

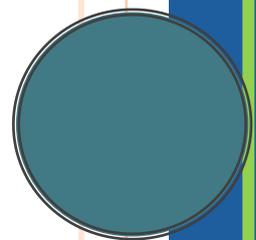


Innovation in Employment Policies: the advantages of a regional approach

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Assembly of the European Regions - Azores 2011



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In a very difficult context, our Regions are confronted every day with some of the worst difficulties that can affect a society: the effects of unemployment, particularly that of youth unemployment. We must provide an answer, as outlined by President César on the occasion of the General Assembly of AER: “Think region. Act region. Make Europe go on!” Regions should, therefore, take on an innovative role in developing active employment policies.

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Here are some reflections regarding this matter.

The multifactorial and dynamic character of employment

Here we formulate two hypotheses regarding the functioning of the employment market. We should note at the outset that employment policies are too often based on the generally accepted presupposition that without economic activity there can be no employment. It is as if, recognizing that without oxygen there is no human life, one would elaborate a health policy based solely on the quality of oxygen. In fact, there are other considerations involved.

Our first hypothesis is this: employment depends on a multiplicity of factors that can be divided into three groups: motivational factors, socio-economic context and competencies. $E=mc^2$

The individual motivating factors are those that relate to the attractiveness of jobs, work conditions, salaries, careers, stability, employment security and professional project. Socio-economic factors relate to the recognized centrality of work in practice, public discourse, government programs and social projects. Individual motivating factors may be furthered by public or state intervention, such as public employment services for the unemployed, education services for the young, social services for the inactive and initiatives directed at companies and organizations that employ workers. In order to act on these factors, a whole array of active employment policies must be put into practice and may, on occasion, be implemented as professional training schemes or function in conjunction with such schemes.

The weight of each factor or of each group of factors depends on the characteristics of the Region, the project that was conceived and defined for its development and even of its own History.

Contextual factors are the financial and economic variables at the global, european, national, regional and even local levels: the trust of entrepreneurs, investors and consumers; the actions of decision-makers and agents of development; the involvement of workers. It is in this field that we find the greatest share of external variables and an important quantity of factors that can not be controlled. Rather, it is on the internal factors related to context that national and regional economic and financial policies should be focused. But, above all, it is the factors related to

competencies - understood as factors that are inherent to pertinent professional training that optimizes the functioning of organizations - that should be contemplated by governmental policies and measures. Generally speaking it is in this field that the core of the active professional training employment policies is implemented.

The greater or lesser weight of each factor or group of factors depends certainly on the moment at which employment policies are implemented, on the characteristics of the region, on the project that was conceived for its development and even on its own history.

The second hypothesis is based on what we are able to ascertain with regard to the functioning of the labour market, i.e., that it is in constant movement: at any moment there are unemployed that enter the labour market; there are workers that leave it; there are competencies that change, valorizing or making obsolete certain types of professions, according to the needs of the moment; there are young people that arrive in the labour market; there are workers that retire...At any moment, something is happening.

The greater or lesser weight of each factor for employment depends certainly on the moment at which employment policies are implemented, on the characteristics of the region, on the project that was conceived for its development and even on its own history.

Changes in skills and competencies is permanent. The professional mobility of persons is not manifested or undertaken at the desired speed.

The perimeter of action of employment/training policies becomes, therefore, wider than the perimeter of classic policies that address unemployment.

Hence the fragility of policies that are elaborated on the basis of statistical analysis of territory and its development. To establish a professional training policy it is necessary to integrate the ineluctable and permanent dynamic of the labour market. At this moment, in which we are considering such questions as flexisecurity, we should underline that, in fact, employment security results from the possibility that our competencies are as mobile as the necessities and competencies that the market manifests and requires. Herein we have encountered the greatest difficulties for public policies of professional training. Yet, it is also here that we have found the most interesting challenges.

Therefore, the perimeter of action of our employment/training policy becomes wider than the perimeter of action of classic policies of employment given that it not only addresses the unemployed but also an important share of the population of a region that is in "flux" (persons that will enter the labour market, such as youngsters that are in the education and/or professional training system and the inactive or socially vulnerable) and those that are in "stock" (active workers and unemployed).

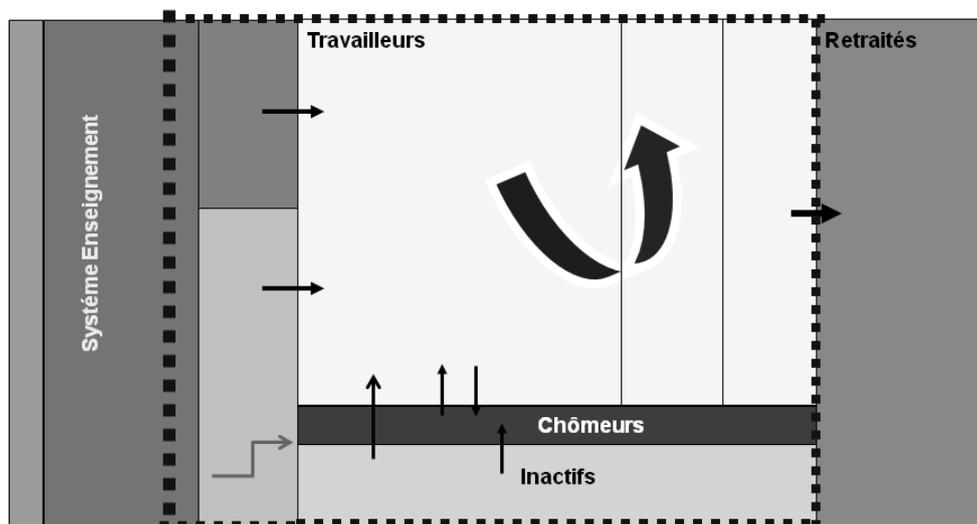
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Addressing the employment flux obliges us to consider the question of the employability of youngsters before they reach the labour market: hence the importance

of a strategic perspective that can anticipate the evolution and necessities of companies and of the training and educational systems. Analyzing the employment stock forces us to constantly consider the question of the employability of actives so that they do not have to leave the labour market. Hence, this requires mechanisms of professional mobility that are strongly linked to companies.

Figure: Dynamic of employment and perimeter of action of employment policies

Dynamique de l'emploi et périmètre d'action des politiques formation / emploi



The difficult relations between employment, professional training and the regional challenge.

Regional policies of professional training are not more effective just because they are regional.

We must observe closer and see where are the implementation difficulties of professional training and employment policies lie and understand why the regional approach can attenuate them.

These difficulties are related to at least four problems.

- Firstly, there are the difficulties that result from the fact that the professional training and employment systems are not synchronized do not have the same nature or even the same rhythm.

Employment and professional training are complex systems that depend upon factors that are frequently separated and of agents that, in most cases, have different agendas and of actors that frequently perform excessively solitary roles. Employment systems are dynamic and in permanent movement. Policy responses to employment, especially in terms of initial training are, on the contrary, static: generally, they develop in prolonged time spans and are constructed on the basis of an analysis of reality in a

given moment that is susceptible to profound transformations later on. It would therefore be advisable to act not merely in accordance with the permanent need to adapt to the necessities and competencies of the economy but rather to anticipate such necessities. This implies access to instruments of strategic vigilance that are easier to construct at a regional level. Such vigilance instruments are even more advisable insofar as there is another factor that should be taken into account: even if it is not possible to control external events that influence the employment market it is nonetheless advantageous to know them beforehand.

In this regard, the regional dimension may help resolve the implementation difficulties of these policies.

A second difficulty derives from the fact that employment and training policies suffer generally from an important discrepancy between decision cycles, namely electoral cycles and cycles of results: it is this discrepancy that a regional approach may attenuate. The timing of public action does not coincide with the timing of results.

To minimise this discrepancy it is necessary to understand reality and its necessities earlier, decide, act more rapidly and lead actors into a more intense interaction.

It is for this reason that, frequently, the decision chain, the perception chain and the action mechanisms are shorter and more effective at the regional level.

The third difficulty arises in the articulation between policies.

Training and employment policies should be first articulated between them and should make incursions into the worlds of the economy, society and education. These are articulations that are easier to institute at the regional level rather than at the national level,

given that the regional policies of professional training are conceived much more as policies that influence regional development projects rather than as adjustment policies or other policies (especially economical, social and educational). Policies should be intimately tied and conceived not as a consequence of the definitions of the development project but in interaction with other dimensions of the regional project. The implementation of employment and training policies should permit the conjunction of strategic centralization in the conceptualization phase and piloting actions and an operational decentralization in the implementation phase. At the regional level we may even imagine a single piloting structure of policies, even though it is possible to distinguish several actors in relation to each of the measures that are derive from it.

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The fourth difficulty concerns the adherence of persons. The measures that derive from the employment and training policies maybe are, in the field of public policy, those that require the highest degree of individual and collective adherence: it is not possible to develop employment policies based on the acquisition of competencies if there is no individual adherence to a training process and collective adherence to the development project. It is necessary to reach the great public and each individual separately. The regional dimension can transmit with greater facility to public opinion what is at stake when employment qualifications are spoken about, given that the regional approach permits greater proximity. The greater the number of people that are associated in a common endeavor, the greater the effectiveness of policies.

Employment and professional training policies, structured as regional policies, can reveal an efficacy that may not be attainable at the national level, thus becoming central policies in the regional project of development.

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The Regional Employment Plan

The need for structuring professional training policies, learnable, consensual, feasible, capable of responding both to developmental requisites and of impacting employment and the necessity of policies with a regional approach indicate that the conceptualization and implementation of Regional Employment Plans is advisable.

In the first place, it is necessary that a Regional Employment Plan is not a mere catalogue of measures. What should nourish such a Plan and be therein delineated is an encompassing vision of the determining factors of territorial development, with a global perception of the situation of the region and an anticipation of how it may evolve. It is in the moment of structuring the operational program for professional training and employment, understood as the spring of public policies of development, which the question of its pertinence emerges rapidly in an evolving context. To intend that a program promote employability (that is, the set of capacities appropriate for finding a job, keeping it or exchanging it for another), to intend that it impacts the economic and social tissues over which it will act and that it also influence the development of a region in a very ample period, obliges us to have a global vision and anticipate the different scenarios that may materialize in the territory. Such a Plan should contain structures and instruments that enable strategic vigilance and tools that support decision-making.

A Regional Employment Plan should therefore imply strong actions directed at factors that influence a desired, necessary and healthy dynamic of the employment market, as well as a structuring of the strategic vision that concerns employment and the formation and development of territory.

This document, which addresses the question of how strategic orientation of regional *gouvernance* should be, is, above all, a tool for action and should clarify that the rôle of regional public powers could and should be that of conducting policies for the employment of citizens, in addition to other actions in the domain of political economy and public finances that can, in time, impact economic growth.

In our view, these Plans, in spite of differences between regions, should have certain characteristics: it is in a Regional Employment Plan that the importance of each factor that is addressed should be pondered.

The Plan does not have as its direct objectives economic activity and growth (without which, as we have seen, there would be no employment) given that it does not compete with other documents -national or regional-that address the State Budget, financial policy and economic policy. However, we can certainly consider that the policies for employment that are defined in a Regional Employment Plan, acting on the professionalism of active workers, will have, in reality, a positive impact on the productive capacity and, therefore, on economic activity and employment. The more

active workers there are, producing better, there will be more economic activity and greater generation of wealth and employment.

The Regional Employment Plan seeks to provide persons with more pertinent competencies, to improve the quality of professionals working in organizations: determining factors to secure greater competitiveness for regional companies.

The Plan should also have a greater capacity to intervene positively in a given conjuncture or at least on the negative effects of unemployment, permitting greater vigilance and tracking of the unemployed.

The key question that we must pose to ourselves when we conceive a Regional Employment Plan is the following: how to elaborate a Plan that not only adapts itself to changes but that one, above all, who leads these alterations, guide us toward the evolution that we wish for, influences reality and is a strategic instrument for the development and progress of the territory.

The Case of the Azores

A Portuguese autonomous region situated in mid North Atlantic, 1.400 km of Lisbon, 3.500 km from New York and 2.700 km from Brussels, the Azores find themselves in an ultra-peripheral situation at the same time that they occupy a geo-strategic position in the intercontinental platform.

In a European framework in which less than 100 regions, of a total of 300, have their own legislative powers, the Azores, with 250.000 inhabitants, are governed by an autonomous regional government that is constituted from an elected Legislative Assembly, with full powers over all policy domains except foreign affairs, policing, justice and defense..

In this manner, a notable quantity of public policies may be implemented with a large degree of amplitude-especially in matters of employment and professional training-even though these fall, in certain cases, within the national and European frameworks. It is a region that exhibits some frailties: it is remote, small and dispersed in nine islands, with a maritime surface of 1 million Km² and with great needs in terms of professional qualification. However, its small dimension, as well as its relative isolation, may make it an authentic social laboratory of policy innovations, the impact of which may indubitably be measured with greater precision, given that there are less intervention from the outside. Its frailties may also constitute, in a positive manner, an incitement to promote more intensely the human factor in regional development endeavors.

The Regional Employment Plan for 2010-2015 has recently been completed. The previous Regional Employment Plan, about which we already possess significant data to evaluate its efficacy, functioned from 1998 until 2009.

As it terminated, in January of 2010, the Operational Program of the European Social Fund that sustained the Regional Employment Plan of 2000-2007 was measured and its impact assessed on the employment policies of qualification, whose results have shown to be important: in this period, the number of workers in the Azores increased 18% and the number of unemployed diminished 51%; the duration of unemployment was radically reduced, from a rate of 42% of unemployed of long duration to a rate of 20.5%; the number of young people with employment increased by 22% and the number of women jumped 41%; the number of workers in private companies increased 33% and 52% in the case of women; the number of superior company cadres increased 53% for men and 121% for women; the number of highly qualified workers in

companies increased 67% for men and 299% in the case of women. The number of youngsters looking for employment dropped 75%.

Never in the Azores, in an equivalent period, had there been an equal jump in employment figures (in the ten previous years there was an increase of 0,03% in the number of workers, whilst in the same period, at the national level, the number of unemployed increased by 37% e less still in terms of qualified employment. In no other region of the Country were similar results obtained in the same conjuncture.

During the same period, from 2001 until 2007, the productivity of the primary sector passed from €18.400 to €23.400 per worker, that of the secondary sector from €15.300 to €20.800 and that of the tertiary sector jumped from €25.800 to €30.400.

What happened?

The Azores completely reformulated its employment policies and, given the weaknesses of the competencies factor, invested strongly in initial professional training.

The employment policies, formulated from a more preventive point of view, henceforth incorporated accompanying strategies for all persons that enter the employment market each year, as well as strategies dedicated to the unemployed, workers and the in-actives.

For example, the fact that there was substantial investment in employment policy, in schemes of initial professional training during the period of the plan, not only lead to a tripling of the number of professional schools but also to a 15-fold increase in the number of youngsters undertaking initial professional training. This amounted to a significant reduction in the number of young people looking for their first job.

It was in this manner that initial professional training was developed, moving the Azores into a dual system, when beforehand there were only 4% of young people that choose professional training: this meant that these young graduates were to become an important pillar of future employment policies.

With regard to institutional structures, the Observatory of Employment and Professional Training was created. It periodically conducts inquiries in the companies of the Region so as to ascertain the real necessities of the economic sector, in terms of qualification of human resources; some alarm indicator systems have been established so as to anticipate the evolution of the economy, sector by sector, island by island, in order to learn beforehand which sectors will create jobs and which will loose them. In this way, the professional training courses are not authorized or financed by the Region without the previous verification of the needs of companies and no course can be opened if the system of indicators detects exits of professionals to economic sectors that may experience difficulties in the near future. Employment public services, formerly known as "Employment Centres", became Agencies for Qualification and Employment. The technicians that accompany the unemployed have become employment tutors.

Political discourse was firmly centred on the qualification of people and companies. Training and employment related decision-making structures were centralized whilst other operational structures were created and placed under the management of local partners (unions, chambers of commerce, municipalities). Flexibility and quality, adequate to the requisites of training, were implemented.

Presently, the Regional Employment Plan relating to the period 2010-2015, endowed with 325 million euros, is articulated around four great Axis of Intervention, 7 strategic objectives, 14 strategies and 56 Operational Measures. It aims to train 150.000 Azoreans between 2010 and 2015: around 115.000 workers, 8.000 unemployed, 7.000 inactive and 20.000 youngsters - in other words, around 60% of the population of the Region.

This plan seeks, first, to continue to interact with young persons, developing schemes of initial training and insisting in the anticipation of the competencies that are necessary to the preparation for an active life, that is, introducing among the younger generations a strong initial employability.

Among the young, the Plan develops strategies of transition to an active life, particularly with those whose scholastic trajectory had little to do with companies, given that it is possible to learn there what the scholastic and university worlds can not teach.

The plan also seeks to address the concerns of workers through the provision of qualifications for new competencies that the evolution of production and organization processes requires as well as through the certification and validation of competencies, aiming to increase the employability of these workers.

The Plan is obviously also directed at the unemployed, whether through qualification or re-conversion measures, or through the minimization of the negative effects of unemployment.

With this Plan, an important objective will be reached in 2015: public services will sign a contract with each interested party specifying an Individual Plan for Employment that must, on a case by case basis, establish a route for the employability of all unemployed persons in a 100 day term. This objective is hard to attain but it is captivating and it mobilizes the employment services!

This Plan also seeks to address the concerns of in-actives, at the same time maximizing their employability and the attractiveness of the employment world.

The Plan contains some measures that should be evaluated - together with the conjuncture that originated them- relating to each N year in the N+1 years or as to rectify, maintain or nullify the measure of year N+2.

For the companies experiencing difficulties, there exists a training program for workers that find themselves in a situation of interrupting their work contract because their company reduced its activity or, in the case of the unemployed, a reinforcement of qualifications is provided where there was none so as to transform their fragility into an opportunity to qualify.

At the same time, bearing in mind the necessary fluidity of the market and employment security, several measures were undertaken in the employment market, namely, databases with information on certified professionals that companies can consult or technical support in the negotiations of partners regarding the flexibility of working schedules. And with this we have reached an important part of the employment policies, one that is connected to the idea of flexisecurity.

Accompanying measures and strategic vigilance are necessary in order to respond to the need for permanent articulation between measures, so as to provide political decision-makers with tools to support decision-making and to proceed to the evaluation and analysis of evolutions. This constitutes the Axis of Intervention.

Regional policies for employment: a new generation of policies

The notes presented herein, more than suggesting ready solutions for implementing regional training policies, aim to share a practice that is more than 15 year old and open a debate and reflection: they may not be more than the beginning of a practice of public policies that ought to be conducted in two important territorial dimensions: the region and Europe. Any question raised here can be understood as a point of passage towards the implementation of innovative policies with an impact on employment and could and should be considered as well as a contribution for the establishment of a new generation of employment policies.

With Europe and with Regions, towards a new generation of employment policies for youngsters