programmes. First, without well-established partnerships, it is somewhat difficult to convince local stakeholders of the benefits of innovative programmes. Second, in a number of programmes discussed in depth, an essential point was the mapping of the local labour market, and intensive preliminary meetings with stakeholders (including employers), before launching social enterprises for vulnerable jobseekers. In this way, the employers can become aware of the purpose of the social enterprises and can also potentially become aware of opportunities for recruiting vulnerable jobseekers. Third, it is clear that for many vulnerable jobseekers, links to the health sector would be very important, but there are very few well-established examples of cooperation.

The latest development in this field is the launch of local government pilots in Finland in March 2021. The explicit aim of these pilots is to improve the re-employment of people in vulnerable positions, which is to be achieved by having some of the services of the local labour offices transferred to local governments (for non-recipients of unemployment insurance benefits). The goal is to integrate employment, education, social and health services more closely, in such a way that multi-sectoral services and comprehensive personal support can be offered to vulnerable jobseekers. There will not be a strict service model, hence the implementation can be adapted to the needs of the local population and the labour market. Given that this is a large-scale pilot scheme (affecting more than one-third of jobseekers), thorough evaluation and monitoring will be carried out.

### **3. INTENSIVE MEETINGS AND JOB SEARCH COUNSELLING**

Over the last decade, increasing attention has been devoted to the role played by counsellors, and the beneficial effect of more face-to-face meetings. While we have relatively little evidence accruing from the implementation of the LTU Recommendation, several pilot studies have found that counselling is a comparatively cost-effective method for reintegrating vulnerable jobseekers. We will review the evidence on the timing, the intensity of meetings, the role played by counsellors and the mechanism through which counselling might have a positive effect. We will also highlight some of the pitfalls of providing intensive support: potential displacement effects and the thorny issue of how to outsource job search support for vulnerable jobseekers.

#### **3.1 Recent evidence on counselling**

The role played by counsellors was initially highlighted by a series of pilots in Denmark, which found that holding more intensive meetings in the first nine months of a jobseeker's unemployment spell was conducive to faster reintegration into the labour market, and was a cost-effective strategy. Growing evidence is now available from other countries, and for disadvantaged jobseekers as well. In different experiments in Denmark, France, Germany and Sweden, reducing caseloads of counsellors to (typically) 40–50 persons has led to substantial gains in reintegration (see Cheung et al. (2019)). While not all these experiments targeted vulnerable individuals (hard-to-place jobseekers), it seems to be clear that increased efforts on the part of counsellors to have more regular individual (face-to-face or online) meetings with jobseekers are the key to positive outcomes. By the same token, we also have evidence that missing a meeting with employment counsellors slows down the re-employment process (Schiprowski (2020)).

One recent example comes from France, where the most vulnerable jobseekers benefit not only from intensive meetings with a PES counsellor, but are also followed (albeit less intensively) by a social worker. This 'accompagnement global' typically lasts for one year, with meetings at least once a month. Evaluations have shown that this approach

significantly increases the chance of finding sustainable employment, lasting at least six months (see Aventur et al. (2018)).

Given that frequent meetings are conducive to reintegration, it is important to understand, (i) why these work, and (ii) whether some characteristics or strategies of caseworkers are particularly valuable. It seems to be the case that besides keeping up job search motivation, giving actual job referrals makes meetings effective. Broadly speaking, these supportive attitudes of caseworkers are helpful for most vulnerable jobseekers. However, we also have evidence that the most successful employment counsellors are those who clearly have an employment orientation and are insistent on job search obligations. Furthermore, while in most PES the assignment of jobseekers to counsellors is (quasi) random, some research has pointed out that counsellor-jobseeker matches where the two parties have similarities across a number of dimensions (have worked in the same industries as the jobseeker, have the same gender/age etc.) might be more effective (see Vikström et al. (2021)).

As well as meetings with counsellors, intensive (group) job-search training has a similar positive effect for vulnerable jobseekers. These sessions not only improve the effectiveness of the job search, but also lead to a more realistic understanding of the labour market, resulting in lowered minimal acceptable wages and a broader scope for job searches. Furthermore, these sessions also lead to positive effects on motivation and self-confidence. There is no clear evidence whether working in small groups (of 10–15 people) is more cost effective than individual sessions with job counsellors, but in some contexts group sessions seem more beneficial for those in the most vulnerable positions.

If intensive job search counselling and more regular meetings with caseworkers are effective, then this begs the question whether it might be most effective to try this approach as early as possible for those with a vulnerable background in order to prevent them falling into long-term non-employment. Some PES (for instance, the Dutch UWV and the Flemish VDAB, in Belgium) follow precisely this strategy, aiming to conduct face-to-face meetings with those jobseekers deemed to have the highest risk of becoming LTUs. While this seems a sensible strategy, clear (experimental) evidence on the timing of interventions only exists for other aspects of jobseekers' journeys, specifically on those elements that clarify jobseekers' duties and rights. First, evidence from the Belgian Flemish Region shows that having a group information session about the functioning of the unemployment insurance, followed by a one-to-one counselling session, seems to be more effective when scheduled early in an unemployment spell for vulnerable (low-educated) jobseekers, albeit with minor results (van Landeghem et al. (2017)). Second, signing an integration agreement in the first months of an unemployment spell, which primarily acts as a 'nudging device', has also been shown to speed up reintegration for vulnerable jobseekers, as has been shown in an experiment in Germany. We have much less direct evidence about the timing of counselling sessions; some research results imply that the quality of the counselling matters more than the early intervention (van den Berge et al. (2021)).

As one of the main ways in which job counsellors help vulnerable jobseekers is by providing direct referrals, it is natural to ask whether gathering more suitable job offers is effective. Such strategies, namely having counsellors specialised in 'job hunting' for vulnerable jobseekers, have been introduced in a number of countries (for example, France, Germany and the Netherlands). A recent evaluation of a randomised control trial conducted in France pointed to the benefits of keeping direct contact with employers. A renewed service of Pôle emploi – consisting of contacting firms with the aim of identifying vacancies, an offer of free services, and promoting harder-to-place jobseekers – has shown remarkable results (Algan et al. (2020)). This programme not only leads to an increased number of vacancy postings to PES, but also significantly increases hires in open-ended contracts from the pool of registered unemployed. Furthermore, while part of this increase in hiring was due to a substitution of fixed-term contracts with open-ended contracts (likely to be conducive

to an increased sustainability of employment for PES clients), it also represented net employment creation as well as increasing the composition of new hires towards slightly less employable jobseekers. The strategy of offering some free services for firms in order to make PES' job-matching process more effective, is used in several countries in many guises. The aim is to encourage employers to consider jobseekers who might normally be less employable, based on their CVs alone.

It is also worth emphasising that counselling seems necessary after an employment opportunity for a vulnerable jobseeker has been secured. This post-placement counselling is not only beneficial for the employee but, in many cases, is also reassuring for the employer. They need to be made aware that should any issues concerning the integration of the vulnerable person arise, there may be an external agent willing to step in to help resolve it.

### **3.2 Displacement and outsourcing**

There are two more contentious issues related to job referrals via counsellors and job search programmes. The first of these is whether referrals might have displacement effects, and that part of the reason counselling for vulnerable jobseekers 'works', is that they are favoured among applicants. In other words, the positive effect for vulnerable jobseekers comes at the detriment of less vulnerable jobseekers (who do not benefit from a PES referral). Such an effect has been shown in a number of cases (see Cheung et al. (2019)) and it seems that, for this reason, referrals are more beneficial overall in tight labour markets (in booms). However, the overall balance is likely to be positive.

A second, thornier, issue is whether such services ought to be provided in-house by PES counsellors (as is typically the case in France or Germany) or whether private providers can be more cost-effective, given the right incentives. There have been very few reliable studies of this issue, and they tend to find that private (for-profit) providers are not more effective and, indeed, it is in the reintegration of the most vulnerable jobseekers that in-house services seem to do better (see Belhagel et al. (2014)). Furthermore, given that it is a difficult task to set monetary incentives properly (to avoid cream-skimming and parking), private providers often perform worse than PES in terms of cost-efficiency. One of the largest recent programmes for the long-term unemployed that has been contracted to private providers is Ireland's Jobpath, which consists of intensive job-search counselling and caseworking. Interestingly, participants were randomly assigned to Jobpath, which is operated by two large private service providers, who are subject to payment-by-results schemes (with upfront payment amounting to less than 20% of potential total payments). This programme is effective in raising sustainable reintegration rates, but: (i) there are no public results on its cost-efficiency, and (ii) since Ireland's PES, Intreo, does not run a similar programme, it cannot be compared to public provision.

A third, related, issue is the role of post-placement support, as most PES acknowledge that vulnerable jobseekers can largely benefit from this as a means to sustainably reintegrate into a job. However, there is no consensus on who ought to provide this support, nor how it should be provided, as a variety of models are being experimented with. It seems that the role of mentor-colleagues in the workplace is essential, as they provide not only input into on-the-job learning but – more essentially – moral support. The question, then, is how to compensate the employer for the mentors' working time. Furthermore, it seems that more professional help is also needed during the early phases of labour market reintegration. However, it is not clear whether external psychologists can fulfil this role, given the difficulty of overseeing their work. In some cases, PES counsellors with a degree in psychology play this post-placement mentor role, however this raises the question of scalability.

## 4. TRAINING PROVISION FOR VULNERABLE JOBSEEKERS

There is an emerging consensus that, shorter training courses can be more cost-effective than longer (vocational) training courses (see Card et al. (2018)). This squares well with the emerging emphasis on micro-credentials, and on shifting to more modularised training. However, the overarching evidence from evaluations of active labour market policies is that participation in training, even including longer vocational training courses, is effective for vulnerable jobseekers. First, during the training period, job search intensity decreases (this is the lock-in period), as trainees tend to concentrate on finishing the course and getting qualifications rather than continuing to look for a job. Given that vulnerable jobseekers have relatively low chances of finding a job in the absence of training (in contrast with less vulnerable jobseekers), they do not miss many good opportunities during the training course. Second, it seems that vulnerable jobseekers benefit more from the training, in the sense that the courses tend to lead to a larger increase in skills, hence the training improves their re-employment chances substantially. The main issue, however, is how to convince vulnerable people (and their employers) to participate in firm-provided training or voucher-sponsored training, as the take-up of such programmes by people with a lower education level is somewhat low.

### 4.1 The impact of the COVID-19 pandemic

The COVID-19 pandemic has brought about some important changes. Naturally, face-to-face and in-firm training had to be suspended, and courses moved online. The natural question, then, is to what extent the participation of more vulnerable jobseekers could be ensured, especially if there was a delay in the switch to online training on the part of the service providers.

The response of Portugal is a very promising example. Given that the PES also run training centres (hence, not all training courses are outsourced), they could develop agile solutions quickly and ensure that these were implemented in a timely manner. First of all, colleagues at the Institute for Employment and Vocational Training (Portugal's PES) realised that vulnerable jobseekers often do not have the basic digital skills to be able to participate in online courses and (more rarely) they do not have access to proper digital devices. Thus, they first developed a short online tool to diagnose digital skills in order to find those needing training. Second, they launched a short course (of a few days) on basic digital skills, and a large number of vulnerable jobseekers were invited to participate in these (before participating in online courses). Third, those without digital devices could participate in courses at training centres (with proper social distancing measures) or – in rare cases – they were loaned tablets.

As a large number of jobseekers could not work due to lockdown measures, some countries initiated programmes to promote participation in education. Iceland launched the 'Opportunity in education' programme for those registered as jobseekers for at least six months. This means that participants can pursue full-time study for one semester, alongside being on unemployment benefits. A specific effort has been made to inform them of this measure via text messages and emails, and those who have not completed formal education are even contacted by phone. Similarly, additional attention is devoted to those with little to no knowledge of the Icelandic language. PES counsellors (as well as counsellors at the educational organisation) can be contacted for advice on the most appropriate courses.

It became apparent, due to the COVID-19 pandemic, that a significant proportion of vulnerable jobseekers do not possess the basic digital skills to participate in online activities. This will likely hinder their integration in the future, as it is predicted that a larger number of tasks will be performed remotely. A number of countries have tried to answer this challenge by teaming up with IT (training) companies, to offer free online courses. However, it is not clear to what extent these approaches have been successful, particularly

for vulnerable jobseekers (who might not be aware of the most relevant course), and we have relatively little knowledge of this issue given the challenges with monitoring such programmes. The difficulties with aligning jobseekers' skills to the demands of the IT sector, as well as with keeping them on board to successfully finish such courses, are highlighted by the 'Re-programming' courses launched in the summer of 2020 in Hungary. This offered an eight-week basic course in IT skills, but of the 47,000 people who finished the course, only 9,000 graduated successfully. Given this experience, the new version of the course will be shorter – at just four weeks – and less demanding.

The COVID-19 pandemic also prompted the use of more short courses for jobseekers in order to meet the rising demand for labour in the delivery and transportation industries, as well as the health sector. A number of PES (such as Pôle emploi) took a very active role in directing jobseekers to the relevant courses to equip them with the basic skills needed. It remains to be discussed how PES can learn from this experience, how to integrate micro-credentials, how to acknowledge informal learning, and how to design modularised training to target vulnerable jobseekers.

### **4.2 On-the-job training for vulnerable jobseekers – lessons from a pilot**

On-the-job training also seems to be an important avenue towards the integration of vulnerable jobseekers, as it often ensures a natural transition into employment, as well as providing an opportunity to be involved in productive activities as quickly as possible.

The pilot project 'Learning Workshops', in Slovenia, is an example of the traineeship type of programme at social enterprises. It has been running since 2018 and is intended for the registered unemployed who need intensive support due to specific and multiple health, social, psychological, situational, and other obstacles to employment. It is worth emphasising that it is specifically designed for jobseekers who cannot be directly placed into a job on the primary labour market; and its goal is longer-term social integration, while promoting social entrepreneurship with an aim to increase access to employment for everyone.

The programme offers the possibility to gain new skills, competences and experience while working at an employer within the field of social entrepreneurship. It is organised as a six-month practical training under the professional guidance of internal and external mentors. Under the guidance of an internal mentor, the participant is given practical training to acquire knowledge, vocational skills and work experience in a specific social entrepreneurship working environment. With the support of an external mentor (expert for 'soft skills'), the participant aims to resolve specific problems that are usually the result of LTU, disability, health, or other social barriers. Six months of practical training can continue with six or 12 months of subsidised employment. Furthermore, there is a PES mobile unit (with six counsellors) which is dedicated to following up participants (especially after the practical training).

During the practical training phase, the programme offers the employers a flat-rate subsidy, as well as a similar subsidy during the (potential) subsequent employment period (which covers 75% of the minimum wage). It is important to emphasise that during the training period, jobseekers are still registered at the PES, and receive a training allowance (as well as a travel allowance), while in the subsequent employment period they are in a fully-insured regular job. One lesson learned was that not all vulnerable non-employed people found it financially favourable to participate in a 'Learning Workshop', given that financial social assistance is relatively generous in Slovenia. A second important lesson was that vulnerable jobseekers can only be expected to take up work gradually, initially starting with a half-time job. Third, PES need to advocate for employers taking on/retaining the training participants. Nevertheless, the goal that at least one in four training participants is in regular employment after the end of the programme is currently met.

The most important conclusions of the programme relate to the role of internal and external mentors. The internal mentor needs to not only understand the vulnerable person and their obstacles, but to offer support every day, focusing on the strong characteristics of the vulnerable person, with a positive attitude. Furthermore, it is important that the companies (mentors) do not take on too many vulnerable people at the same time, so that the mentors can concentrate fully on each person (in principle, the internal mentor should spend 60 hours per month on this activity). It was concluded that the minimum time that external mentors (who are trained in psychology) are to devote to a participant needs to be raised from one hour per month, and their role and requirements are to be more closely supervised.

### **5. LONG-TERM SUPPORT THROUGH SOCIAL ENTERPRISES**

It seems that there are particularly vulnerable jobseekers who might not be expected to be able to reintegrate into the primary labour market within a reasonable amount of time. Furthermore, it appears that the use of 'classic' hiring subsidies leads to the under-representation of those further from the labour market.

The primary groups who might need social integration are those with health impairments, or with a very long non-employment period leading to social disengagement. A number of PES have started offering long-term support through work integration social enterprises – somewhat similar to sheltered employment for disabled persons. At the same time, more and more EU Member States have adopted specific laws about the legal status and mission of social enterprises. Given that this is, relatively speaking, a little-tested approach for able-bodied vulnerable jobseekers, a large number of questions are yet to be answered. (Please note that the evidence on support through social enterprises for persons with disabilities will not be reviewed here in depth, as this will be the topic of a separate Toolkit.)

First, social enterprises (SEs) might provide for a heterogeneous group of vulnerable non-employed persons (essentially, all those for whom other options do not seem realistic) or, rather, concentrate on a particular disadvantaged group (for instance, women from a migrant background). Second, the objectives of SEs differ: (i) some may aim to reintegrate vulnerable people to the primary labour market (i.e. they constitute bridges), or (ii) they may endeavour to enable the jobseeker to pursue economically-sustainable jobs within social enterprises. Alternatively, when productive work is not realistic, SEs may be a means to reintegrate severely disadvantaged persons into society by enabling them to pursue some professional activity. Third, and clearly interrelated with the two issues above, the type of work done (and whether it is also associated with training) and the nature of the employment relationship can also largely differ across SEs. Finally, the financing of SEs also varies, ranging from long-term public subsidies that fund most of their budget to arrangements where public funding is only partial or temporary, and the rest of the firm's revenue comes from sales of goods/services.

Clearly, the above issues are interrelated, and there are four main types of social enterprises. First, the most widespread and oldest type of SEs, which are often for health-impaired persons, offer occupational integration supported by permanent 'subsidies'. The second type of SEs offer permanent, self-subsidised employment, i.e. stable jobs, economically-sustainable in the medium term, to people who are disadvantaged in the labour market. These SEs are initially subsidised. Third, work integration SEs that mostly aim to (re)socialise people through productive activities. These typically target able-bodied workers with serious psycho-social problems (or health-impaired persons), and they generally do not provide real work nor a work contract but, rather, sheltered employment. Fourth, initiatives offering transitional employment or traineeships to disadvantaged jobseekers.

Given that for all PES the ultimate goal is placement into sustainable jobs, it is important to discuss within what timescale this is realistic. Furthermore, PES need to find

instruments which will measure progress towards this goal. This highlights the importance of 'soft' or 'distance travelled' measures assessing the increased employability of programme participants (for more details on these issues, please see [www.youtube.com/watch?v=2xvd8\\_y3cJo](https://www.youtube.com/watch?v=2xvd8_y3cJo)).

### **5.1 A novel approach – building social enterprises for the long-term unemployed**

The 'Territories without long-term unemployment' (Territoire zéro chômeur de longue durée' – TZCLD) pilot programme was conducted in 10 French regions ('Territories') from 2016–2020. The main goal of the programme was to provide disadvantaged and marginalised people with employment opportunities. It was built around three relatively groundbreaking ideas: (i) everyone is employable, everybody has some skills; (ii) there are many useful activities, there are some needs at the local level which are currently not being satisfied; (iii) lack of funds is not an issue, non-employment costs society a lot of money. Given that the initial pilots have been deemed successful, this approach will be used in 50 further localities.

In the pilots, so-called EBEs (Entreprise à but d'emploi – Enterprise for employment) were established throughout the regions. While EBEs may be considered as a kind of social enterprise, some of their focal principles set them apart: (a) EBEs provide unemployed people with positions that correspond with their skills and needs and, therefore, cover a very broad range of activities; (b) EBEs must not compete with private sector organisations; and (c) the PES refers non-employed individuals to the programme, but participation is completely voluntary.

While the goal and principles of the scheme are ambitious and promising, the evaluation of its first operational years revealed some difficulties. First, some organisational problems were identified. While the large heterogeneity of professions caused internal organisational challenges, the non-competing principle led to constant tensions with external organisations. Second, the initial costs of the programme are relatively high (approx. EUR 26,000 per person), while the estimated net socio-economic benefits were lower than expected, and it was unknown whether the programme facilitates reintegration in the traditional labour market.

Despite these initial issues, the evolution of the pilots seems promising. First, there was an increasing selectivity in recruitment of non-employed persons, favouring those who were more severely disadvantaged. Second, an impact evaluation estimated that only a third of the clients would have been able to secure open-ended (stable) employment in the absence of the pilots. Furthermore, the employees of the EBEs saw not only their material living conditions improve, but they also had access to more services, including medical, and their general wellbeing was also considerably higher. Third, the management of the EBEs became more professional, the enterprises became more financially sustainable, and the enterprises adapted flexibly to the difficulties posed by the COVID-19 pandemic.

Furthermore, it is important to point out the role of the pilots in the local employment strategies. On the one hand, the pilot could only make a difference for the vulnerable non-employed, and its broader impact is yet to be seen. On the other hand, the process leading up to the establishment of the EBEs, the fact that local stakeholders had to discuss (and must continuously debate) where these enterprises can fit in the local labour market, such that they do not hurt existing firms, seems to be beneficial. More precisely, it appears to be the case that it raised awareness of the skills of vulnerable jobseekers among local companies, and hence some of them did not need the EBEs to find employment.

The discussion at the TRW called attention to some potential issues with the pilots. First, the recruitment of the clients for the TZCLD is on a voluntary basis; indeed, less than half of those recommended by Pôle emploi ended up working at an EBE. This raises a couple of further questions: (i) On the one hand, how to reach out to more vulnerable people so that they are interested in such employment? On the other hand, if there are many

vulnerable people with very different skills and obstacles, it might be difficult to find appropriate activities for all; and (ii) the fact that enrolment is voluntary might mean that it is partly due to their commitment/motivation that positive results were achieved.

Second, it is not clear whether EBE employees receive adequate support and/or training, as: (i) there is no formal mentoring in the pilots; (ii) it is not clear whether training ought to be done in such a way that vulnerable employees can move on to jobs outside the EBEs or function better within the organisation, and (iii) while Pôle emploi is to fund training, the actual organisational solutions are yet to be fully developed.

### **5.2 Adapting the French pilots to different contexts**

Building on the positive example of the TZCLD pilots in France, similar initiatives could be launched in 2022 or in the coming years in two regions of Belgium – the Brussels-Capital and Walloon Regions. The two PES (Actiris and Le Forem) are taking somewhat different approaches in adapting the pilots, based on how the local financial support and social enterprise contexts diverge.

In the Brussels-Capital Region, Actiris' proposal is to have a very similar approach to the original French one in its core principles, though aiming to design financially stronger social enterprises hiring unemployed people ("entreprises à but d'emploi"). Two feasibility studies were carried out in 2020, from a legal as well as an economic point of view. The latter one is of high interest, as the authors estimated the costs of non-employment, including both direct (non-employment financial support and cost of employment services) and indirect components (increased health care costs etc.). Furthermore, the study found that implementing the TZCLD pilot would lead to a saving of around EUR 3,000/year per participant over a five-year period; which would be a significant sum relative to the estimated costs of non-employment (around EUR 42,000/year, per person).

Currently, a working group is running with 14 municipalities and 'public centres for social action', federations of socio-professional integration actors, associations fighting against poverty, and social partners. Furthermore, research on the potential of job creation in new activities, and tests of the 'territory's needs register' methodology is being implemented.

In contrast, Le Forem did not opt for a fully-fledged adaptation of the TZCLD approach, and this will be one of four different approaches that are going to be used to fight (very) long-term unemployment. The other three are: (i) more intensive (and multi-channel) guidance for vulnerable jobseekers; (ii) additional hiring incentives for employers; and (iii) an overview of innovative approaches, with the goal of adaptation. Le Forem is to choose a slightly modified version of the TZCLD approach after a thorough review of its advantages and weaker points. First, the selection into the pilots will be relatively strict, with the main target group being those who have been out of employment for at least five years. Second, and most importantly, there will be an emphasis on in-work guidance and training. Initially, there will be the launch of a call for projects, which will last for five years, and an evaluation will be included.

### **5.3 Inclusion of vulnerable jobseekers through long-term wage subsidies**

In Germany, a long-term wage subsidy is offered to employers willing to hire the most vulnerable jobseekers. In the first phase of the programme, between 2015 and 2018, 'Social integration within the labour market' offered longer-term support (up to 36 months) and provided long-term unemployed vulnerable people (on welfare benefits for at least four years and with health impairments or raising children) with minimum-wage jobs. The programme was explicitly aimed at social integration (rather than re-employment on the primary labour market), and the tasks carried out in the programme were required to be of public interest, competition neutral and meeting a need not yet met in the local market. Jobcentres (which provide measures and services for welfare benefit recipients) assigned contracts to charities or public employers, and participants could receive additional services

(mentoring etc.). An evaluation found that the programme was successful not only in raising participants' life satisfaction, mental health and social integration, but also their employment prospects. The programme was more successful for those in the most vulnerable position (those with a very long benefit record, who were older and had health issues).

Building on the success of this first phase, in 2019 the programme was renewed and slightly redesigned. First, there is an explicit focus on those with very long non-employment periods: the target group is people over the age of 25 who have been receiving minimum-income benefits for at least six of the last seven years (or five years, if living with a disabled family member or with children under age 18) and were at most only marginally employed with social insurance coverage. Second, wage subsidies run for a longer period, up to five years, offering 100% wage cost subsidy in the first two years, while being gradually reduced to 70% by the fifth year. Third, the criteria for publicly-funded jobs has been made less stringent, hence placements at private (for-profit) employers are also possible, leading to a wider array of possible jobs. Fourth, post-placement support through counsellors is offered for the full five years, and employers are obliged to allow vulnerable persons to participate in these during working time. Finally, there is more funding available for training, as well as for potential childcare costs.

While having the possibility of wage subsidies at for-profit firms might run the risk of deadweight loss, at the same time it is likely that the most vulnerable jobseekers would not be recruited in absence of the subsidy, and this one of the important points of the subsequent evaluation study. However, current reports on the implementation show that the employment relationships have continued during the COVID-19 pandemic, and that a significant number of vulnerable jobseekers (currently around 29%) can move on to non-subsidised jobs.

## 6. CONCLUSIONS

The Thematic Review Workshop demonstrated that many European PES are experimenting with novel approaches for the integration of vulnerable groups in the labour market. There is a shared **willingness to invest in employment programmes for the long-term unemployed** and other vulnerable groups, and to shift expenditure towards these groups from the short-term unemployed.

Offering timely support hinges on identifying jobseekers' needs; **early and holistic profiling is extremely important**, as vulnerable people often face a number of barriers to employment due to a complex set of issues. The participants of the TRW concluded that the most delicate issue in this respect is the sharing of information with the health sector. Avoiding labelling vulnerable people and having awareness of the fluidity of their problems is also key to developing bespoke personalised services. Labelling and classifying clients' circumstances can raise issues for the administration of ESF programmes, where proposals must be framed to satisfy criteria for funding whilst ensuring that addressing client need is the priority.

In a number of recent novel approaches, the importance of **offering support even after a vulnerable person has been placed** has emerged. Very often, vulnerable people need a gradual transition to full-time activity, supported by a workplace mentor. How to correctly select and incentivise these mentors seems a crucial point for future discussion and sharing of experiences of PES.

The potential for using **social enterprises** as a way to reintegrate vulnerable people can be further explored. These social enterprises make up for market failure on both the demand and the supply sides at local level: providing for the needs of local communities, and offering labour market opportunities for all. Social enterprises orientated to meeting the needs not provided by the market, employing people for whom the market has not created jobs, presents good symmetry to justify investment in increasing social capital. In

relation to social enterprises, the return on investment not only concerns the vulnerable groups targeted by programmes; through the enterprises' activity, important and topical social and environmental benefits are also realised. The formation of local networks with a view to improving vulnerable people's opportunities are an important first step towards establishing an understanding of the needs of the local economy.

Finally, the TRW showed that the cost of non-employment can provide a good metric to assess the **added value of employability programmes**. This measure could be used in conjunction with 'soft', 'distance travelled' measures in assessing the increased employability of programme participants.

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