



International
Labour
Organization

EMPLOYMENT
PROMOTION

ASSESSMENT OF DELIVERY OF EMPLOYMENT SERVICES AND PROGRAMMES FOR YOUTH BY THE EMPLOYMENT SERVICE AGENCY OF THE FYR OF MACEDONIA

Valli Corbanese

Assessment of delivery of employment services and programmes for youth by the Employment Service Agency of the FYR of Macedonia

Valli Corbanese

Copyright © International Labour Organization 2015

First published 2015

Publications of the International Labour Office enjoy copyright under Protocol 2 of the Universal Copyright Convention. Nevertheless, short excerpts from them may be reproduced without authorization, on condition that the source is indicated. For rights of reproduction or translation, application should be made to ILO Publications (Rights and Licensing), International Labour Office, CH-1211 Geneva 22, Switzerland, or by email: rights@ilo.org. The International Labour Office welcomes such applications.

Libraries, institutions and other users registered with a reproduction rights organization may make copies in accordance with the licences issued to them for this purpose. Visit www.ifrro.org to find the reproduction rights organization in your country.

ILO Cataloguing in Publication Data

Corbanese, Valli

Assessment of delivery of employment services and programmes for youth by the Employment Service Agency of the FYR of Macedonia / Valli Corbanese ; International Labour Organization, ILO DWT and Country Office for Central and Eastern Europe. - Budapest: ILO, 2015

ISBN: 9789221298199; 9789221298205 (web pdf)

International Labour Organization; ILO DWT and Country Office for Central and Eastern Europe

employment service / employment policy / youth employment / evaluation / Macedonia, former Yugoslav Republic

13.02.4

The designations employed in ILO publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the International Labour Office concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

The responsibility for opinions expressed in signed articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the International Labour Office of the opinions expressed in them.

Reference to names of firms and commercial products and processes does not imply their endorsement by the International Labour Office, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

ILO publications and digital products can be obtained through major booksellers and digital distribution platforms, or ordered directly from ilo@turpin-distribution.com. For more information, visit our website: www.ilo.org/publns or contact ilopubs@ilo.org.

TABLE OF CONTENT

Introduction	5
1. Employment Service Agency (ESA) policy and strategy	6
1.1. Labour market situation	6
1.2. The policy context	8
1.3. Legal framework and mandate of ESA	8
2. ESA structure and functions.....	10
2.1 Management structure of the ESA at central and local level	10
2.2 Main functions	12
2.2.1. Information to jobseekers and registration	12
2.2.2. Labour market information system	13
2.2.3. Employment counselling and career guidance.....	14
2.2.4. Job mediation	19
2.2.5 Administration of unemployment benefits and activation measures	21
2.2.6. Administration of active labour market programmes	22
3. Human and financial resources	28
3.1. Staff structure and levels.....	28
3.2. ESA financial resources	29
4. Trends in service and programme delivery targeting youth.....	30
4.1. Type, sequencing and targeting of services to young clients	30
5. Conclusions	37
6. Recommendations	39

LIST OF TABLES, FIGURES AND BOXES

Table 1: Participants to active labour market programmes, by age group and outcome (2013).....	23
Table 2: Structure of expenditure for labour market policy from 2004 to 2012	29
Figure 1: Structure and organization of the Employment Service Agency (2014).....	11
Figure 2: Staff to unemployed ratio by local employment centre, 2014.....	28
Figure 3: Tiered service delivery	32
Box 1: Overview of key youth (15-29) labour market indicators.....	6
Box 2: Portugal: Jobseekers profiling and referral to employment services and programmes.....	15
Box 3: Minnesota Employability Measure	16
Box 4: The Canadian Job Bank and the US Occupational Outlook Handbook	18
Box 5: Work preparedness training (YES)	19
Box 6: Job tasks analysis	20
Box 7: Activation strategies.....	22
Box 8: Youth employment programmes: Lessons from evaluation.....	25
Box 9: Key features of quality internship in the European Union	35

Introduction

Youth employment is high on the policy agenda of the former Yugoslav Republic of Macedonia. The commitment of the government to address the employment situation of young people – because of their vulnerability and exposure to social exclusion – is emphasized in the *National Employment Strategy 2015* and accompanying action plan as well as in the *Action Plan on Youth Employment 2015*. Both policy documents emphasize the importance of active labour market policies in easing the transition to work of population groups at risk of long-term unemployment and exclusion.

A modern system of active labour market services and programmes (ALMPs) has been deployed in the country since 2007. This system includes employment services; labour market training; and employment creation schemes. The design and targeting of active labour market programmes were adjusted over the years in an attempt to improve their effectiveness in addressing the needs of unemployed at-risk and the requirements of enterprises. These reforms also brought about an increase in the share of young unemployed participating to active labour market programmes (from less than 8 per cent of all youth registered as unemployed in 2011 to over 10 per cent in 2013).

Whereas the Employment Service Agency (ESA) regularly monitors the performance of active labour market programmes (through administrative data), the provision of employment services has been screened only as part of broader functional and organizational assessments of the Public Employment Service.¹

To prepare for the next youth employment programming cycle in 2015 –and in response to the commitments taken under the aegis of the ILO *Call for Action* on the youth employment crisis – the government of the Former Yugoslav Republic of Macedonia requested the support of the International Labour Office to identify what works for young people in terms of employment services and active labour market programmes. Such work – carried out under the aegis of the area of critical importance (ACI2) “Jobs for Youth” – includes the impact evaluation of the active labour market programmes targeting youth implemented by the ESA since 2007; and the review of the type, sequence and delivery modes of employment services targeting young unemployed in the country. Such assessment was undertaken between September and October 2014 and resulted in the report that follows. The report consists of six chapters that examine the policy and strategy of the employment services; their structure, organization and functions; trends in the delivery of employment services and programmes to young clients; and human and financial resources. Chapter five concludes while the final chapter provides a set of action-oriented recommendations.

1 Functional and organizational assessments of the ESA have been carried out in 2008 by the ILO and UNDP, and in 2012 by the EU-funded project “Further modernization of the Employment Service Agency 2007-2013”

1. Employment Service Agency (ESA) policy and strategy

1.1. Labour market situation

The Employment Service Agency (ESA) of the former Yugoslav Republic of Macedonia operates in a context of low labour demand and double digit unemployment rates. The data of the Labour Force Survey show that in 2013 the unemployment rate for the working age population (15-64) stood at 29.1 per cent – equally distributed between men and women – and the employment-to-population ratio was 46 per cent (54.5 per cent for men and 37.3 per cent for women). Over 82 per cent of the unemployed had been searching for a job for one year and longer.² In the same year, the number of job vacancies averaged less than 5,000 per quarter, with a ratio of around fifty-five unemployed workers for each job opening.³

The labour market situation of the working age population has improved since 2007, with declining unemployment rates (from 35.2 per cent to 29.1 per cent) and increasing employment-to-population ratios (from 40.7 per cent to 46 per cent) and activity rates (from 62.8 per cent to 64.9 per cent). These positive trends, however, fail to extend to the youth (15-29) labour market.⁴ Box 1 below provides an overview of the key youth labour market indicators in the country.

Box 1: Overview of key youth (15-29) labour market indicators

- Youth activity rates increased only marginally in the period 2007-2013 (from 48.9 to 49.2 per cent), due to a shrinking youth cohort (5.2 per cent decline in the period) and higher participation in education (78.1 per cent of the 15-29 cohort was in education or training in 2013 compared to 73.7 per cent in 2007).
- The youth unemployment rate declined (from 50 per cent in 2007 to 45.5 per cent in 2013) – due to the combination of a shrinking youth population and declining youth labour force participation rates. Youth long-term unemployment, however, increased from 68.3 per cent of all young unemployed in 2007 to 69.8 per cent in 2013.
- Demographic factors also explain the slight improvement of the youth employment to population ratio (from 24.5 per cent in 2007 to 26.8 per cent in 2013). In absolute terms, however, youth employment increase in the period 2007-2013 by only 4,400 young workers (3.7 per cent increase overall). This occurred amidst positive economic growth (except in 2009 and 2012).
- The share of early school leavers (namely youth 18 to 24 years old with at most lower secondary education) declined in the period 2007-2013 from 19.9 to 11.4 per cent, while the share of individuals 30-34 years old with completed tertiary education nearly doubled (from 12.2 per cent in 2007 to 23.1 per cent in 2013). In 2013, approximately 34.4 per cent of the population aged 15 to 29 had achieved at most lower secondary education (roughly 158,000 young people).
- In 2013, most young workers were wage employees (74.6 per cent); young self-employed and contributing family members comprised 8 and 17.4 per cent of the total, respectively. Only a small fraction of young workers were employed part-time (7.2 per cent) and 27.6 per cent worked on a temporary basis.

2 EUROSTAT, *Labour Force Survey, Detailed Annual Results*, downloadable at http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database

3 EUROSTAT, *Job vacancy statistics*, downloadable at http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database

4 This report follows the national definition of “young people”, namely individuals between 15 and 29 years of age.

- Informal employment stood at 21.9 per cent for the working age population and 29.9 per cent among youth (15-29).
- In 2013, the largest providers of jobs for young people were the agricultural sector (18.8 per cent of total youth employment), manufacturing (18.4 per cent), trade services (18.4 per cent), construction (6.9 per cent), transport and storage and other services (5.9 per cent). These jobs, however, were also those paying lower wages (70-75 per cent of the average monthly wage).
- Higher education achievements are positively related to labour market outcomes, as young people with primary educational attainment are more likely to be unemployed compared to young workers with secondary and tertiary education. However, the fact that the unemployment rate of tertiary educated youth (47 per cent in 2013) is higher than the unemployment rate of graduates of secondary general (43.1 per cent) and vocational education (44.5 per cent) reflects a misalignment of higher educational outcomes with the requirements of an economic system characterized by micro (often family-owned) and small enterprises unable to absorb increasing cohorts of young high-skilled individuals.
- Having a tertiary education attainment pays a wage premium and shortens the period required to gain the first job. Such returns, however, are undermined by the high rates of over-qualification (20.9 per cent of total youth employment) and the prevalence of employment in economic sectors exposed to high job turnover, temporary work arrangements and lower wage levels (elementary occupations and clerical, services and sales jobs).

Source: EUROSTAT, Annual Labour Force Survey, various years; Government of the Republic of Macedonia, *Action Plan on Youth Employment: Review of progress*, April 2014.

The administrative data collected by the Employment Service Agency shows that at the end of 2013 young people (15 to 29) represented approximately 26 per cent of the total live register, with higher peaks recorded in the employment centres of Gostivar and Debar (41.1. per cent and 36.5 per cent, respectively). Approximately 60 per cent of all registered unemployed had been looking for a job for one year and longer and nearly 44 per cent had less than secondary educational attainment. In the same period, only 18 per cent of all registered unemployed was entitled to the unemployment benefit.

Since 2013, the ESA register has been divided into two segments. The “live” register includes all individuals who are: i) without work, ii) available to take up work, and iii) actively looking for a job. The other segment of the register maintains the records of those jobseekers not actively searching for a job and/or not immediately available to work.

By September 2014, the live register comprised 144,487 unemployed individuals (24.7 per cent of whom were youth aged 15-29). This figure represents roughly 42 per cent of the total number of unemployed estimated by the *Labour Force Survey* (LFS) in the second quarter of 2014. Similarly, the share of youth (15-29) registered as active unemployed with ESA represented only 26 per cent of all young unemployed detected by the LFS.⁵

⁵ Adding also those youth registered with the ESA, but not actually looking for work would bring this share to 46 per cent of survey/based youth unemployment.

1.2. The policy context

The overarching youth employment policy objectives are enshrined in the *National Employment Strategy 2015* and in the Macedonian *Action Plan on Youth Employment (2015)*.

The *National Employment Strategy 2015* – operationalized through the National Action Plan on Employment – pursues three specific youth employment objectives, namely the reduction of early school leaving, the increase of youth employment and the decrease of youth unemployment. The *Action Plan on Youth Employment* aims at promoting full, productive and freely chosen employment for young people by improving the labour market governance system; enhancing youth employability; generating new employment opportunities and promoting the labour market inclusion of disadvantaged groups of young people. These two policy documents assign a number of policy outcomes to the Employment Service Agency (ESA): (i) the introduction of a tiered service delivery system based on clients' profiling and labour market needs; (ii) the expansion of the range and scope of employment services and programmes targeting young people (career guidance, labour market training, job subsidies and self-employment initiatives); (iii) the design of individualized pathways for youth groups at risk of social exclusion, and (iv) the running of regular performance monitoring and cost-effectiveness exercises to inform service and programme delivery.

1.3. Legal framework and mandate of ESA

Together with the Ministry of Labour and Social Policy (MoLSP), the ESA is mandated to implement the employment policy decided upon by the Government.

The legal framework regulating the mandate and scope of activities of the ESA is contained in the *Law on Employment and Insurance in case of Unemployment* (Official Journal, No 112 of 25 July 2014), the Statute of the ESA and other employment and labour-related laws and regulations. Article 4 of the *Law on Employment and Insurance in case of Unemployment* identifies the ESA as a public institution responsible to manage all professional, organizational and administrative tasks relating to employment promotion and protection of unemployed persons. Specifically, the Agency is responsible for:

- Collecting and recording information on unemployed persons looking for jobs and employers looking for workers;
- Providing services to unemployed individuals, jobseekers and to employers;
- Delivering counselling and vocational guidance services for employment and self-employment;
- Administering unemployment benefits;
- Granting wage subsidies to employers that create new jobs or employ newly graduated individuals;
- Offering training and re-training programmes to jobseekers as well as credit to employers providing training and re-training to the workforce;
- Implementing (other) active labour market programmes;
- Collecting and analyzing information on employment and unemployment, employers and vacancies, as well as individuals using the services.

In summary, the ESA is mandated to execute all the key functions of a modern Public Employment Service (PES), namely: collection and dissemination of labour market information (LMI); employment counselling and career guidance; job placement and administration of passive and active labour market programmes.

Since 2007 a number of technical assistance projects have been implemented to improve the organization and functioning of the Agency. Extensive technical and financial support has been provided by the EU *Instrument for Pre-Accession (IPA)* to expand service and programme delivery and promote employment opportunities for young people, women and the long-term unemployed. The United Nations Development Programme (UNDP) has partnered with the Government since 2007 to promote self-employment initiatives and formalize small businesses. The *Youth Employability Skills (YES) Network*, funded by USAID, targets graduates of secondary and tertiary education institutions, unemployed registered with the ESA and out-of-

school youth with career guidance and coaching, work-based learning and short term internship placement in private sector enterprises.

The resources and expertise made available by these technical assistance packages contributed substantially to the expansion of the quantity and quality of the employment services and programme available to unemployed individuals. There are, however, some difficulties in up-scaling all successful practices and pilot initiatives and extending them across the ESA network, due to human and financial resource constraints.

The relations between the ESA and Private Employment Agencies (PrEAs) registered in the country are governed by the *Law on Employment and Insurance in case of Unemployment* (2014).⁶ There is no record of collaboration agreements between the ESA and non-governmental organizations that provide services to vulnerable groups. At local level, there are offices that collaborate with local associations and community organizations, but mainly on *ad hoc* basis.

6 The FYR of Macedonia ratified ILO Convention N.181 on Private Employment Agencies in 2012.

2. ESA structure and functions

2.1 Management structure of the ESA at central and local level

The ESA comprises one central office, one employment centre in the capital city, twenty-nine local employment centres and sixteen outreach offices with a total number of 473 employees.⁷ The implementation of active labour market policies is managed through Annual Operational Plans (OP) elaborated jointly by the MoLSP and the ESA. These Plans determine on an annual basis the range, scope, targets to be achieved and financial allocation of employment programmes. Once approved by the Government, the OP becomes integral part of the Annual Programme of Work of the Agency.

The higher decision-making body of the ESA is the Management Board (tripartite), while its higher executive organ is the Executive Director, appointed for four years by the Government upon proposal by the Minister of Labour. The Management Board, chaired by the Minister of Labour, has nine members (five representatives appointed by the Government, and two representatives each for employers' and workers' organizations). The Management Board: i) issues regulations on the organization and operations of the Agency; ii) manages the ESA assets and funds; iii) decides services and programmes to promote the return to work of unemployed individuals; (iv) monitors the fulfilment of obligations arising from international conventions and agreements in the field of employment; and (v) reports at least once a year to the ministry in charge of labour and employment.

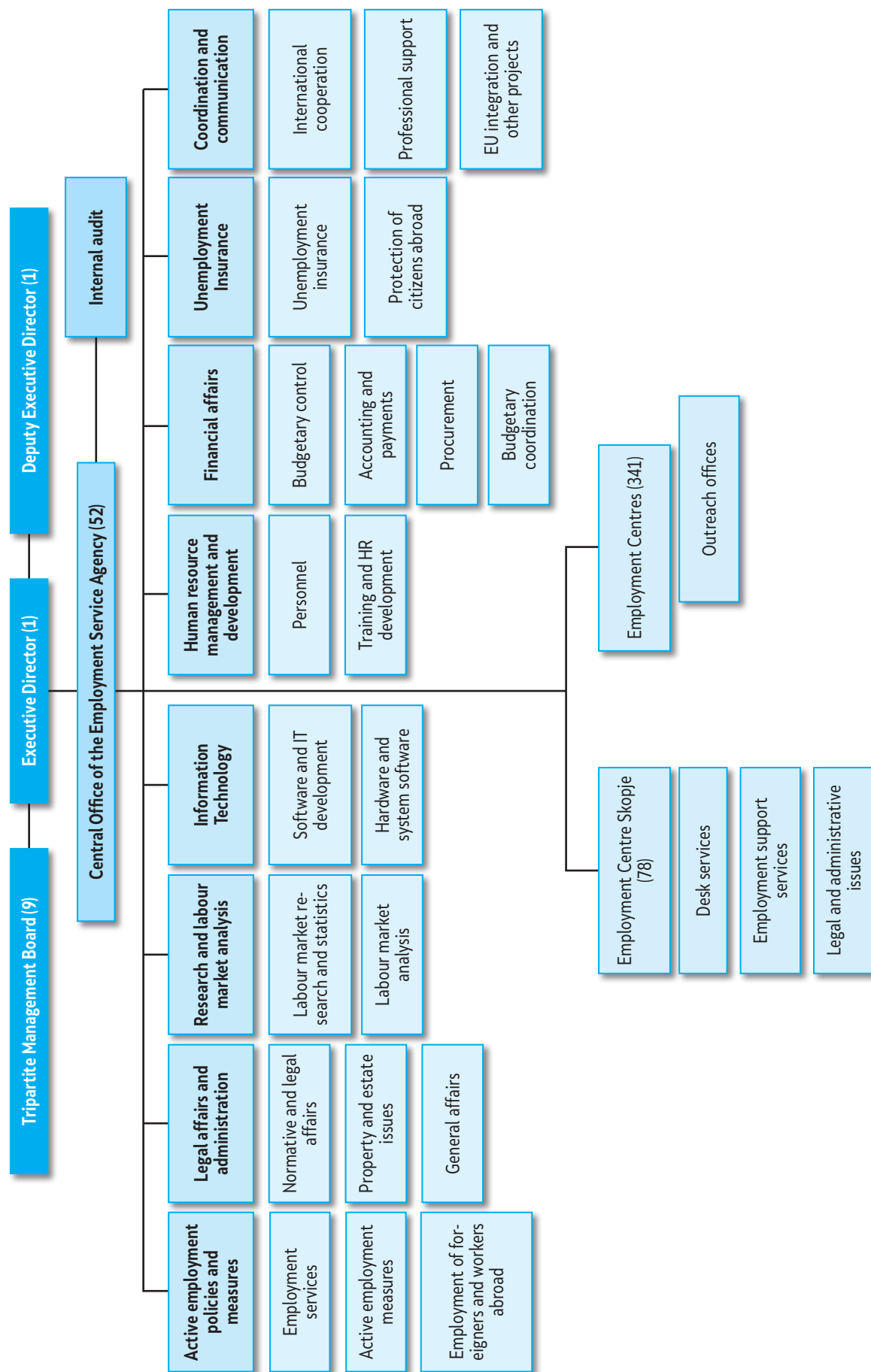
The new organizational structure of the ESA Central Office comprises the Office of the Executive Director and eight Sectors, each organized in a number of functional Units (see Figure 1 below).⁸

The Sector for active labour market policies and measures was recently re-organized to include a Unit on employment services – previously encompassed in the Unit for active employment measures. The employment service Unit is responsible to coordinate service delivery to unemployed clients (registration, counselling and guidance, individual employment planning and job placement) and to employers (registration of vacancies, pre-selection of job candidates and job mediation). The Unit for active employment measures is responsible to design, monitor and evaluate active labour market programmes, coordinate their implementation at local level, design schemes for persons with disabilities and participate to the preparation of annual operational plans. The Human Resource Section comprises one Unit responsible for ESA personnel (recruitment, mobility, labour relations, disciplinary procedures) and one Unit mandated to design and implement staff development programmes. This latter function, however, is under-developed and staff training is mainly carried out by technical cooperation projects.

⁷ Staff data are updated to August 2014. By the end of 2014 other five outreach offices will be opened in the country.

⁸ Employment Service Agency, *Rules on the organization and operations*, Skopje, September 2012.

Figure 1: Structure and organization of the Employment Service Agency (2014)



The ESA geographical organization ensures the availability of basic employment services (registration, labour market information, job placement, employment counselling and individual employment planning), access to passive schemes and active labour market programmes throughout the country. Eight employment centres have staff teams that provide also career guidance services across the smaller municipalities within each office catchment areas.⁹ Outreach offices provide access to basic employment services in the most remote areas of the country.¹⁰

2.2 Main functions

The most recent organization of service delivery – excluding the Central Office – assigns ESA staff to “front” and “back” office functions. Back office staff provides administrative and logistics support, while front staff provides information to clients; registers unemployed individuals and jobseekers, provides individual counselling services and assists in developing individual employment plans, manages the unemployment benefit and active labour market programmes; records employment contracts, visits enterprises and register job vacancies. The 2014 organizational chart classifies front staff into: i) desk officers; ii) employment advisors; iii) vocational guidance officers; and iv) legal officers. In practice, the administration of the unemployment benefit is managed by specialized counsellors only in the larger employment centres. In most of the smaller offices, front staff covers all the functions of the employment services (employment service delivery and administration of passive and active measures).

2.2.1. Information to jobseekers and registration

Only the Skopje Employment Centre has a registration desk, while in all other employment centres registration is carried out in a dedicated office. In most instances, the staff responsible for registration also performs other functions (for example job placement, employment counselling, vacancy registration and recording of work contracts). The mix of duties assigned to the staff of the employment centres depends on the availability of human resources, the number of registered unemployed and the overall volume of work to be carried out.

The registration process comprises two steps. First, the desk officer or counsellor registers basic information about the jobseeker in the ESA database (name, surname and identity number). The client is then provided with a standardized questionnaire (to be compiled with staff assistance, if necessary) aimed at gathering the information (i.e. educational attainment, prior work history, family situation, medical condition and so on) needed to: i) assign the individual to the live or passive register, ii) determine unemployment benefit eligibility; and iii) develop an individual employment plan (IEP). The information provided by the client, as well as his/her status as active/passive jobseeker is checked by the desk officer or counsellor and inserted in the database. Registered individuals are issued a control cards (in paper format) that state the rights and obligations of jobseekers and unemployed as well as the dates of reporting to the employment centre.¹¹

Information on the services that are available to jobseekers is provided face-to-face during registration and counselling sessions, through leaflets and other information material available in employment centres and through the ESA web page (this latter means is mostly used by young and better educated individuals). Group information sessions are organized only sporadically, whereas their organization would be warranted in the largest employment centres – where there is a considerable inflow of first-time jobseekers (for example, Skopje, Bitola and Ohrid) – or at least at the end of the school year when most offices experience inflows of young school leavers.

9 The employment centres of Bitola, Veles, Kumanovo, Ohrid, Prilep, Strumica, Tetovo and Stip have these teams.

10 Outreach offices comprise one ESA staff usually hosted in the office of the municipality. These outreach offices carry out only some essential functions like registration of the unemployed, information on the services available and on entitlements. At the time of writing this report, the ESA had twenty outreach offices operating in the country.

11 The *Law on Employment and Insurance in case of Unemployment* prescribes that registered unemployed have to report every month if is entitled to the unemployment benefit and every two months in other cases, while registered jobseekers (i.e. individuals registered, but either not actively looking for work or not immediately available for work) have an obligation to report every six months.

The personal information collected during registration is not used to screen individuals at-risk in the labour market, but rather it provides the background information needed to manage counselling sessions.¹² The establishment of an employability profiling system is envisaged in the *New Service Model (NSM) of the ESA*.¹³ According to this service delivery model, the information collected at registration – combined with the results of the first interview with an employment counsellor – should serve to categorized unemployed individuals into three broad groups, namely: i) those who are directly employable; ii) those likely to face moderate employment difficulties, and iii) unemployed with significant employment barriers. To each broad category of unemployed individuals corresponds a specific package of assistance that varies in intensity according to the employment difficulties the individual is likely to face in the labour market.¹⁴ In reality, each newly registered unemployed is referred to an employment counsellor (usually within few hours from registration) for the drafting of the individual employment plan, as prescribed by the *Law on Employment and Insurance in case of Unemployment*.

2.2.2. Labour market information system

The ESA has a well developed system of labour market information, regularly disseminated through the ESA web page and annual reports. Information about registered unemployed, employers and occupations most demanded in the labour market is used to adjust the delivery of employment services and programmes on an annual basis (through the Operational Plan). The ESA IT system also records the issuance and termination of employment contracts.¹⁵ Although this task goes beyond the usual responsibilities of an employment service, it is a useful tool for the ESA to monitor the outflow of unemployed clients into jobs.

The database on registered unemployed provides information disaggregated by key individual characteristics (sex, age, educational attainment, prior work experience, duration of unemployment spell and so on), geographical location and service and programme delivery. However, the hardware equipment in some employment centres would need replacing to improve the reliability and timeliness of labour market information.

Since 2010, the ESA has been conducting annual employers' skill needs surveys to identify labour shortages as well as workforce and skills requirements. This survey investigates: i) enterprise development trends; ii) past and projected workforce recruitment patterns (by sex, age and geographical location); iii) occupations and education levels most demanded by employers; and iv) ESA services that employers would like to access the most. The main difficulties encountered in running the survey are the limited capacity of enterprises to clearly articulate their vocational and non-vocational skills needs and the tendency to rely on higher educational attainment, irrespective of the tasks of the occupation.¹⁶ To ensure that the figures collected by the skills needs survey provide a solid base for the development of employment services and programmes, the ESA may consider two adjustments. First, instead of relying on the assessment of enterprises of the skills that are needed, these can be compiled by using the ISCO08 classification. In this way employers are asked to identify only the title of the occupations they require workers for, while the four digit ISCO code would point to the vocational skills these occupations entail. For core employability skills, it would be sufficient to ask employers to rank the importance they give to each (team working, decision making, problem solving and so on) when recruiting new workers. Second, the figures stemming from the employers survey can be cross checked with those of the job vacancy survey run on a quarterly basis by the Statistical Office. If the employers' survey data on groups of occupations and economic sectors most in demand do not

12 The *Law on Employment and Insurance in case of Unemployment* envisages the development of an individual employment plan for every unemployed in the live register within thirty days from registration.

13 The New Service Model was developed under the aegis of the EU Project *Technical Assistance to Support Employment Policy – Phase 3* (2007-2009).

14 For example, unemployed directly employable are provided with job mediation services, information resources, individual guidance, job search training and self-help tools, while unemployed with significant barriers to employment should be provided with individualized and intensive counselling and guidance and referral to active labour market programmes.

15 According to the *Law on Employment and Insurance against Unemployment*, employers are obliged to register and de-register work contracts with the Agency.

16 This is particularly problematic as the findings of the ESA employers' survey are used to design vocational training programmes for occupations that are in-demand. As the results of performance monitoring reveals that this latter measure is among the least effective ones in terms of employment at follow-up.

differ substantially from those recorded by the Statistical Office on job vacancies in the previous quarter, then one could be reasonably certain of the accuracy of employers' responses.

2.2.3. Employment counselling and career guidance

The improvement of the counselling and guidance process has been a common objective of all major technical assistance projects carried out in collaboration with ESA in the past few years. Today, employment counselling is primarily carried out in the job clubs of the employment centres either in the form of individual assistance (labour market information, help in writing a *curriculum vitae* and the development of individual employment plans) or group activities (job search and self-employment training). In 2013, the services provided by the job clubs covered over 127,000 unemployed individuals (33 per cent of whom were young unemployed up to 29 years of age).

The main tool used for providing counselling to clients is the individual employment plan (IEP), which the *Law on Employment and Insurance in the case of Unemployment* prescribes as mandatory for all unemployed in the live register within one month from registration. The individual employment plan in the ESA workflow takes the form of a job search plan that the client elaborates with the counsellor, rather than a strategy to address the barriers that the individual faces in gaining and retaining employment. The IEP form, in fact, includes information on job search activities, time and manner of reporting to the employment centres and what constitute adequate employment in terms of occupation to be sought. The IEP should be revised every three months. In reality, most employment centres lack office capacity to follow up on their implementation in accordance with ESA guidelines. In particular, high caseloads limit the time counsellors can devote to adequately monitor IEP implementation.

The individual employment planning process currently implemented by ESA would warrant revision to make service delivery more effective and targeted to individual needs. The information collected during registration and the first interview should be used to classify clients into one of the three employability categories highlighted in the *New Service Model*. Once a client has been ascertained as having little or moderate employment difficulties, a job search plan (the current IEP) is drafted to list the type of services the client will have access to in order to find a job. If the client, despite the services deployed, is unable to find work within the period of time envisaged by the job search plan (for instance 6 months), s/he is directed to intensive counselling and referral to active labour market programmes. If the client is profiled as having considerable labour market barriers, s/he is referred to intensive and individualized counselling and guidance with a view to draw up a return to work strategy detailing the combination of services and active labour market programmes needed to ease labour market (re)entry. Such system would not require amendments to the legislation in force (as the requirement of drawing up a job search plan within 30 days remains), but it would allow to devote more human and financial resources to individuals most at risk.

Given the staff constraints many employment centres face, it would be crucial to exploit the potential offered by the automated system to flag those individuals that, due to their individual characteristics, are associated with a greater risk of poor labour market outcomes (for example, low skilled youth and first-time labour market entrants). This would help counsellors to segment unemployed clients towards different service levels since the start of the unemployment spell (see Box 2).

Box 2: Portugal: Jobseekers profiling and referral to employment services and programmes

The profiling system used by the Instituto do Emprego e Formação Profissional (IEFP) of Portugal classifies unemployed individuals and workers on temporary contracts, registered in a local employment office, into three categories (high risk, moderate risk and low risk), based on the probability of remaining in the unemployment register for 12 months or more. Individuals classified at low risk are those who have 20 per cent or less probability to become long-term unemployed; moderate risk individuals are those with a long-term unemployment probability ranging from 20 and 40 per cent and high risk individuals have a probability of 40 per cent and over to become long-term unemployed.

The probability coefficients, different for men and for women, take into consideration age, educational attainment, work experience, unemployment history, geographical location, proximity to the labour market, disability, family situation and social benefits. For each category of jobseekers, there is a recommended list of services and programmes the casework may consider, as shown in the table below. The final assignment, however, remains at the discretion of the caseworker.

Profile	Probability of LTU
Low risk For this category, the recommended approach includes: job search training, job placement (home or abroad), motivation training, training to set up a small business and continuous vocational training.	≤20%
Moderate risk Individuals at moderate risk of long-term unemployment may be referred to all the services and programme already listed above, plus apprenticeship, internship, work experience programmes, job subsidies, vocational skills training (differentiated for target group), self-employment/ entrepreneurship training and pre and post-placement mentoring.	20%-40%
High risk Individuals most at risk in the labour market may be referred to any of the services and programmes available to the first two categories of unemployed, plus core work skills and self-esteem training, intensive employment counselling and guidance, literacy and numeracy training, skills training including apprenticeship, job subsidies for new labour market entrants and community-based works.	≥40%

Source: Instituto do Emprego e Formação Profissional, IP, Departamento de Emprego, Profiling: *Construção do modelo*, Lisbon, Mimeo 2013.

When used in conjunction with performance monitoring data, this kind of profiling system would also help counsellors to assign unemployed clients to those programmes that are more likely to yield positive labour market results for them. To aid counsellors to profile individual clients, the ESA may consider the development of an employability checklist where each factor that has a bearing in labour market integration is assigned a score used to measure the difficulty the client is likely to face (see Box 3).

Box 3: Minnesota Employability Measure

The *Minnesota Family Investment Programme* (MFIP) is a four-month work programme that helps parents go immediately to work rather than depend on welfare payments. The intake into the programme is based on an Employability Measure (EM) used to structure the interviews between a counsellor and a beneficiary on areas that can be weaknesses or strengths in the labour market. The interview allows the counsellors to measure eleven areas that affect a person's ability to get and keep a job (transportation, dependent care, education, housing, social support, child behaviour, financial and legal situation, safe living environment, health and workplace skills). Individuals' situations are scored from 1 to 5 in each area, with 1 indicating a serious barrier and 5 indicating a great strength. The Employment Plan, developed during the counselling interview, addresses all those areas that received lower scores. The two tables below reproduce the scoring system that is applied to the education and workplace skills areas.

	Employability Measure: Education
5	College degree or beyond (for example four-year college degree, advanced degree, professionals with state certification in their field)
4	Substantial education beyond high school (for example, completed technical college, or apprenticeship, working toward 4-year degree, with at least 2 years completed)
3	High school diploma or entry-level certificate (for example, certificate such as welding, office skills and so on, some college credits)
2	Attending high school or entry-level certificate classes, or other training (for example, getting training, like adult basic education, foreign languages, skills training, functional work literacy, computer skills, or other entry level certificate course)
1	No high school diploma, or entry-level certificate and is not in school or training (for example no opportunity to go to school, illiterate or very poor reader, mental or physical condition interfere with learning, unwilling to go to school)

Employability Measure: Workplace skills

Workplace skills include decision making, communication, problem solving, time management, relationship skills, prioritizing and other capabilities that facilitate job performance.

5	Workplace skills enhance current employment Currently employed and has proven ability to get, hold, and manage jobs; and no employment gaps for at least a year and any job changes are to jobs with better pay, better benefits, or a better match to abilities or interests
4	Workplace skills support employment May or may not be currently employed (for example, anticipates problems, has back-up plans, and can problem solve in unpredictable circumstances; makes good decisions about employment changes)
3	Workplace skills are adequate for employment May or may not be currently employed (for example, adequate or improving job seeking skills; learning workplace skills so can now handle minor conflicts, time management issues, or problems at work; workplace skills may be adequate for entry level employment, but may limit advancement)
2	Lack of workplace skills often interferes with employment May or may not be currently employed (for example, frequently loses jobs because of absenteeism; frequently cannot solve problems, resolve conflicts, or manage anger at work; quits jobs impulsively)
1	Participant's lack of workplace skills prevents employment (For example, fails to manage time or anger, is hostile at interview; lacks budgeting and planning skills; lacks skills to effectively manage work activities or keeping a daily schedule)

Source: Minnesota Department of Human Services, User's Guide to the Employability Measure (downloadable at http://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=Manuals).

The Agency is mandated to provide career guidance services to the unemployed as well as pupils and students. Guidance services to students comprise the assessment of vocational and professional interests as well as guidance in choosing schools and occupations based on ability testing. For registered unemployed, career guidance services are primarily provided for their inclusion in training, re-training and other active labour market measures. The full range of career guidance services, however, are provided only in those employment centres that have psychologists among their staff (ten offices out of thirty). Partly to remedy the limited face-to-face offer, the ESA is planning to develop an online career exploration tool.¹⁷ This tool could be completed by an occupational outlook feature that provides information on jobs, wages, qualification requirements and future trends (see Box 4).

Box 4: The Canadian Job Bank and the US Occupational Outlook Handbook

In Canada, the Job Bank web page provides information to jobseekers on available job vacancies as well as on career choices. This latter feature allows exploring occupations (description, job titles, duties and related occupations), wages (per hour), outlook (i.e. employment prospects at local and national level), education and job requirements (including core employability skills, available educational programmes for acquiring the necessary certification and apprenticeship schemes).

The US Occupational Outlook Handbook, available on the web platform of the Department of Labour, provides information by occupation groups (job summary, median wage and entry level educational requirements) and allows users to browse by highest paying and fastest growing occupations as well as by number of new jobs (projected). The web page also features occupational profiles (by alphabetical listing).

Source: Government of Canada, *Job Bank*, accessible at <http://www.jobbank.gc.ca/home-eng.do?lang=eng>, and US Department of Labor, *Occupational Outlook Handbook*, accessible at <http://www.bls.gov/ooh/>

¹⁷ Such career exploration tool is expected to be based on Holland's theory of career choice and its six personality types (realistic, investigative, artistic, social, enterprising and conventional). See J. Holland, *Making vocational choices: A theory of careers*, Prentice-Hall, 1973 and V. Corbanese, G. Rosas, *Surfing the labour market. Job search skills for young people*, ILO, Geneva, 2012, Session 1.

Since 2011, the ESA has partnered with USAID for the delivery of a work preparedness course targeting young (18-29 years old) first-time jobseekers. This course provides in one single package most of the basic employment services offered by the Employment Service Agency, namely career exploration, job search skills, résumé writing and rights and obligations at work (see Box 5).

Box 5: Work preparedness training (YES)

The work preparedness training developed jointly by the USAID funded project Youth Employability Skills Network (YES) and the ESA is a 25 hours training course targeting young graduates of secondary and tertiary education institutions first time jobseekers. It is available in all local employment offices and it is delivered by trained employment counsellors in the job clubs of local employment centres. The learning methodology has been designed to attract the interest of young people and it based on a combination of group work, role plays, brainstorming, panel discussions and meetings with employers.

The training material includes eight modules: 1) *Introduction* (structure and content of the program, learning strategy); 2) *Personal development* (identify own values and qualities, personal strengths and weaknesses, develop life goals and plan the route to achieve these goals); 3) *Job search skills* (CV writing, sitting job interviews, job vacancies, occupations, job search techniques); 4) *Communication skills* (active listening, communicating efficiently with others); 5) *Workplace behaviour* (rules of conduct, time management, job planning, combining work with family and leisure); 6) *Teamwork and leadership* (working with others, managing diversity, decision making and problem solving skills); 7) *Rights at work* (health and safety, rights and responsibilities at work, key elements of Labour Law); and 8) *Financial skills* (managing money, income, expenditures and savings, budget planning).

Source: USAID, *Work preparedness training for young unemployed*, Skopje, 2011.

2.2.4. Job mediation

Employers have an obligation to notify vacancies to the Agency. Notification is usually done through the self-service system of the ESA web site. There are problems with vacancy recording, however, as employers often announce more posts than those actually available, or post new vacancies when previous ones have not yet been filled, or for temporary positions that are already taken.

Employment mediation is carried out upon a specific request lodged by an employer. The process is done electronically, by matching the characteristics of registered individuals with the requirements of the specific vacancy. Upon request, the ESA also provide additional screening, arranges job interviews either on ESA premises or at the employers' place of businesses. By the end of 2013, approximately 4,400 individuals (or 4.6 per cent of the total number of unemployed registered in 2013) were placed into jobs through ESA mediation services. Of all the job mediations carried out, 39 per cent involved young unemployed (up to 29 years old).¹⁸

Employers looking for workers have full access to the information stored in the ESA database and can use an IT-based mediation tool to search for candidates according to the vacancy requirement. An indicator that may be used to assess the performance of job mediation is the number of recruited workers that were in the live register (i.e. 28.7 per cent of total registered workers in the period January-August 2014).

¹⁸ This figure probably underestimates the number of job placements carried out through ESA mediation as employers often do not mention that the recruitment was done through this means.

The type and scope of services targeting employers could be further developed. More advanced services—such as preparation of job descriptions, job and task analysis (see Box 6) and advice on human resource recruitment practices – are not offered. The lack of quality service provision to enterprises is undoubtedly a factor that affects the reputation of ESA with employers. The lack of a coherent strategy for attracting employers towards the service also contributes to the poor quality of vacancies recorded by the Agency. The bulk of registered vacancies, in fact, is for unskilled and low-paid jobs, or work under harmful conditions which make them unattractive to unemployed clients and especially to young people.

Box 6: Job tasks analysis

A job task analysis is a process that documents the requirements of a job and the work performed. Its main purpose is to prepare accurate and valid job descriptions, define job duties and responsibilities, describe the knowledge, skills and abilities required for job performance; set entry level job requirements and establish legitimate medical and/or physical job requirements.

There are two different approaches to job analysis. The first uses task-oriented procedures, i.e. it focuses on the actual activities involved in performing work. This procedure takes into consideration work duties, responsibilities and functions and develops task statements which detail the tasks that are performed. The tasks are rated on scales indicating importance, difficulty, frequency, and consequences of error. The second approach centres on the human attributes needed to perform the job successfully. Attributes are commonly classified into four categories: *knowledge, skills, abilities, and other characteristics (KSAO)*.

A job analysis is normally conducted by using a variety of means, including:

- **Observation:** The process involves simply watching workers perform their jobs and taking notes.
- **Interviews:** It is essential to supplement observation by talking with workers. These interviews are most effective when structured with a specific set of questions based on observation, other analyses of the types of jobs in question, or prior discussions with human resources representatives, trainers, or managers knowledgeable about jobs.
- **Critical incidents and work diaries:** The critical incident technique asks experts in the subject matter to identify critical aspects of behaviour or performance in a particular job that led to success or failure. The second method, a work diary, asks workers and/or supervisors to keep a log of activities over a prescribed period of time.
- **Questionnaires and surveys targeting expert workers or supervisors.** These individuals are asked to rate each statement from their experience on a number of different dimensions like importance to overall job success, frequency of performance and whether the task must be performed on the first day of work or can be learned gradually on the job. Questionnaires also ask workers to rate the importance of knowledge, skills and abilities for performing tasks. Unlike the results of observations and interviews, the questionnaire responses can be statistically analyzed to provide a more objective record of the components of the job.
- **Checklists:** In this method, the worker checks the tasks he or she performs from a list of task statements that describe the job. The checklist is preceded by some sort of job analysis and is usually followed by the development of work activity compilations or job descriptions.

Source: ILO, *Job and task analysis*, 2003, Mimeo

2.2.5 Administration of unemployment benefits and activation measures

The verification of eligibility criteria and the monthly disbursement of the unemployment benefit are managed by dedicated staff in some larger offices and by front staff in all others. The ESA Unemployment Insurance Sector is responsible for monitoring the administration of the benefit.

In August 2014 approximately 23 per cent of all unemployed in the live register were receiving the unemployment benefit, mostly in the cohort 55 years old and over. Young unemployment benefit recipients represented only 3.4 per cent of total youth registered as unemployed. Since a key requirement for the unemployment benefit is to actively search for work, all young beneficiaries are in the live register and are, therefore, entitled to an individual employment plan, job search assistance and referral to active labour market programmes. However, there is no specific sequence of services and programmes aimed at (re) integrating unemployment benefit recipients into the labour market before they exhaust their entitlement.

There is only scant information available on beneficiaries of social assistance schemes registered with the ESA. The figures available show that approximately 12.8 per cent of all young registered unemployed are beneficiaries of social assistance, but these individuals are typically not in the live register (i.e. they mostly register with the ESA to evidence their unemployment status to claim social assistance). The only activation programme currently in existence is the *Conditional Cash Transfer* programme, whereby households with children in secondary school age are entitled to receive social assistance only if the children enrol and attend school regularly. This programme also envisages the piloting of a cash transfer conditional to active job search and participation to labour market re-integration programmes.

The social protection system of the former Yugoslav Republic of Macedonia considerably reduces the risk of poverty, but it also creates disincentives to take up formal jobs. First, disincentives arise due to the full withdrawal of social assistance and family benefits once a person accepts formal work. Second, the labour taxation system is characterised by a regressive structure at low wage levels (below and at the average wage), which makes low-paid jobs unattractive for workers. A simulation of the effects of two alternative social policies – individual and family in-work benefits – on labour market choices in the country found that family in-work benefit would be more effective for singles and potentially increase employment by 6 percentage points and that individual in-work benefit would work better for couples (with employment increases of 2.5 percentage points). The effects were found to be larger for the poor, for young individuals and for women, the categories that are most prone to inactivity in the country.¹⁹

The first step towards the establishment of an activation strategy was taken recently by amending articles 45 and 54 of the *Social Protection Law* (August 2014). On the basis of these amendments, social welfare beneficiaries are required to actively search for work and refusing a job offer or an opportunity for training and retraining twice is sanctioned with the loss of the benefit. Linking youth participation in active labour market programmes to social assistance eligibility would be a real change towards the introduction of an activation system for young unemployed, as currently practiced in EU countries (Box 7). The mix of active and passive measures, conditional on an active job search, could also help diversify the portfolio of labour market programmes. It could, for instance, allow for expanding work-experience programmes (e.g. traineeship-cum-social welfare benefit) and, at the same time, reduce the costs of job subsidies for the labour market integration of welfare beneficiaries.

19 Mojsoska Blazevski N., Petreski M., Petreska D., *Increasing labour market activity of the poor and females: Let's make work pay in Macedonia*, EUROMOD Working Paper No. EM16/13.

Box 7 Activation strategies

In many European countries, the core of activation strategies is the principle of conditionality—that is access to social protection benefits is conditional to job search activities, acceptance of available job offers or participation in active labour market programmes. The rationale of these strategies is that, whereas benefits compensate for income losses due to unemployment and alleviate poverty, they may also weaken work incentives for persons whose earnings potential is limited and suffer from a lack of skills or a depreciation of qualifications due to long-term unemployment or inactivity. Passive labour market policies associated with a certain level of benefits, long benefit duration and weak job search monitoring, therefore, may result in extended periods of benefit dependency that, in turn, make labour market entry even more difficult.

To counter this, activating strategies combine “demanding” and “enabling” features to reconcile individual expectations with the options available in the labour market. “Demanding” features relate to the duration and level of benefits; stricter definitions of what constitutes a suitable job offer accompanied by sanctioning clauses for non-compliance; and job search requirements (strict monitoring of job search activity and mandatory participation to active labour market programmes). “Enabling” elements are the provision of employment services and programmes (job search assistance; counselling; job-related training; start-up grants; subsidised employment and mobility grants); incentives to “make work pay” (in-work benefits for the taking up of low-paid jobs), and individualized services (case management, individualized counselling, psychological and social assistance, childcare support). These elements are combined in enforceable agreements where benefit recipients are obliged to accept job options and participate to employment services and programmes in order to receive the benefits, while the Public Employment Service has the obligation to enhance the employability of benefit claimants (“mutual obligation”).

In recent years, there has been a broad tendency to expand the range of target groups subject to activation and mutual obligation practices. Young welfare claimants were the first group to be targeted (Denmark and Sweden in the late 1970s and United Kingdom in the mid-1980s). Since 1990s, insured and uninsured unemployed, adult social assistance beneficiaries and recipients of disability benefits have been the main groups targeted by activation strategies.

A research conducted on social assistance recipients in the European Union to assess employment (dis)incentives shows that poor health, low educational attainment and limited work experience are the most frequent obstacles to labour market integration. Low self-esteem and the presence of dependants are associated with low job search activity, while low pay, inflexible working hours and distance from home are the main obstacles in accepting job offers. The enabling elements of activation strategies targeting these groups, therefore, would focus on job training, work experience schemes, child care support, mobility grants, flexible forms of employment and in-work benefits.

Source: Eichhorst, W., Konle-Seidl R., *Contingent convergence: A comparative analysis of activation policies*, IZA Working paper No 3905, 2008.

2.2.6. Administration of active labour market programmes

Since 2007, the delivery of active labour market measures has been planned within the annual Operational Plan, prepared jointly by the Ministry of Labour and ESA and enacted by the Government. The Operational Plan defines the type of measures to be offered; groups to be targeted and eligibility criteria; overall cost; source of funding and timeframe. The programmes to be offered on an annual basis depend upon the forecasted needs of registered unemployed and the effectiveness of prior implementation, measured through administrative data on employment of participants at follow-up.

In 2013, approximately 2,800 young unemployed (or 10.4 per cent of all youth registered as active unemployed) were referred to active labour market programmes, despite the fact that they represented 26 per cent of all unemployed in the live register. In relative terms, youth represented 18 per cent of all unemployed referred to the active labour market measures. Table 1 below summarizes key information about the implementation of active labour market measures in 2013, while the paragraphs that follow examine their key design features, targeting approaches and performance monitoring results.

Table 1: Participants to active labour market programmes, by age group and outcome (2013)

Programme	Total participants	Young (15-29) participants	Percentage of young participants on total	Participants employed at follow-up (%)
Labour market training				
Traineeship	299	299	100.0	39.8
On-the-job training	462	224	48.5	61.5
Subsidized on-the-job training (training)	122	54	44.3	69.7
Subsidized on-the-job training (job subsidy)	84	35	41.7	100.0
Training for advanced IT skills	47	30	63.8	0.0
Training for in-demand occupations	247	120	48.6	25.5
Sub-total	1.261	762	60.4	50.3
Job subsidies and other incentives				
Loans (job creation)	593	162	27.3	22.8
Loans to legal entities	542	205	37.8	25.0
Job subsidies	719	326	45.3	100.0
Sub-total	1.854	693	37.4	53.3
Entrepreneurship promotion				
Self-employment and formalization	914	259	28.3	100.0
Additional employment (self-employment)	109	40	36.7	84.4
Entrepreneurship training	970	286	29.5	40.8
Sub-total	1.993	585	29.3	70.3
Public works				
Municipal works	71	32	45.1	4.2
Public works	1.867	293	15.7	18.5
Support to SA beneficiaries (land)	16	3	18.8	0.0
Sub-total	1.954	328	16.8	17.8
Employment services				
Job search assistance and career guidance	8.367	437	5.2	6.6
Sub-total	8.367	437	5.2	6.6
Total participants	15.429	2.805	18.2	25.4

Source: ESA, *Annual Report*, Skopje, 2014

Labour market training

Training provision is characterized by diverse programmes with different objectives and targeting approaches. The paragraphs that follow summarize the main labour market training programmes currently offered by the Agency.

On-the-job training (training and re-training for known employer): this is a demand-driven measure lasting up to three months. Partner enterprises have an obligation to retain a minimum percentage of

trainees (70 per cent till 2011, 50 per cent thereafter) who had successfully completed the programme. Employers partnering in this programme are obliged to maintain the same level of full-time workforce for at least six months. According to the 2014 Operational Plan, the target group is 1,125 unemployed in the live register, with priority granted to unemployed with primary and secondary education. Trainees are entitled to a training stipend (MKD 5,700 per month, roughly €92) while employers receive a training grant to cover mentors and material costs (the size of the grant depends on the number of trainees engaged). In 2013, young unemployed up to 29 years old represented over 48 per cent of the total number of participants to this training programme.

Since 2013, the on-the-job training programme is available in combination with a job subsidy for groups facing particular barriers in the labour market, namely youth up to 29 years old with primary or secondary education attainment, the long-term unemployed and older workers (50-59 years old). The programme envisages a period of on-the-job training (same conditions as highlighted above) as well as a job subsidy of three months for participants that are employed by partner enterprises at the end of the training. In 2013, about 43 per cent of all participants to the training-cum-subsidy programme were young unemployed.

The findings of the performance monitoring conducted on the on-the-job training programmes implemented in the period 2007-2010 show that this measure appears to work better for young men (especially those in the group 25 to 29 years old) with secondary (general and vocational) educational attainment. The figures show that employment and earnings of participants increased as the programme matures and with a lower number of participants. Despite a diminishing effect (with the employment rate of participants declining over time), nearly two thirds of employed individuals were working in the occupation of training and using the skills acquired. These results are confirmed by the preliminary findings of the impact evaluation carried out on the training programmes implemented in 2010 and 2012, whereby the probability of employment is 45-50 per cent higher for participants compared to non-participants.²⁰

Vocational training for in-demand occupations combines off-the-job training provided by accredited training centres or adult training providers and one month work experience in an enterprise to master the tasks of occupations most demanded in the local labour market. The occupations are identified by pooling various information sources (the annual Skills Needs Survey, research carried out by employers' organizations and chambers of commerce, as well as the information provided by employment centres and municipalities). Training length and compensation levels depends of the skills to be acquired. This programme targets unemployed in the live register. In 2013 nearly 50 per cent of total participants were young people.

Training courses for advanced IT skills are contracted to accredited training providers and last from three to six months. The programme aims at providing unemployed individuals with recognized qualifications in graphic design, animation, web development and so on. It targets registered unemployed with secondary or tertiary educational attainment. In 2013, nearly 65 per cent of participants were young unemployed.

Internship specifically targets young people with secondary or tertiary educational attainment. It offers a period of learning and paid work experience in a private enterprise (three months). Interns receive 6,200 MKD per month (roughly €100) plus the payment of personal income tax and insurance against accidents; they are supervised by a mentor and receive a certificate at the end of the programme.

The results computed by the ESA in 2013 (through administrative data) show an employment rate at the end of the internship and on-the-job training programmes of around 40 per cent, which higher returns for the combined training and job subsidy scheme (around 65 per cent). The training for occupation most in-demand yielded lower returns (25.5 per cent). Impact evaluation results show that both on-the-job training and internship increase the probability of employment for participants (45-50 per cent for the former and 25 percentage points for the latter), while training for in-demand occupations has no measurable effect.²¹

These findings are in line with the evaluation of similar programmes in several countries around the world, i.e. programmes that focus on the skills demanded by enterprises and provide youth with work experience in a real-work setting as being more effective than general vocational training (Box 8).

20 See Mojsoska-Blazevski N., Petreski M., *Impact evaluation of active labour market programs in Macedonia: Key findings*, forthcoming.

21 Ibidem. Due to the difficulty in tracing participants, the impact evaluation of this programme is not fully reliable.

Box 8. Youth employment programmes: Lessons from evaluation

Several evaluation studies of youth employment programmes have shown that some programmes are successful while others fail to improve young participants' chances of gaining a job. Some of the advantages and disadvantages of these programmes are summarized below.

Type of programme	Advantages	Disadvantages
Labour market training	Works better with broader vocational and employability skills that are in demand and when it includes work experience and employment services	May produce temporary, rather than sustainable solutions and, if not well targeted, may benefit those who are already "better off"; training alone may not be sufficient to increase youth employment prospects
Employment services (job search, career guidance and labour market information)	Can help youth make realistic choices and match their aspirations with employment and training opportunities; improve information on job prospects and on the efficiency, effectiveness and relevance of initiatives	May create unrealistic expectations if not linked to labour market needs, and they often only cover urban areas and the formal economy
Employment intensive public works and community services	Help young people gain labour market attachment and, at the same time, improve physical and social infrastructure and the environment, especially when combined with development and sectoral strategies, and can enhance employability if combined with training	Low capacity for labour market integration; young workers may become trapped in a carousel of public works programmes; often gender biased; displacement of private sector companies
Employment subsidies	Can create employment if targeted at specific needs (e.g. to compensate for initial lower productivity and training) and at groups of disadvantaged young people	High deadweight losses and substitution effects (if not targeted); employment may last only as long as the subsidy
Entrepreneurship promotion	Can have high employment potential and may meet young people's aspirations (e.g. for flexibility, independence); more effective when combined with financial and other services, including mentoring	May create displacement effects and have a high failure rate, which limits its capacity to create sustainable employment; is often difficult for disadvantaged youth due to their lack of networks, experience, know-how and collateral

Source: International Labour Office, (ILO) *Policy options to support young workers during recovery*, Geneva, ILO Policy brief, Youth Employment Programme, 2011.

Job subsidies and other employment incentives

Wage subsidies and other financial incentives (e.g. tax or social security exemptions for a limited period of time) for employers who recruit young people can help improve the school-to-work transition. Indeed, these financial incentives can offset the cost of the initial training that young workers require, or compensate for their limited work experience and initial lower productivity. Besides the on-the-job training programmes with an employment subsidy component (already discussed in the previous section), there are a number of job subsidies available.

The first programme (targeting unemployed individuals) is a non-refundable grant of MKD 92,000 (approximately €1,500, payable in the form of equipment and/or other material) for every new job created by innovative micro and small enterprises as well as artisan ventures. Partner firms have to retain the subsidized worker for at least one year, with no possibility to reduce the current workforce.

The second subsidy scheme targets registered unemployed (very long-term unemployed, young unemployed up to 29 years old and unemployed aged 50-59). The subsidy amounts to MKD13,000 per month (equivalent to €210) for six months, with an obligation on partner enterprises to retain the subsidized workers for at least another 12 months. For registered unemployed belonging to vulnerable groups (victims of domestic violence, homeless people, young people with no parental care), the subsidy is higher (MKD 17,000 or €275 per month).

In 2014, the ESA started implementing the *First Chance* programme, a job subsidy scheme targeting young unemployed (up to 29 years old) that graduated from university in the academic year 2011-2012. The subsidy amounts to MKD13,000 (€210) and is available on a 3+6 mode (i.e. three month subsidy for a full time job, plus an obligation to retain the subsidized workers for additional six months). The overall target is of 30 registered unemployed. There are also job subsidies targeting orphans leaving institutional care and for persons with disabilities.

The performance monitoring exercise conducted in 2012 found that – compared to the other programmes – employment subsidies yielded lower employment shares at follow up with better results for women, individuals in the age cohort 25 to 45 years old, and those with secondary (general) educational attainment. These findings are confirmed by the preliminary results of the impact evaluation, which found wage subsidies to actually decrease employment probabilities for participants in the longer term. This is likely due to the dismissal of subsidized workers once the obligation on employers expires.

The practice of establishing strict rules for targeting groups at risk of exclusion succeeded in channelling resources towards these individuals, but it is also led to a dispersion of programmes, with few participants for any given programme in any given year. Instead of designing specific programmes for specific individuals, targeting could be based on a simple profiling system built on the risk factors more likely to determined social exclusion and long-term unemployment. As subsidies generally carry heavy deadweight costs (e.g. the use of resources for the placement of persons who would be recruited anyway), they should be used sparingly and be well-targeted at those most at risk in the labour market. To minimize the stigma effect that such targeting approach entails, it will be necessary to combine subsidies with measures aimed at increasing the productivity of participants (vocational skills and work preparedness training).

Entrepreneurship promotion

Entrepreneurship can unleash the economic potential of young people. It is also associated with more flexible working hours, greater independence, higher income potential and job satisfaction. However, young people tend to be less active in entrepreneurship than adults, and teenagers less than young adults. Young people have less capital, in the form of skills, knowledge and experience; savings and credit; business networks and sources of information. Banks and financial institutions regard them as a high-risk group because of their lack of collateral and business experience.

The programme offered in the former Yugoslav Republic of Macedonia includes self-employment training, assistance to register the business venture, a non-refundable grant payable in the form of equipment and other material (MKD203,155, equivalent to €3,300) and mentoring during the first year of operations.

The same type of support is available for the formalization of existing small businesses and, since 2014, for the support of artisan ventures. The programme also includes financial assistance for the recruitment of additional workers (MKD 92,000 per additional recruit, equivalent to €1,500). Participants to the self-employment programme have an obligation to keep the business operational for at least 12 months. Over the years target groups have included youth, long-term unemployed, Roma population groups and women victims of violence.

The survey-based performance monitoring figures collected in 2012 show that the self-employment programme appears to work better for men, individuals in the cohort 30 years old and over and for unemployed with secondary (general and vocational) educational attainment and higher. Similarly to the employment subsidy and on-the-job training, this scheme was found during performance monitoring to have a diminishing effect over time, with over 36 per cent of participants losing the job/business gained/set-up at programme's end. The self-employment programme was the least cost-effective among the three employment measures monitored, given its high unit cost (over €5,600 per individual targeted). The impact evaluation carried out in 2014 on the self-employment programme implemented in 2008 shows that there is no difference in (self) employment outcomes between participants who received the grant and those who did not. A possible explanation is that individuals self-select into this measure (i.e. only those with a high motivation apply to the programme and would embark in such ventures with or without the grant). To increase the impact of the self-employment programme, therefore, the ESA may consider investing in higher quality training, mentoring and other business services and facilitating access to commercial credit, rather than rely on non-refundable grants.

The 2014 Operational Plan introduced two pilot activation measures targeting beneficiaries of social assistance and Roma population groups. The first scheme envisages the assignment of state-owned agricultural land to social welfare beneficiaries who retain the entitlement to the full benefit for two years, as an incentive to become farmers. The second scheme revolves around the establishment of mentoring and training services to ease the participation of Roma individuals registered as unemployed to active labour market measures.

The main challenge that the ESA faces in the implementation of active labour market measures is the lack of human and financial resources. The country, in fact, allocates the equivalent of €6.5 million on an annual basis to active labour market policies (0.08% of GDP).²² Despite this constraint, the ESA treats approximately 7 per cent of the annual stock of unemployed in the live register with active labour market programmes. The limited funds available are spread over a multiplicity of programmes, some of which have only few participants. This entail high administration costs, especially for the smaller employment centres. For example, many employment centres implement one or two traineeship schemes per year due to the strict eligibility requirements imposed on partner enterprises. But the procedures to be performed for the intake of young unemployed and partner enterprises in the traineeship schemes are the same irrespective of the final number of actual beneficiaries enrolled. To avoid the dispersion of funding over multiple programmes, it is suggested to pool resources on few programme categories so as to allow all employment centres to have a reasonable number of beneficiaries to active labour market measures.

²² In 2013, the total amount disbursed for the unemployment benefit equalled €26 million or 0.3 per cent of GDP.

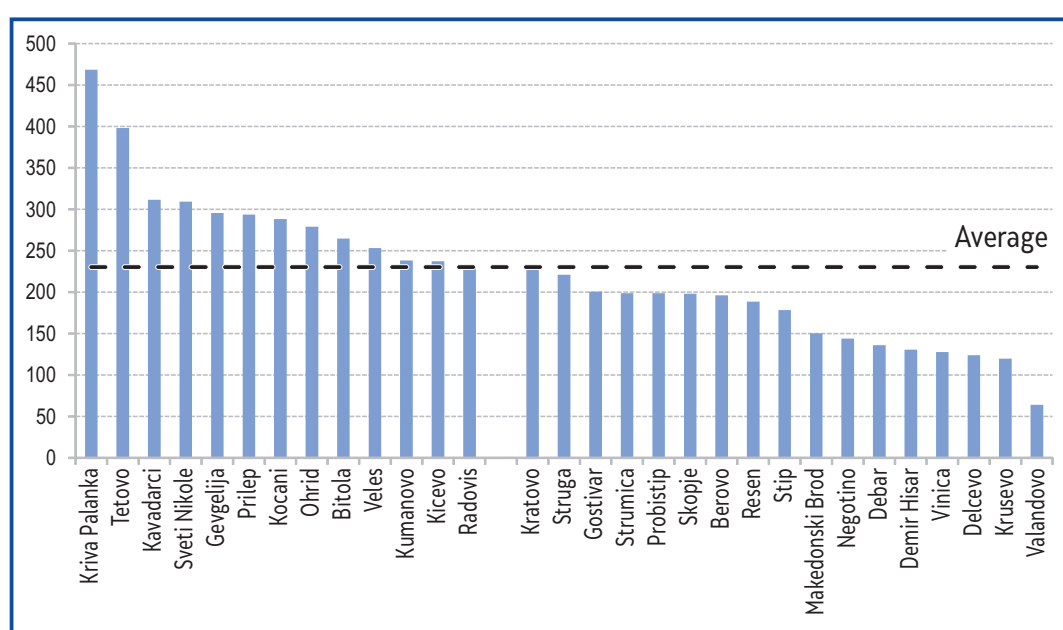
3. Human and financial resources

3.1. Staff structure and levels

The ESA staff comprises 54 officials at central level (including the Executive Director and the Deputy), 341 officials in local employment centres and 78 in the employment centre of Skopje.

The current ratio of staff-to-registered unemployed is 1:230. It goes up to 1:378 when considering only the staff actually assigned to deliver the services to clients (with 80 per cent of all staff assigned to serve clients). These ratios compare unfavourably with the average international benchmark of 1:100 that is used as reference to assess quality of employment service delivery. On the basis of this ratio, the current number of ESA staff should be doubled, i.e. from 473 to 946 staff.²³ This ratio varies across employment centres with over one quarter of all offices facing higher staff constraints than the national average (for instance the employment centre of Kriva Palanka has a ratio twice higher than the national average).

Figure 2: Staff to unemployed ratio by local employment centre, 2014



Source: ESA, information provided by the Human Resource Sector.

The provision of staff training is uneven and mainly organized by technical cooperation projects. Newly-recruited staff receives on-the-job training by a mentor during the probationary period (six months for staff with secondary education and one year for university educated staff).

There is a clear trend towards staff downsizing through attrition, with staff leaving their position often not being replaced. In the next two years, five per cent of the total staff providing services to clients will retire. However, there is no staff recruitment plan in the making. This is particularly worrisome in light of the amendments of the *Law on Social Welfare*, requiring benefit recipients to be in the live register (i.e. in the next few months, employment offices will have to re-register all social assistance beneficiaries and provide them with an individual employment plan). The data currently available show that this requirement will increase the inflow of unemployed in the live register by roughly 20 per cent in the next few months.

²³ This calculation is based on the stock of unemployed registered in the active register in September 2014, i.e. 96,200 jobseekers, 28.2 per cent of whom are aged 15 to 29.

3.2. ESA financial resources

The Agency is funded through contributions for unemployment insurance (1.2 per cent of the gross salary paid by employers) and transfers from the government budget. Most of the available funds are earmarked for the payment of unemployment benefits (approximately 75 per cent of total financial resources), roughly 8 per cent is used for administration (salary of Agency staff, utilities and other administrative expenditures) and 17 per cent is earmarked for active labour market programmes (Table 2).

Table 2: Structure of expenditure for labour market policy from 2004 to 2012

Year	Percentage of total expenditures		
	ALMPs	Passive measures	ESA administration
2007	4.3	91.2	4.5
2008	5.2	89.3	5.6
2009	15.9	77.1	7.0
2010	17.1	73.9	9.0
2011	15.6	75.9	8.5
2012	16.2	75.5	8.3
2013			

Source: ESA, *Annual Report*, various years.

The funds earmarked for active labour market programmes peaked in 2010 – the year of the economic crisis – to then decline in the following years. The administration costs have been on a declining trend since 2011, but this did not yet have an effect on the number of clients served with employment services and programmes (which has been on a continuous upward trend). This means that the Agency has probably reached its efficiency peak (the ratio inputs/outputs) and that any further efficiency gain would probably come at a cost in terms of quality of service delivery.

4. Trends in service and programme delivery targeting youth

4.1. Type, sequencing and targeting of services to young clients

The online and IT-based service offer of the ESA is quite diversified (mobile applications, SMS notification, online access to the job vacancy database and so on) and appears well suited to the needs of younger and better educated jobseekers. However, employment assistance to newly registered clients is mainly provided face to face by employment counsellors during the development of the individual employment plan. The requirement to prepare an individual plan for every single unemployed in the live register in a framework of limited – and declining – human resources has transformed this individualized support tool into a simple job search plan, scantily monitored and in most instances ineffective in easing the transition of young unemployed in the labour market.

The only employment service package targeting youth specifically (the *YES Work Preparedness Training*) – although effective – has limited coverage (due to the time required for delivery and staff workloads) and the services of the job clubs are often neither regularly offered nor planned. The development of a shorter version of the *Work Preparedness Training*, to be delivered as a standard group activity of the job clubs and the introduction of an online career exploration tool would increase youth access to career guidance services. One means often used by Public Employment Services to attract young people towards available services is the organization of job/career fairs attached to events that attract a large number of young people (for instance in Sweden career events and job fairs are attached to music concert, sport events and motor shows). A strategy to attract more young people towards the employment services (to increase the coverage of the unemployed population by ESA), however, needs to be accompanied by adequate human and financial resources.

The data collected during registration of the unemployed appears sufficient to build an initial client profile that could be used to categorize individuals into the three broad categories as envisaged in the *New Service Model*. Such an initial profile would build on those factors that are known to represent a risk for young people in the national labour market, namely educational attainment (and stream of education attended), vocational qualifications and prior work experience. Such initial profile should be verified and expanded during the first interview with an employment counsellor (supported by an employability checklist that also provides some elements of vocational competence assessment). The young unemployed who are confirmed during the first interview as directly employable would be offered basic employment assistance (group information, basic job-search training, self-help tools and referral to the job vacancy database) packaged into a job search plan (which can be called individual employment plan, version 1). This plan, if necessary, can be revised after three months of independent job search. Young unemployed categorized as facing moderate labour market barriers would be directed to a mix of services that include work preparedness training (a shortened version, adapted also to the needs of young people with less than secondary education), job search assistance, job placement services and certain active labour market measures (for example job clubs activities, traineeship and on-the-job training). Young unemployed with significant barriers in the labour market would be referred to individualized employment assistance geared to the development of a (re)employment strategy (individual employment plan, version 2). Such a strategy would include work preparedness training (the full 25-hour version), individualized employment and psychological counselling (geared to overcome labour market barriers) and referral to the whole range of active labour market programmes available (training, work experience schemes, subsidies and public/municipal works).

Such workflow would reflect the tiered approach adopted in many European countries, whereby basic services are provided to all unemployed with more effort put on the hard-to-place. The flow of services and programmes available at the Agency would thus be divided into four tiers: a) registration and profiling, b) basic employment services; c) individualized services, and d) intensive treatment (see Figure 3).

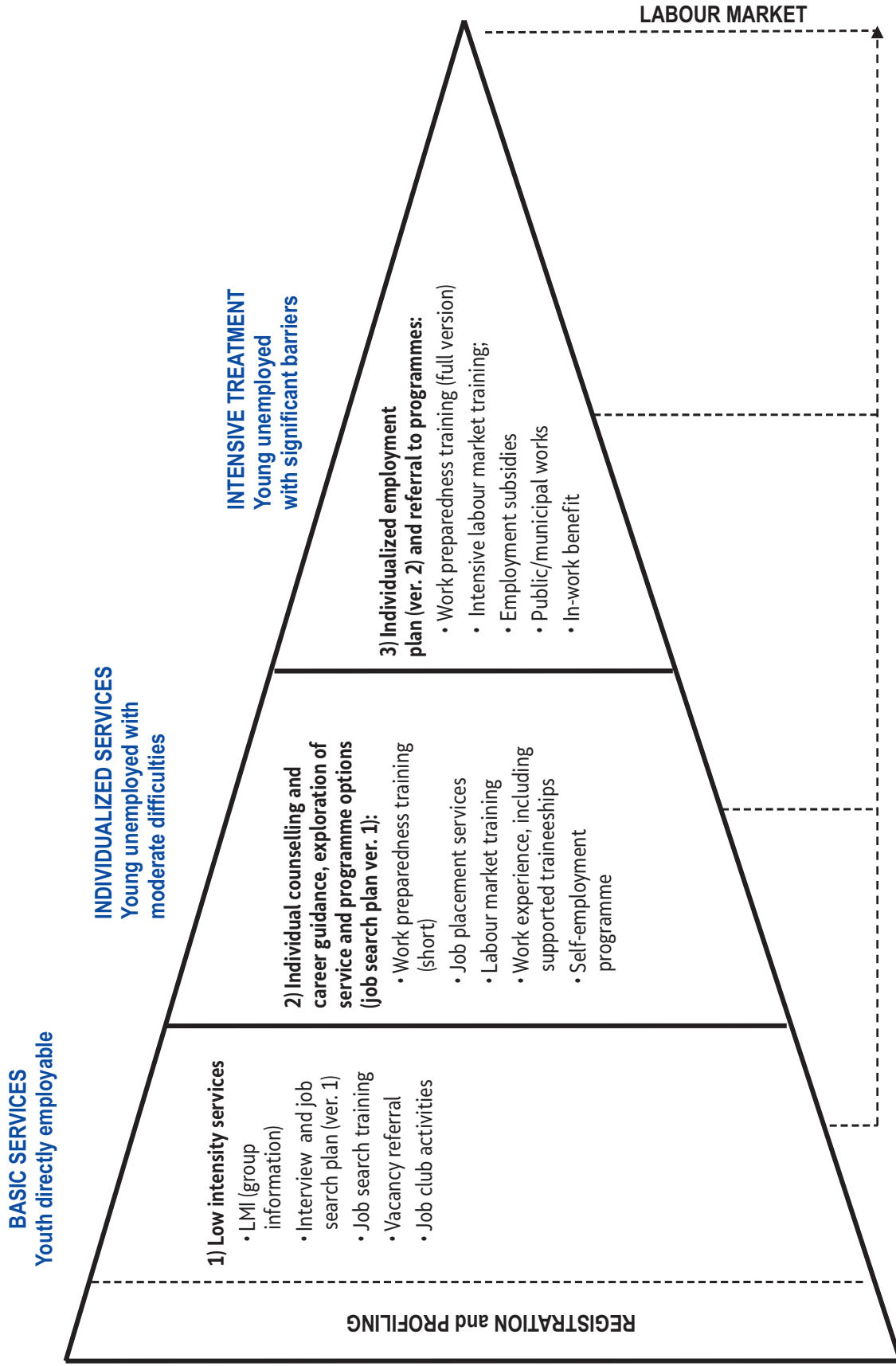
The introduction of such a tiered service delivery system would also make redundant some of the administrative procedures currently deployed for the referral of individuals to active labour market programmes. The intake of unemployed clients into active labour market programmes, in fact, is managed through calls for applications. This process requires: i) the preparation and publishing of the relevant

documents; ii) the screening of applications for compliance with eligibility criteria; iii) the matching of eligible individuals with available programme places; iv) monitoring of attendance and successful completion of the programme. However, all the information required for the matching of a young unemployed to available programmes is already contained in the individual employment plan that is stored in the ESA IT system. The intake procedures could be simplified by proceeding directly to the electronic matching of individual characteristics with the eligibility criteria of the labour market measure in question. If this matching provides more eligible unemployed than available places, individuals can be further prioritized on the basis of additional individual characteristics (for example length of unemployment spell, household situation and so on).

In a similar fashion, it would also be possible to simplify the procedures for engaging employers in the implementation of active labour market programmes. For example, the application of uniform eligibility criteria for enterprises across all available programmes would simplify the screening process.²⁴

24 The eligibility criteria for partner enterprises were changed throughout the years to limit the possibility of abuses. For example, the provision that employers should not have reduced their workforce in the months preceding application was introduced for some new programmes, but it was not extended to other, more mature measures. A standardization of eligibility criteria would help both the staff of employment centres and partner employers.

Figure 3: Tiered service delivery



Source: Adapted from R.G. Sultana, A.G. Watts, *Career Guidance in Europe's Public Employment Services. Trends and Challenges*, European Commission Directorate-General for Employment, Social Affairs and Equal Opportunities, 2005

International experience suggests that basic employment services (including career guidance, counselling services, job search training, job clubs, job fairs and job mediation services) are the most cost-efficient and effective measures, provided that there is a reasonable supply of job vacancies. The Agency should consider strengthening the delivery of basic employment services, also in light of the changing needs of the youth workforce. Young people are increasingly educated and this facilitates their entry in the labour market. But given the still sluggish labour demand, the prevailing enterprise structure (micro and small enterprises, often family owned) and the presence of over-qualification in the labour market, young workers are bound to change jobs more frequently than their older counterparts. This requires that young people gain robust job navigation skills while still at school – or soon thereafter – and are supported by effective job mediation services.

Young people entering the labour market often have high job and wage expectations that remain largely unfulfilled. To better align youth expectations with the realities of the labour market, the Agency may consider strengthening the dissemination of labour market information provided through its web page. An example of this practice is the US *Occupational Outlook Handbook* (<http://www.bls.gov/ooh/> described in Box 3) where users can browse occupations by wage level, number of new jobs projected, entry level educational requirements and so on. The site also offers a number of additional features (such as job summary by occupational group and single occupations and featured occupational profiles). Such a system (built on labour demand data available in the country) could be linked to the online career planning tool that is currently being designed. As young people are more familiar with internet-based tools, this service would be primarily used by them. The availability of such information also in paper copy (in the form of a booklet) would respond to the needs of young people – and other unemployed – unable to access internet.

Compared to other services, job placement has been rather neglected in the last few years in the country. Very little is being done on actively marketing the services to employers. One way to strengthening job placement would include the offer of assistance to all employers that post vacancies through the online service or in person (for example, a job task analysis to better formulate the vacancy announcement, personalized screening and pre-selection of candidates, advice to comply with legal requirements and so on). Whereas many employers are satisfied with the opportunity to post vacancies directly in the ESA database, many other would appreciate the personalized assistance and expertise that employment counsellors could provide.

The job placement function would also benefit from a better management of notified vacancies (regular cleaning of the database, checking of the exact number of posts available, flagging of vacancies for the renewal of temporary contracts and so on) and an expansion of the job offers listed in the ESA job bank. This could be achieved by striking partnerships with private employment agencies, media and companies managing job portals to share vacancy announcements through web service technology.

Service delivery is constrained by lack of human resources and active labour market programmes are underfunded and biased towards activities with high unit costs and low participation. Human resource constraints will be further exacerbated in the next period when the amendments to the Social Welfare legislation will come into force and a significant share of staff will reach retirement age.²⁵ The shifting of a considerable number of individuals to the live register will increase the caseload of front staff without, however, giving them the tools to adequately treat this category of clients (activation services, in-work benefit, longer term job subsidies and so on). Medium-term measures (i.e. for the period 2015-17) to address the current understaffing should be put in place as soon as possible. The Ministry of Labour and the Agency should develop a staffing plan on the basis of the unemployment and youth unemployment projections for 2017 (forecasted to remain broadly unchanged).²⁶ If the current freeze in the recruitment of public employees persists, the above-mentioned staffing needs could be met through a redeployment of staff assigned to other institutions and agencies of the public administration. This redeployment should be grounded on: i) the same job requirements applied to open ESA staff recruitment; ii) a clear description of the tasks that redeployed

²⁵ The employment centre of Bitola, for instance, will lose 40 per cent of its staff in the next five years.

²⁶ See the estimates of the ILO employment trends downloadable at <http://www.ilo.org/global/about-the-ilo/multimedia/maps-and-charts/lang-en/index.htm>

employees have to carry out; and iii) development of an intensive training programme on employment service delivery for redeployed employees.

The introduction of annual Operational Plans changed radically the way the ESA operates and implements active labour market programmes. The OP, in fact, provides clear and measurable annual targets to be achieved, offers a detail description of the measures to be implemented and determines the financial envelope available to each programme.

In the last few years, however, there has been proliferation of programmes detailed in the OP, each with its own eligibility rules and targeting approaches. Some of these programmes have a very low number of participants (like for instance the newly introduced *First Chance* programme, involving only thirty young graduates). This means that it is unlikely that these programmes can be made available in the smallest employment centres. Other programmes are introduced and discontinued in the span of just one year or the design substantially changes from one year to the next. Although it is reasonable to expect that poorly performing programmes are discontinued, it is also true that new measure may take time to show an effect on the labour market (this is the case, for instance, of vocational training programmes).

To render the activities planned in the annual OP more manageable – especially at local level – the Ministry of Labour and the ESA may consider the establishment of a core set of measures (namely on-the-job training, internship, self-employment and job subsidies), available every year, in all employment centres and with well established targeting approaches (for example, young people, long-term unemployed, groups at risk of social exclusion). The funding for these core measures should be such as to guarantee that even the smallest employment centre would have a portfolio of programmes to treat at least 10 per cent of its annual stock of unemployed. Programmes that have lower participation rates, or require specific arrangements (like for example the training for advanced IT skills), or are newly introduced should be organized by larger employment centres also for the smaller ones. Programme implementation would also benefit from a longer timeframe (two years rather than one), as many programmes entail obligations on clients (like the self-employment grant) and partner enterprises (like the job subsidy) that span over one financial year. This will require the development of biannual Operational Plans.

Some of the programmes currently on offer would warrant revision to increase their effectiveness (self-employment, training for in-demand occupations and wage subsidies), while other should be scaled up as they improve the employment probabilities of participants.²⁷ The internship programme (the only measure aside *First Chance* targeting exclusively young people) should be expanded to all employment centres and be brought line with the principles of quality traineeship established at EU level (Box 9).

²⁷ See Mojsoska-Blazevski N., Petreski M., *Impact evaluation of active labour market programs in Macedonia: Key findings*, forthcoming, op.cit.

Box 9: Key features of quality internship in the European Union

1. **Written traineeship agreement:** Traineeships should be based on a written agreement concluded between the trainee and the traineeship provider. The agreements should indicate the educational objectives, the working conditions, the duration of the traineeship whether an allowance or compensation is provided to the trainee by the traineeship provider, and the rights and obligations of the parties.
2. **Learning and training objectives:** Learning and training objectives (how practical experience will help acquire relevant skills) should be clear and the tasks assigned to the trainee should enable learning objectives to be attained. Traineeship providers should designate a supervisor for trainees to guide them through the assigned tasks, monitoring and assessing progress
3. **Working conditions:** Ensure that the rights and working conditions of trainees, including maximum weekly working time, minimum daily and weekly rest periods and, where applicable, minimum holiday entitlements, are respected. Traineeship providers should indicate whether they cover health and accident insurance as well as sick leave. The traineeship agreement should clarify whether an allowance or compensation is applicable, and if applicable, its amount.
4. **Rights and obligations:** The traineeship agreement should lay down the rights and obligations of the trainee and the traineeship provider
5. **Reasonable duration:** Traineeships should not exceed six months, except in cases where a longer duration is justified. The circumstances and conditions under which a traineeship may be extended should be clarified at the onset. The traineeship agreement may be terminated by either the trainee or the traineeship provider by written communication, providing advance notice of an appropriate duration in view of the length of the traineeship.
6. **Recognition of traineeships:** Promote the recognition and validation of the knowledge, skills and competences acquired during traineeships and encourage traineeship providers to attest them, on the basis of an assessment, through a certificate.
7. **Transparency requirements:** Provide in vacancy notices and advertisements information on the terms and conditions of the traineeship, in particular on whether an allowance and/or compensation and health and accident insurance are applicable. Encourage employment services and other providers of career guidance to provide transparent information on traineeships
8. **Cross-border traineeships:** Facilitate the cross-border mobility by clarifying the national legal framework for traineeships and establishing clear rules on hosting trainees from, and the sending of trainees to, other Member States. Make use of the extended EURES network and to exchange information on paid traineeships through the EURES portal

Source: Council recommendation on a Quality Framework for Traineeships, March 2014, downloadable at http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/lsa/141424.pdf

On-the-job training was also found to increase the employment probabilities of participants. In addition, the fact that most participants who are employed actually work in the occupation of training and use the skills learnt calls for a wider use of this measure as a means to ease youth entry in the labour market and provide them with the work experience they need. The limited effectiveness of the wage subsidy programme is mainly attributed to the individual characteristics of participants (low-educated unemployed and individuals facing substantial barriers in the labour market) and signalling effects. Therefore, a possible means to increase the impact of subsidies is to increase the productivity and work readiness of unemployed participants prior to recruitment.

A key pre-requisite for the effective implementation of active labour market programmes in the country remains the increase of the funding envelope available (currently at 0.08% of GDP, well below the average of 0.5 per cent of GDP spent annually in EU countries). The majority of active labour market programmes have been running for a number of years in the country and their performance is known and regularly reported upon (see Table 1 above). The outcomes of the programmes implemented in the former Yugoslav Republic of Macedonia are broadly in line with those detected in South-Eastern Europe, and some measures also over-perform compared to those implemented in peer countries.²⁸ Since active labour market programmes have largely shown to be an effective instrument to help the unemployed back to work, the Government commitment to the achievement of the employment and youth employment policy objectives should translate into a substantial increase of the annual funding envelope.

²⁸ For example, the Macedonian on-the-job training performs much better than in Serbia (44 per cent and 34 per cent of participants employed at follow up, respectively).

5. Conclusions

The Employment Service Agency of the former Yugoslav Republic of Macedonia operates in a context of low labour demand, double digit unemployment rates – particularly high for youth aged 15 to 29 – and limited human and financial resources. Despite these constraints, the Agency delivers on all the key functions of a modern public employment service (labour market information, employment counselling and career guidance, administration of active and passive labour market schemes), in line with the principles of ILO Employment Service Convention (C88), 1948 ratified by the country in 1991.

To ensure adequate service delivery, the unemployment register was divided into “live” and “passive” register in 2013. This reform has allowed focusing services and programmes on individuals who are actively searching for work and immediately available to take up a job. The improvement of the staff to unemployed ratio (which decreased from one staff every 450 jobseekers to one staff for every 230 unemployed) that the reform of the register brought to be, however, still falls short of the average international benchmark of 1:100 that is used as reference to assess quality of employment service delivery.

Since 2007 a number of technical assistance projects have been implemented to improve the organization and functioning of the Agency. The resources and expertise made available by these technical assistance packages contributed substantially to the expansion of the quantity and quality of the employment services and programme available to Macedonian citizens. There are, however, some difficulties in up-scaling all successful practices and pilot initiatives and extending them across the ESA network. This is, in part, the reason why only 25 per cent of all young unemployed detected by the Labour Force Survey register with the employment agency.

The ESA geographical structure, articulated around local employment centres and a number of outreach offices, ensures the availability of basic employment services and access to legal entitlements (unemployment benefit) throughout the country. Access to active labour market programmes, however, is limited by lack of funding and the dispersion of resources over a multiplicity of programmes, some of which have high unit costs and low participation.

The Agency has a well developed line of web-based self-help services for employers and jobseekers. Employment assistance to unemployed clients, however, is mostly provided face-to-face by a counsellor during the development of the individual employment plan. The *Law on Employment and Insurance against Unemployment* prescribes the development of such plan for all individuals in the live register within thirty days from registration as a means to ensure the delivery of job search assistance early in the unemployment spell. This requirement – coupled with limited office capacity to effectively monitor the job search activities – distorts the purpose of individual employment planning as a counselling tool to help clients identify, explore and prioritize the options that are available to achieve job-related objectives. This practice also constraints the use of group information sessions that could be effectively employed with young first-time jobseekers.

The large amount of information that is gathered on newly-registering unemployed is not used to profile clients, even though this is explicitly envisaged by the *New Service Model*. The introduction of a client segmentation approach, conversely, would represent a useful means to steer the limited human and financial resources currently available to the Agency towards those clients most in need of assistance.

Amidst the employment services typically provided to young clients, two merit special attention. The first is the work preparedness training targeting young first-time jobseekers. This training groups in one single package most of the basic employment services on offer and it is rather effective in getting young people's interest. Given its popularity among young unemployed, it would be worth exploring the possibility of adapting duration and content to the needs of other groups of young people (for example early school leavers, young long-term unemployed, youth beneficiaries of social assistance). The second service is job mediation, provided upon the specific request of employers and involving a rather limited number of clients on an annual basis. This is because employers can post vacancies directly in the job bank of the ESA. Whereas many employers are satisfied with this opportunity, many others would appreciate the personalized assistance and expertise that employment counsellors could provide. A better articulated line of services for employers (i.e. job task analysis, personalized screening and pre-selection of candidates, advice on human

resource development) would increase the market share of the Agency and help diversify the job vacancy offer.

The introduction of annual Operational Plans changed radically the way in which active labour market programmes are implemented and had a positive impact also on the overall performance of the Employment Agency. In the last few years, however, there has been a marked diversification of programmes with different objectives, eligibility rules and target groups. But such diversification has not been accompanied by an increase of the funding envelope. As a result, some programmes have a very low number of participants, which makes them procedurally cumbersome and largely ineffective in addressing the youth employment challenges employment centres have to deal with.

The funding modalities of active labour market measures would warrant revision. Despite the increases of the last few years, available funds are largely inadequate to achieve the youth employment policy objectives endorsed by the Government. The importance of human resource development (HRD) has been severely underestimated for a number of years. Both the recruitment and in-house training of staff will need to be revisited to align service delivery to that found in neighbouring countries and in the European Union. In addition, the adoption of appropriate HRD strategies may make some inroads in tackling staff turnover constraints.

6. Recommendations

1. This assessment found that the Employment Service Agency is currently lacking the human and financial resources to deliver on the objectives set forth by the *National Employment Strategy*, as well as the core provisions of the *Action Plan on Youth Employment*, i.e. the delivery of employment services and programmes aimed at promoting full, productive and freely chosen employment for young people. The Agency carries out all functions of a modern public employment service – i.e. labour market information, counselling and guidance, administration of active and passive employment policies – in line with the principles established in the ILO Employment Service Convention (C 88), 1948. Some areas of work – such as client segmentation, tiering of service delivery, job mediation, activation strategies and the delivery of certain active labour market measures – would warrant more attention. Foremost, however, what is required is a long-term and sustained commitment of the Government towards ensuring that the Agency enjoys adequate financial and human resources to execute its core functions and contribute to the achievement of youth employment policy objectives.
2. The personal data collected during the registration process should be used to build a profiling system geared to categorize unemployed individuals into the three broad categories as envisaged by the *New Service Model*. Such profile, once confirmed by an employment counsellor, would serve to refer unemployed clients to the package of services and programmes best suited to address their individual needs. Such an approach would be instrumental to introduce a tiered service delivery system, whereby basic services are provided to all registered unemployed with more effort put on the hard-to-place. The mix of services and programmes – the sequence of which is left to caseworkers' expertise – would range from group information sessions, job-search assistance and job placement services to advanced work preparedness training, individualized counselling and guidance, activation services and referral to the whole portfolio of active labour market measures. The legal requirement to develop an individual employment plan for all unemployed in the live register can be maintained by keeping the current format for young unemployed who are directly employable and for those with moderate difficulties (IEP version 1), and introducing a more articulated tool (IEP version 2) for those facing significant barriers.
3. The ESA IT platform represents an excellent tool for the collection and management of information about clients, job vacancies as well as service and programme delivery. Its features, however, could be better exploited to ease staff workload. The information stored on individual clients, aside for profiling individuals at risk, could also be used for the preliminary matching of unemployed clients to the features of active labour market programmes, without resorting to calls for applications. The establishment of uniform eligibility criteria for employers participating to programmes would facilitate online application and reduce the time needed to verify compliance. An increased access of staff deployed in local employment centres to the various features of the ESA IT system would also accelerate compliance with administrative duties and improve the reliability and timeliness of data collection.
4. The ESA approach to employers and job vacancy recording need to be re-examined. Most employment services in Europe use multi-channel strategies for the delivery of services to employers. These strategies combine face-to-face contacts with different e-channels, including self-service options. But personal contact is still regarded as extremely important, especially with respect to more complex and firm-specific advisory services. A more pro-active approach towards employers posting vacancies in the ESA job bank would envisage the offering of assistance to carry out job task analysis to better formulate the vacancy announcement, personalized screening and pre-selection of candidates, advice to comply with legal requirements and so on. Whereas many employers are satisfied with the opportunity to post vacancies directly in the ESA database, many other would appreciate the personalized assistance and expertise that employment counsellors could provide. Such assistance would also foster long-term relations with employers and promote the acquisition of new employer clients.

5. A key challenge for the ESA is to overcome the stereotype of dealing only with low level jobs and to increase its penetration of the vacancy market. One way of achieving this is to develop partnerships with Private Employment Agencies (PrEAs) and the media. Many employment services in Europe share vacancies and *curricula vitae* in real time by using web services technology and/or *Human Resources Extensible Mark-up Language* (HRXML).²⁹ An example of web services XML software is the *European Job Mobility Portal* that allows real-time access to jobs in over thirty countries.³⁰ The same approach could be used by the ESA to allow searches from its own portal to the portals of EURES, other employment services, private employment agencies and newspaper vacancy databases. This has the potential to radically increase the ESA share of the vacancy market and to attract more young jobseekers towards the services provided by the ESA.
6. In the last few years there has been a pronounced diversification of the active labour market measures in the annual Operational Plans to respond to the diverse needs of registered unemployed and the changing requirements of employers. The referral of young clients to employment measures has also increased significantly since the adoption of the *Action Plan on Youth Employment* (by 10 per cent annually). Such developments, however, have not been accompanied by an increasing funding envelope. This has created a sort of dispersion of funds, with some programmes targeting only few participants, mostly in the largest employment centres. To ease the implementation of programmes, the Ministry of Labour and the ESA may consider the establishment of a core set of measures (namely on-the-job training, traineeship, self-employment and job subsidies), available every year, in all employment centres and with well established targeting approaches. The funding for these core measures should guarantee that even the smallest employment has a annual portfolio allowing the treatment of at least 10 per cent of the annual stock of unemployed, with approximately 25 to 35 per cent of beneficiaries being youth up to 29 years of age. Programmes that have lower participation rates, or require specific arrangements or are in a piloting phase should be organized by larger employment centres also for the smaller ones.
7. The majority of active labour market programmes have been run by the Employment Agency for a number of years. Their performance is well documented and in many instances the results achieved are better than those typically found in other South-Eastern European countries. In addition, the impact evaluation recently carried out offers the evidence required to: i) expand those measures that increase the employment probability of participants, and ii) adjust the design of programmes that are underperforming. In light of this, it is rather puzzling that the allocation of Government funding has not increased to match the increasing capacity of the Employment Service Agency to provide effective labour market re-integration assistance. A key requirement for the effective implementation of active labour market programmes, as one means to achieve the stated youth employment policy objectives, is the gradual progression towards the average annual spending recorded in the European Union (namely 0.5 per cent of GDP) and a staff-to-unemployed ratio consistent with quality service delivery (1:100).
8. Measures are urgently needed to address the current understaffing of the Agency, which is bound to worsen in the next period when the amendments to the *Law on Social Welfare* will come into full effect and a significant share of staff will reach retirement age. The Ministry of Labour and the Agency should consider the development of a staffing plan on the basis of the unemployment and youth unemployment projections up to 2017. Staffing needs could also be met through a redeployment of personnel from other public administration institutions, provided that redeployed staff complies with the requirements of the job to be performed and undergo an intensive training programme on employment service delivery.

29 Some European employment services HR-XML (human resources-related data exchange) to electronically transfer *curricula vitae* and vacancies in a seamless way from private to public employment services. The system allows to exchanging CVs and vacancies over the internet in agreed electronic formats. Examples of PrEAs involved in this system with the PES include Adecco, Manpower and Randstad. Employers using HR-XML include Microsoft and Oracle.

30 <http://ec.europa.eu/eures/main.jsp?acro=job&lang=en&catId=482&parentCategory=482>

9. A comprehensive staff training programme needs to be established as a regular activity of the Agency, and not entrusted solely to technical cooperation projects. Such training plan should include: i) an induction programme for newly-recruited staff, prior to the on-the-job training provided during the probation period (structure and organization of the Employment Agency, legal framework, applied counselling and guidance skills, managing transitions, diversity and conflict); ii) regular upgrading courses on the areas of work of the Agency (job search assistance, contacting employers, career development, motivation training, job placement, design of individual employment plans, referral to active labour market programmes); and iii) ad hoc training on emerging issues (online services, profiling and targeting approaches, new active labour market programmes).
10. Finally, more resources need to be deployed for upgrading the premises and IT equipment available in local employment centres and to “branding” ESA services. This would also help in providing clients with a new image of the Service and of the support it can offer in the labour market.

