

Chapter 4

Investing in the employability of jobseekers in Slovenia

The Employment Service of Slovenia (ESS) is a well-functioning and modern public employment service with a strong focus on job placement. It has established a strong role as a job-broker by offering extensive recruitment services to employers. Just like employment services in many other OECD countries, it invested in user-friendly e-services with the aim to increase service availability and accessibility for both jobseekers and employers. The ESS has a large and diverse client base and only around a quarter of the unemployed are not registered with the ESS. Despite all those strengths, a number of challenges prevail, holding back re-employment for more people and at an earlier stage. Also, as the ESS does not administer the income-replacement benefits of all of its clients, the activation of jobseekers appears inconsistent in some circumstances. This chapter identifies a number of areas where consideration should be given to additional measures or adjustments to existing ones and a co-ordinated approach to activation by all actors involved.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Hit very hard by the Global Financial Crisis, Slovenia's unemployment rate still stood at 8.4% in Q4 2015, well above the 4.7% recorded in Q4 2007. All unemployed people in Slovenia can register with the Employment Service of Slovenia (ESS) (see Box 4.1) and only around a quarter of the unemployed are not registered with the ESS. But the client base of the ESS is very diverse: only one-fifth of ESS clients receive unemployment insurance (UI) benefit, which is also administered by the ESS; 35% receive means-tested social assistance, which is administered by the Centres for Social Work (CSW) (see Box 4.1); another 10% receive a partial disability benefit which is administered by the Pension and Disability Insurance Institute of Slovenia (ZPIZ); and the remaining 35% of jobseekers do not receive any cash benefit. This creates considerable policy co-ordination challenges. Overall, the ESS appears as a modern employment service with a strong focus on placement. But against the background of high unemployment it cannot help all clients to the same degree or the degree necessary.

This chapter discusses the role of the ESS as a job-broker who offers extensive recruitment services to employers in Slovenia. It analyses ESS interventions during the unemployment spell and suggests that the ESS misses an opportunity for early activation and needs to address frequent parking of harder-to-place jobseekers. The use of Active Labour Market Programmes (ALMPs) varies considerably over time and some groups of disadvantaged jobseekers have a low likelihood of being referred to such programmes. Considering the ESS performance management system also suggests that ensuring a rapid return to work may be more difficult for some clients, especially when responsibilities are shared with the CSW.

Box 4.1. **The Employment Service of Slovenia and the Centres for Social Work**

Employment Service of Slovenia

Slovenia's Public Employment Service (PES), the Employment Service of Slovenia (ESS), is a public agency directly reporting to the Ministry of Labour, Family, Social Affairs and Equal Opportunities (MDDSZ). It has an annual contract with the MDDSZ, which stipulates the ESS budget, tasks and personnel. Its operations are steered by a tripartite Board, which consists of 13 members, representing employers and trade unions (three members each), the government (six members) and the ESS workers' council. The ESS consists of the Ljubljana-based headquarters, 12 regional offices, 59 local offices and 11 Career Centres. The ESS combines the functions of job-brokerage, employment counselling, referrals to active measures, administration of unemployment insurance benefits, provision of life-long career guidance, and issuing work permits to foreign workers.

The ESS headquarters set the standards for the professional and operative implementation of all ESS procedures and runs a number of centralised functions (i.e. IT, analysis and statistics, legal, human resources, finance, and accounting departments). The ESS regional offices are responsible for employer outreach activities, co-operation with contracted providers and providing support to local offices within their region. The ESS local offices work directly with the clients and grant access to unemployment insurance, provide counselling and job-brokering, make referrals to active labour market programmes and liaise with the Centres for Social Work and other local institutions in their area. The 11 ESS Career Centres are either co-located with one of the ESS local offices or in a separate location. The remit of Career Centres is to offer career advice and, hence, they are open not only to ESS registered jobseekers, but also to other jobseekers, students, parents, and teachers. The centres offer a combination of self-service tools (e.g. access to the ESS vacancy database, information on vocational training, and detailed descriptions of occupations), basic personal career counselling and workshops (e.g. on job-search techniques). Around 40% of ESS registered jobseekers regularly use the Career Centres.

Box 4.1. The Employment Service of Slovenia and the Centres for Social Work (*cont.*)

Centres for Social Work

The remit of the municipal Centres for Social Work (CSW) is to provide material subsistence to families and children through administering a range of social assistance benefits (Financial Social Assistance, Emergency Financial Social Assistance, and Supplementary Allowance; see Chapter 3 for details). Different to the ESS, there is no central or regional structure for the CSW and all of the 62 CSW in Slovenia are managed on the local level, with each CSW reporting directly to the MDDSZ. Individuals requiring assistance must apply to the CSW in the area where they live. In contrast, individuals are free to decide which local ESS office to register with (e.g. they are free to choose one which is the area where they intend to look for work, for example).

The CSW offer information on applying for social assistance benefits, assist in completing the application forms and grant benefits to entitled households. In addition, the CSW provide personal counselling and support for families, including home visits. This includes identifying the basic dimensions of the clients' living circumstances and providing clients with support in addressing their problems (e.g. mental health problems, addiction, and social problems). With this remit the CSW will also have the central role for the implementation of *social activation*. Social activation is seen as a holistic approach to enabling individuals and families to resolve their problems and empower them to actively participate in society and integrate into the labour market. At the time of writing this report, the final approach to social activation, the actors involved and their responsibilities were not yet fully defined. But during meetings of the OECD team with various stakeholders it became clear that the current discussion focusses too much on measures and programmes to resolve social problems and too little on having labour market activation as the ultimate objective.

Source: EC (2014), “Blended service delivery for jobseekers, Peer Review Host Country Paper”, ESS Central Office, Brussels, <http://ec.europa.eu/social/main.jsp?langId=en&catId=22>; and IRSSV – Social Protection Institute of the Republic of Slovenia (2015), “Podlage za pripravo in zagon programov socialne aktivacije” [Basis for the preparation and launch of social activation], Ljubljana, www.irssv.si/upload2/Porocilo%20socialna%20aktivacija_končno.pdf.

The strong job-brokerage function of the ESS

Job brokerage is the process of matching jobseekers with employers who are seeking to fill vacancies either through facilitating job-to-job transitions or helping unemployed jobseekers into employment. A central function of any public employment service is to match jobseekers and employers. But the ESS operates in an environment where many vacancies are filled through other recruitment channels and it also recently lost its quasi-monopoly for the processing of all vacancies in the Slovene economy. The ESS has established a strong role as a job-broker by offering extensive recruitment services to employers. As the ESS involvement reduces the costs of the matching process for both jobseekers and employers, it could consider charging for these services in some circumstances. The ESS also closely co-operates with employers planning larger layoffs due to economic reasons. While the processes and interventions for displaced workers – i.e. workers who lost their jobs involuntarily due to economic reasons – affected by collective dismissals are well established, more support should be offered to workers affected by individual and small-scale dismissals. Furthermore, workers facing job loss should be given better incentives to engage in job search early on.

The position of the ESS as a job-broker

A comparison across European countries shows that the ESS has one of the highest market shares of European employment services with respect to involvement in recently concluded employment relationships: In 2012, the ESS was involved in one-fifth of such employment relationships against an European average of one-tenth (OECD, 2015a).¹

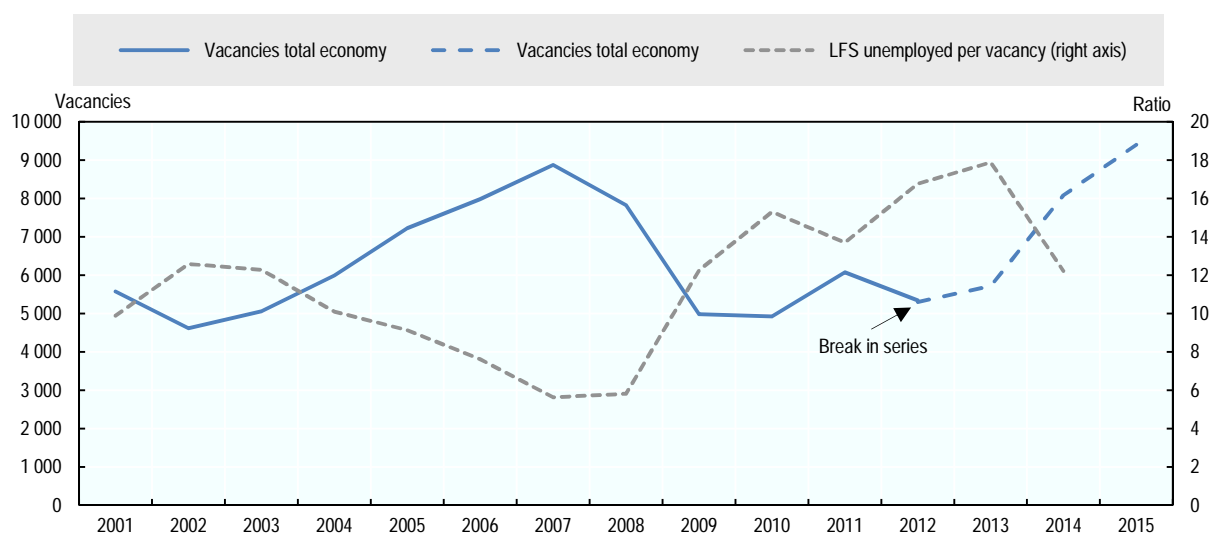
Two drivers may explain this strong position: First, employers were legally required to notify any vacancy to the ESS until 2013 and, second, the ESS not only supports jobseekers in finding jobs, but also offers extensive recruitment services to employers.

Following a large drop in vacancies since the onset of the economic crisis the Slovene economy has started to recover and open vacancies have been on the rise again since 2013. In 2015, total vacancies even surpassed the pre-crisis peak of 2007. This is also reflected in the number of unemployed per open vacancy which is falling again but still above its pre-crisis trough (Figure 4.1).

Until 2012, all vacancies in Slovenia had to be reported to the ESS. Mandatory vacancy notifications were abolished for the private sector in April 2013 to remove bureaucratic barriers for employers (EC, 2011). The public sector and business entities owned by the state still have a notification obligation towards the ESS. Private employers still have an obligation to make all vacancies publicly available, with rare exceptions (Employment Relationships Act (ZDR-1), Article 24). One option to comply with this requirement is the publication of vacancies in the ESS database. Although the ESS has lost its past quasi-monopoly over vacancies, it still has not lost its attractiveness for many employers due to the extensive recruitment services it offers (see below).

Figure 4.1. Overall vacancies in Slovenia are on the rise again

Stock of vacancies in the economy (yearly average) and LFS unemployed per vacancy (ratio), 2001-15



Note: The annual averages are calculated using quarterly data.

- Between Q1 2001 and Q1 2013 the job vacancy data were taken from the Employment Service of Slovenia (ESS).
- With the abolition of mandatory notification of vacancies to the ESS in April 2013, the Statistical Office of the Republic of Slovenia (SURS) no longer has complete coverage of all vacancies. The obligation to report vacancies to the ESS remains only for the public sector and for business entities owned by the state. Between Q2 2013 and Q4 2014 job vacancy data were forecasted, relying on an ESS survey conducted with employers with ten or more employees. For the conversion to the total population, shares from 2012 data were applied. Since Q1 2015, the SURS has been collecting vacancy data from the private sector with a sample survey. Public sector vacancy data continues to be supplied by the ESS.

Source: OECD *Employment Database*, www.oecd.org/employment/database, Statistical Office of the Republic of Slovenia and Employment Service of Slovenia yearly report.

StatLink  <http://dx.doi.org/10.1787/888933415210>

Employer outreach services

The ESS has a strong emphasis on employer outreach services, reinforced in the Labour Market Regulation Act of 2010, which stipulates the ESS's role in enabling employers to carry effective business processes through timely and active mediation of suitable candidates. In order to fulfil this role, each local ESS office has specialised advisers for employers.² In addition, in 2015 the ESS established cross-regional outreach services for larger employers with large-scale recruitment needs in five of its regional offices. Services the ESS offers to all employers – regardless of size – include:

- The online vacancy database with electronic filing of vacancies and a CV data bank for jobseekers, where employers could search for suitable candidates.
- Support in advertising vacancies (e.g. drafting vacancies according to the employer's needs);
- Recruitment services: preselection of suitable jobseekers for vacancies;
- Organising speed-dating events for employers and pre-selected candidates on ESS premises and organisation of local and regional job fairs;
- Information and advice on training programmes and employment incentives;
- Information and advice on procedures related to employing workers;
- Issuing work permits for foreign employees and providing information and advice on employers' application process;
- Co-operation in cases of larger redundancies and in case of redundancies of disabled employees.

In addition to these service offers, the ESS also fosters relationships with employers through organising regular local and regional employer meetings and visiting employers with high recruitment potential – including both enterprises with an established customer relationship and those that have not used the PES services before. In 2014, the ESS visited over 3 000 employers, representing 2% of all active employers in Slovenia.³ The ESS gathers feedback on its services through direct contacts with employers and also runs an annual employer satisfaction survey, covering the different aspects of its services to continuously improve their quality (EC, 2011 and 2014a).

Across the ESS services for employers, the recruitment service stands out as being more comprehensive than what many other PES in the OECD offer. For each vacancy advertised, employers have the option to choose whether they would like the ESS's active engagement in filling job vacancies. When ESS engagement is requested, ESS staff will sift jobseekers' profiles to identify suitable candidates and may also run pre-selection tests, before referring the most suitable candidates to the employer and organising the job interview. The number of candidates referred is usually low and depends on employer preferences (EC, 2011; Zakrajšek and Meke, 2011). ESS data from 2010 shows that the pre-selection activity of the ESS is far-reaching: for each vacancy with active mediation services on average only 1.5 jobseekers were contacted and potentially referred to the employer.⁴ The interview outcomes are monitored through a feedback form for the ESS, which employers need to provide for each referred candidate.

The Finnish PES has also developed a specialised service for employers, which goes beyond basic services such as vacancy advertising and searching for potential jobseekers and which employers must pay for. The payable service includes tailored placement services, recruitment (selection and screening of jobseekers), outplacement, advice on company training and personnel hire (Duell et al., 2009). Also the Swiss PES has a strong emphasis on meeting employer's needs. The organisation of these services varies across cantons. Duell et al. (2010) cite the example of the canton of Basel-City, where one local employment office exclusively deals with employers and the acquisition of vacancies. In Switzerland, employers advertising a vacancy with the PES also have the option to request more intensive support from the PES, such as the pre-selection of candidates, but such services are free of charge.

In Slovenia, it can be argued that the ESS recruitment service takes over quite an extensive part of an employer's human resource function in the hiring process. Given that the service is free of charge, it is not surprising that it is a rather popular service among employers in Slovenia. In 2013, ESS active mediation services were used for 45 600 vacancies or 41% of all vacancies reported to the ESS (ESS, 2015b). The number of vacancies with active mediation services remained similarly high in 2014 and 2015.⁵ Analysis of the mediation service shows that it is especially popular among micro (0-9 employees) and small (10-49 employees) employers. In 2013, of all vacancies for which ESS active mediation services were requested, 46% were posted by micro and 17% by small employers, while only 8% were posted by large employers (Stojak, 2014).⁶ Mediation services are also used more often by employers recruiting workers with lower levels of education, those from the processing industry, catering, and building industry and those with their headquarters in the eastern regions (EC, 2011). While being a big benefit to employers, the ESS recruitment service is very resource intensive to deliver. In the light of high caseloads and imposed staff cuts the ESS therefore had to shift resources away from its services for employers. In addition, with the abolition of compulsory ESS vacancy registrations in 2013, the ESS now has to dedicate more resources to the acquisition of vacancies to keep up its market share (EC, 2014a).

With the ESS recruitment service saving employers a substantial part of their recruitment costs (e.g. in comparison to using private recruitment services), there is a case for the ESS to consider charging a service fee for its recruitment services. Such fees would enable the ESS to retain staff in this area to consistently deliver high-quality services and would also make the ESS accountable for the outcome of its services. The fees could be kept low (i.e. not on a cost-covering basis) not to put off employers from using the ESS services altogether and fees could, for example, be waived if the employer hires a disadvantaged jobseeker.

Interventions for displaced workers

Displaced workers – i.e. workers who lost their jobs involuntarily due to economic reasons – are a major client group for the ESS. Already prior to the global financial crisis around 15% of newly ESS registered jobseekers were displaced workers. In 2009, the proportion increased to over 25%, gradually declining thereafter to just over 15% in 2015.

Regular and exceptional response measures following collective dismissals in Slovenia

Employers with imminent dismissals are obliged to notify the ESS about the redundancies and the planned redundancy process. The ESS then contacts employers

to establish the number of redundant workers and their competencies. Especially in the case of collective dismissals,⁷ the ESS informs workers about current vacancies with other employers, offers career advice and workshops on job-search methods. Up to three months before to the actual dismissal workers may also register with the ESS and can be enrolled in some active labour market programmes (see Box 4.7).

In case of large-scale redundancies special response measures may be introduced as has happened in response to the bankruptcy of the Mura textile company. In October 2009, Mura, Slovenia's largest textile manufacturer, filed for bankruptcy with over 2 000 workers (i.e. around 0.2% of all people in employment in Slovenia) facing redundancy. In response, the Ministry of Labour, Family, Social Affairs and Equal Opportunities (MDDSZ) established two labour funds (Labour Fund of Prekmurje and Regional Labour Fund Pomurje), with the aim of providing re-employment support for the displaced workers until June 2011. The total budget of the funds was around EUR 3.5 million, of which around two-thirds were financed by the European Globalisation Adjustment Fund. Support provided through the labour funds included job-search counselling, a range of different workshops (covering motivation, job-search assistance, etc.), job clubs and engaging with employers to establish re-employment opportunities. The ESS also received an extra grant from MDDSZ to offer additional places in its programmes supporting self-employment and on-the-job training.

Job-search assistance during the notice period is available, but take-up is low

During the notice period all dismissed employees – regardless of whether the dismissals was due to economic reasons or incompetence – are entitled to a minimum of two hours per week to search for employment. Employees are entitled to full wage compensation during this time. Employers must also enable employees to engage in a special job-search measure. Employees participating in this measure may be absent from work for at least one day per week to participate in ESS services and programmes. The employer is obliged to continue paying the employee during the days of absence at a reduced wage rate (70%), but can reclaim the expenses from the ESS. Workers taking up this offer who are entitled to unemployment insurance (UI) have their maximum benefit duration shortened by the number of days they participate in the measure. While the measure is a good starting point for preventing longer-term unemployment of displaced workers, take-up is low and the measure is “unpopular” with ESS staff due to its rather excessive administration.

The administration and design of the measure should be simplified and better incentives given to affected workers to increase take-up. Instead of making employees effectively pay for the measure, employers should be obliged to pay full wage compensation for the days to-be-dismissed employees engage in job search, without receiving reimbursement through the ESS.⁸ Employees could also be given flexibility on how to use the job-search days – i.e. taking one day per week or taking several days in a row. A similar measure exists in Finland, where employees are entitled to paid employment leave during the notice period of 5-20 working days, depending on the length of the notice period (OECD, 2016). Also the Job Security Councils in Sweden are financed entirely through employer contributions (see Box 4.2). In addition, instead of leaving the choice of ESS registration to the dismissed workers, an ESS registration requirement should be introduced. Thereby the ESS could make employees aware of the measure and nudge more dismissed employees to engage in job search during the notice period. Furthermore, information obtained during the ESS registration process could be used by the ESS to identify dismissed workers who are likely to struggle with a quick labour market reintegration. Support measures like intensive counselling interviews and ALMPs could then be targeted specifically on those workers.

Interventions for displaced workers should be extended to cover individual and small-scale dismissals

Workers affected by individual or small-scale dismissal are also eligible to engage in job search during the notice period, but are not usually provided with special assistance as may be offered through the ESS in the case of collective dismissals. This is the case in many OECD countries, which tend to focus their targeted assistance to displaced workers affected by mass dismissals. Schemes aimed at individual or small-scale dismissals nevertheless exist for example in Canada (Québec), France and Sweden, where assistance is open to all displaced workers (Box 4.2).

Box 4.2. Support schemes benefiting workers displaced individually or in small firms: The examples of Québec-Canada, France and Sweden

The Continuous Entry Reclassification Assistance Committees in Québec

In Québec, workers affected by individual or small-scale dismissals can enrol in *Comités d'aide au reclassement à entrées continues* (CRECs). CRECs meet the needs of regions: i) facing multiple redundancies in small and medium-sized firms (therefore not reaching the 50-displaced workers threshold to qualify as a mass dismissal); and/or ii) that do not have enough PES staff to cope with the sudden influx of displaced workers in a local office. To ensure sufficient capacity is available, *Emploi-Québec* outsources these CRECs outplacement services to specialised external providers. The providers then develop a reclassification plan for each dismissed worker including a combination of tailored services to help workers find a job as quickly as possible. Displaced workers still requiring assistance once the CREC is dissolved are referred to the regular PES, *Emploi-Québec*.

The Job Security Councils in Sweden

In Sweden, once a permanent employee has been notified of the dismissal, both the employee and employer apply to a *Job Security Council* (JSC). The councils are based on collective agreements between social partners in a sector or occupational field (e.g. white-collar workers in the private sector) and are financed through employer contributions. The JSCs provide transition services such as individual counselling, career planning, job-search assistance and outplacement services. JSCs overall achieve very high placement rates, exemplifying the advantages of a systematic early intervention approach. On average, 80%-90% of dismissed workers find new jobs within 7-8 months, often without using any resources from the PES. The comparatively long notice period (a minimum of one month for newly employed workers up to six months after ten years of tenure) is thus used productively to help workers find a new job quickly, to take advantage of existing employer networks and to utilise workers' skills.

The Career Path Security Contract in France

In 2011, France implemented a tailored programme called *Contrat de sécurisation professionnelle* (CSP –Career Path Security Contract) to improve incentives for employer, affected employees and the PES to better facilitate the use of early transition services. Whatever their tenure, all workers dismissed for economic reason (individually or collectively) from a firm with less than 1 000 employees or from a firm filing for bankruptcy (regardless of size) are entitled to enter the programme. The programme lasts a maximum of 12 months and includes a range of measures such as job-search assistance, regular (weekly or monthly) intensive counselling with a dedicated caseworker specialised in supporting displaced workers, skills evaluation, access to training and follow-up support during the entire programme to improve re-employment prospects.

**Box 4.2. Support schemes benefiting workers displaced individually or in small firms:
The examples of Québec-Canada, France and Sweden (cont.)**

The cost of the programme is shared between the PES, *Pôle emploi*, the employer and the employee, which facilitates co-operation between all actors. The employer must offer the CSP to any worker they plan to dismiss and is subject to a significant fine in case of non-compliance. Participating workers contribute to the financing through allocating part of their severance pay to *Pôle emploi*, waiving their notice period as well as their training rights acquired on the previous job. Due to the incentive structure, take-up of the programme is high: Participating workers receive a higher replacement income (80% of the previous gross wage) than other unemployment benefit recipients (between 57% and 75% of the previous gross wage) and are also entitled to a wage insurance if the new job pays less than 85% of the previous one. Due to the significantly higher replacement rate there is, however, the risk of a prolonged unemployment duration of programme participants.

Source: OECD (2015), *Back to Work: Canada – Improving the Re-employment Prospects of Displaced Workers*, OECD Publishing, <http://dx.doi.org/10.1787/9789264233454-en>; OECD (2015), *Back to Work: Sweden – Improving the Re-employment Prospects of Displaced Workers*, OECD Publishing, <http://dx.doi.org/10.1787/9789264246812-en>; Dares-Pôle emploi (2013), “L’accompagnement renforcé des demandeurs d’emploi : Évaluation du recours aux opérateurs privés par Pôle emploi de 2009 à 2011”, *Synthèse.Éval*, No. 03, January.

Scheduled interventions in the unemployment spell

The ESS has a large and diverse client base and only a quarter of the unemployed is not registered with the ESS; plausibly among those looking for regular employment the vast majority is registered. Owing to the diversity of clients and due to limited resources the ESS segments its clients. Generally a “work-first” approach is applied for more employable jobseekers. The intervention strategy for harder-to-place jobseekers has less of a “work-first” focus and interventions such as in-depth counselling are limited due to a lack of resources. The Slovene system misses an opportunity for early activation and suffers from parking harder-to-place clients and from a strict sanction regime.

Registration of benefit applications

All Slovenian residents who are unemployed may register with the ESS and use its services in their search for work. As has been shown in Chapter 3, the motivation to register with the ESS may differ for jobseekers, depending on their benefit entitlement. For claimants of UI, registration with the ESS is a prerequisite for UI eligibility. The ESS registration and the claim for UI can be done simultaneously. Jobseekers can register with any local ESS office of their choice regardless of residence, for example registering with an office located in the area where they intend to look for work (IRSSV, 2015). The registration as unemployed and the UI application have to be made within 30 days after the termination of employment in order to be eligible for UI and claimants can receive retrospective pay within this 30-day limit.⁹ Even though it is generally easier to find a new job while still being in employment, the current rules offer little incentives for UI recipients to actively seek new employment before the current employment relationship ended or within the first 30 days of unemployment. This may be one of the reasons why the majority of OECD countries do not offer retrospective pay (OECD, 2015a). The absence of early activation may also explain why few displaced workers exercise their right to search for employment during the notice period and participate in programmes offered by the ESS during that period (see Box 4.7).

Slovenia should consider activating people at risk of losing their current job – either due to dismissal or due to the expiry of a fixed-term contract – while their current

employment relationship still lasts. Such rules exist, for example, in Germany and Switzerland (see Box 4.3). One option would be to introduce job-search requirements already before the unemployment spell starts, as is done in Switzerland. A more far-reaching option would be to introduce mandatory ESS registration for people at risk of losing employment within, say, three days of having received notice from their employer¹⁰ and for employees on fixed-term contracts, say, four weeks before the expiry of their current contract. Such requirements could be enforced through the introduction of lower-level sanctions (e.g. one week of foregone benefit entitlement as in Germany and Switzerland), which could be introduced together with other changes to the sanction regime as argued further below. Also the period for which retrospective pay can be claimed could be abolished. While early registration with the ESS is a means to identify individuals at risk of unemployment, it should not be equated with offering intensive services to everyone prior to unemployment. Instead, information gathered by default during the registration process should be used to identify workers who are likely to struggle with a quick reintegration into the labour market (e.g. long-tenured workers without any recent job-search experience).

Box 4.3. Early activation to incentivise job-to-job transitions in Germany and Switzerland

Around half of all OECD countries have waiting periods of three days up to a fortnight from the date of benefit entitlement (OECD, 2015a). Such rules are sometimes introduced as a cost-saving measure and also aim at encouraging people to search for new employment, while they are still in their current job. Waiting periods may, however, raise some equity concerns, as they disproportionately impact on low-income workers if they do not succeed to find employment during the notice period.

Early PES registration in Germany

Germany has no such waiting period, but instead requires all persons whose employment (or apprenticeship) relationship is about to end to register as a jobseeker with the PES three months before the end of the employment relationship. If there are less than three months between the end of the employment relationship and the notice thereof, the employee has to inform the PES within three days of having received notice. Employees who do not inform the PES in a timely manner (or without valid reason for failing to do so), receive a benefit sanction for one week – i.e. they do not receive benefit payments for one week and their total entitlement is shortened by one week. With this measure Germany aims to reduce unemployment duration or even prevent unemployment, as PES reintegration efforts can already take effect prior to unemployment.

Job-search requirements prior to PES registration in Switzerland

In Switzerland, unemployed jobseekers are required to register with the municipal offices as early as possible, ideally after the receipt of notice, but at the latest on their first day of unemployment. From the day of registration a five-day waiting period may apply, depending on the previous salary level. Following registration, the municipality forwards the registration to the local PES office within a week. While no sanctions apply for registering only on the first day of unemployment, jobseekers are, however, required start searching for work before unemployment starts. Jobseekers usually have the first intensive interview at the local PES office within 14 days of registration. At this interview they need to submit written proof of the vacancies they have already applied to before registering. Unemployment benefits may be suspended for one week, if the number of applications is judged to be insufficient.

Source: Duell, N. et al. (2010), “Activation Policies in Switzerland”, *OECD Social, Employment and Migration Working Papers*, No. 112, OECD Publishing, <http://dx.doi.org/10.1787/5km4hd7r28f6-en>; OECD (2015), “Activation policies for more inclusive labour markets”, in *OECD Employment Outlook 2015*, OECD Publishing, http://dx.doi.org/10.1787/empl_outlook-2015-7-en; and Sozialgesetzbuch Drittes Buch (SGB III), § 38 Rechte und Pflichten der Ausbildung- und Arbeitsuchenden, https://www.gesetze-im-internet.de/sgb_3/index.html.

Also for FSA claimants, registration with the ESS is a prerequisite for eligibility. However, ESS registration and the FSA claim cannot be done simultaneously, as FSA is not administered by the ESS, but by the CSW. FSA claimants therefore have to first register with the ESS and afterwards claim FSA at their local CSW. As Table 4.1 shows, the vast majority of new benefit claimants receive no cash benefits initially, as benefit entitlement is only established after registration with the ESS.¹¹ At the CSW caseworkers can check on the ESS computer system whether the registration as a jobseeker took place. This sequencing of events is generally enforced through CSW staff, but with the process being manual there is still room for error and discretion¹² on behalf of CSW staff. This merely manual interface between the ESS and CSW computer systems may be less of an issue during the initial FSA claim process, but creates problems for ongoing claims and the enforcement of work-search conditionality for FSA recipients. In some, but not all CSW, caseworkers may abstain from referring individuals with large perceived barriers to employment to the ESS. Instead they may discuss with the person directly and propose to enter an agreement on resolving social problems (with agreed activities and obligations) with the CSW as the basis for accepting the FSA claim (see Box 4.4).

Jobseeker characteristics and ESS segmentation

Throughout 2015 the caseload of jobseekers registered with the ESS continued to decline, with jobseekers remaining on the caseload now being more disadvantaged on average. There is some evidence of “parking”, i.e. providing little services to clients who are perceived as being hard to place. While parking may have been an optimal strategy in times of high caseloads and low resources, it should now be reversed.

As the number of registered jobseekers declines, the remaining caseload becomes more disadvantaged on average

Following the peak in registered jobseekers in January 2014 at 129 840,¹³ the number of registered jobseekers stood at just over 113 000 at the end of 2015. Around two-thirds of jobseekers received income-replacement benefits while one-third did not receive any cash benefit. The overall decline in jobseekers is driven by a decline of UI recipients and jobseekers without benefits, while FSA and partial disability benefit (ZPIZ) recipient numbers remained high over the same period (Figure 4.2, Panel A). With the caseload declining, jobseekers remaining on the ESS register are more disadvantaged on average. While numbers of short-term unemployed and jobseekers with less than two years on the register are on the decline, numbers of very-long term unemployed continue to rise (Figure 4.2, Panel B). This is also reflected in the assignment to ESS customer segments, with less jobseekers being classified as “directly employable” and more classified as “employable with intensive support” (Figure 4.2, Panel C).

Table 4.1 shows jobseekers for the categories of special interest for this report. Over half of UI recipients and 70% of ZPIZ recipients are over 50 years old. Younger and prime-age jobseekers are more likely to claim FSA or have no benefit entitlement, as they are less likely to meet the contribution conditions for UI. UI recipients appear to have shorter unemployment durations, while more than two-thirds of FSA claimants and over 90% of ZPIZ claimants are registered with the ESS for more than 12 months. This is partly driven by the fact that following the end of the UI entitlement, some previous UI recipients claim FSA. FSA and ZPIZ recipients tend to have lower levels of education than claimants of UI or jobseekers without benefit entitlement. One in three UI recipients and more than four in ten ZPIZ recipients are displaced workers, while much lower proportions of FSA recipients and jobseekers without benefit entitlement fall in the group of jobseekers who lost their job for economic reasons.

Table 4.1. **Jobseekers profiles in Slovenia vary across different benefit categories**

Number and percentages of registered jobseekers by type of benefit received, 31 December 2015

	All registered jobseekers	Jobseekers by benefit receipt			
		UI recipients	FSA recipients	ZPIZ partial disability benefit recipients	No income-replacement benefits
Newly reistered unemployed (on-flows)	97 210	33 000	3 030	620	60 560
<i>(row percentages)</i>		34%	3%	1%	62%
Total Stock	113 080	22 070	40 020	10 970	40 020
<i>(row percentages)</i>		20%	35%	10%	35%
Recorded inflow reason (column percentages)					
Expiry of fixed-term contract	44%	54%	42%	32%	45%
Displacement ^a	20%	33%	11%	43%	17%
Other ^b	15%	13%	15%	18%	14%
Unknown	20%	< 0.5%	32%	7%	24%
By age groups (column percentages)					
Youth (15-29 years)	24%	11%	30%	< 0.5%	31%
Prime age (30-49 years)	43%	34%	48%	30%	47%
Older unemployed (50 years and over)	33%	54%	21%	70%	22%
By duration (column percentages)					
Less than 12 months	49%	83%	32%	7%	58%
12-24 months	18%	15%	21%	11%	19%
More than 24 months	33%	2%	47%	82%	23%
By educational attainment^c (column)					
Less than upper secondary education	34%	29%	43%	49%	24%
Upper secondary education	49%	54%	46%	47%	50%
Tertiary education	17%	17%	11%	4%	25%
ESS segments^d (column percentages)					
Directly employable	29%	39%	20%	1%	41%
Employable with additional activities	47%	43%	52%	36%	49%
Employable with in-depth support ^e	23%	18%	28%	64%	11%
Review groups by benefit receipt^f (row)					
Displaced workers ^a	22 990	32%	19%	21%	29%
Older unemployed (50 years and over)	37 190	32%	23%	21%	24%
Long-term unemployed (12 months or more)	58 180	7%	47%	17%	29%
Less than upper secondary education	38 560	17%	44%	14%	25%

Inflow and stock figures are rounded to the nearest 10.

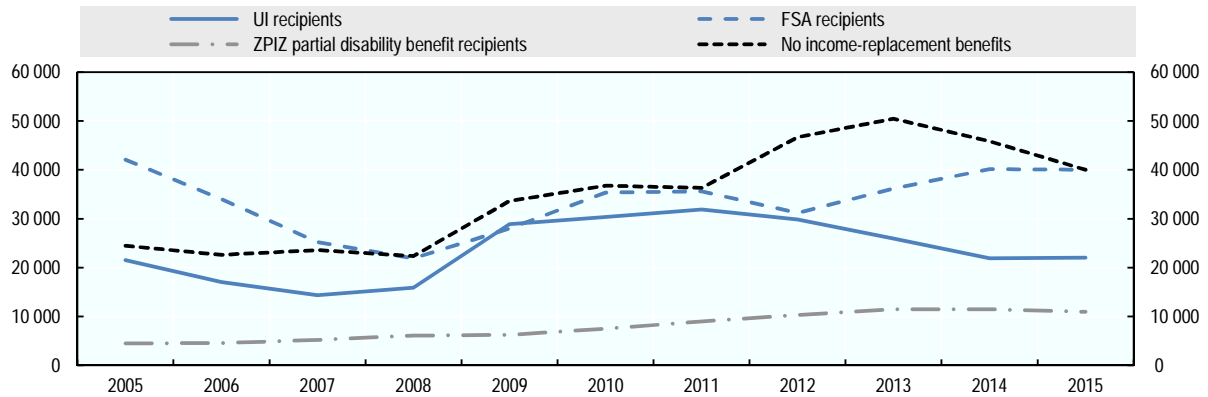
- The inflow reason is either i) termination of employment due to the bankruptcy or liquidation of the employer or ii) permanent redundancy due to economic reasons.
- Includes the following inflow reasons: regular termination by agreement, worker incompetence, termination of operations (i.e. termination of the business as a sole proprietor, Cessation of self-employment), serious misconduct, ban due to inspection (e.g. prohibition of work carried out by a court or authority), expiry or interruption of Public Works, sentence over six months (e.g. extraordinary termination due to a conviction or imprisonment), separations due to employer not fulfilling obligations, false data at the conclusion of the employment relationship, unsuccessful probationary period (first six months of indefinite contract), termination with an offer of a new contract, unfair dismissal on the basis of the judgment of the Court, and transition between registries within the ESS.
- Not included are jobseekers with unknown educational attainment, which represent less than 0.01% of the stock.
- Not included are jobseekers not assigned to the one of the three segments (0.3% of the stock in 2015).
- Includes jobseekers classified as temporarily unemployable (less than 0.01% of the stock).
- This report has a special focus on displaced workers, older workers, long-term unemployed and low-skilled workers.

Source: Author's calculations based on data provided by the Employment Service of Slovenia.

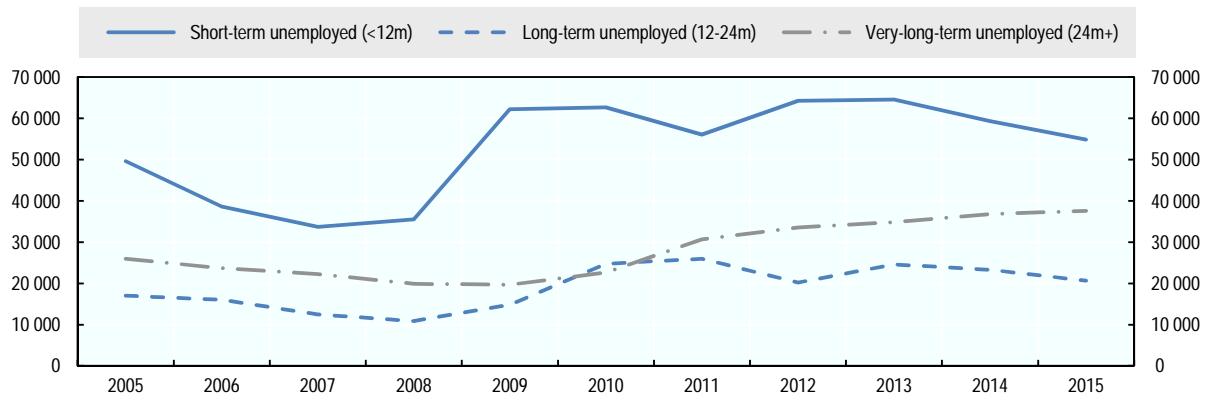
StatLink  <http://dx.doi.org/10.1787/888933415316>

Figure 4.2. **As the number of jobseekers in Slovenia declines, the remaining caseload is becoming more disadvantaged on average**

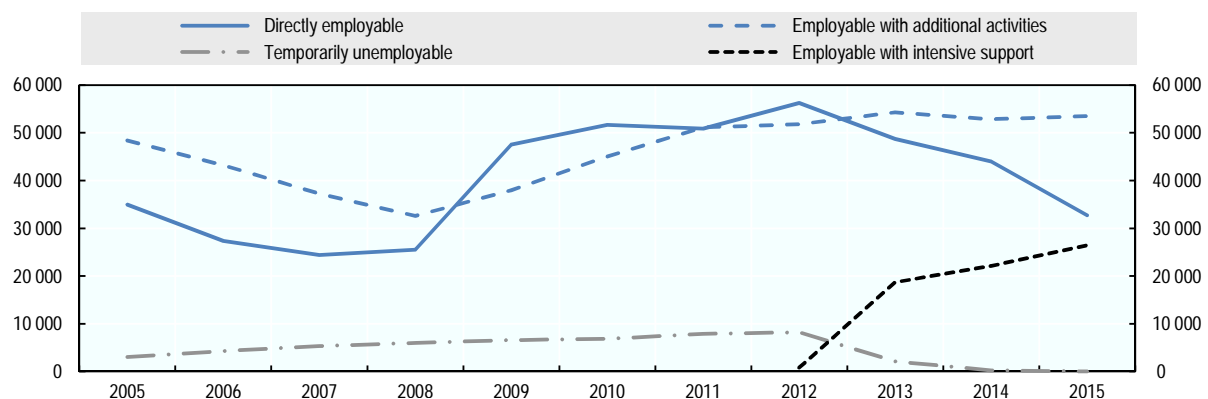
A. Registered ESS jobseekers by benefit claimed, end of year levels, 2005-15



B. Registered ESS jobseekers by duration, end of year levels, 2005-15



C. Registered ESS jobseekers by client segment^a, end of year levels, 2005-15



- a) Excludes registered jobseekers with an unknown segment (in 2005, around 7% of jobseekers were not assigned to a segment; over time this share has dropped to less than 0.5% in 2015). Also excluded are registered jobseekers that are classified as permanently unemployable (in all years less than 0.05% of the stock). The category “employable with intensive support” was only created in 2012. Individuals in the category “temporarily unemployable” were either reclassified as “employable with intensive support” or removed from the unemployment register into a separate ESS register for temporarily unemployable individuals.

Source: Author’s calculations based on data provided by the Employment Service of Slovenia.

StatLink  <http://dx.doi.org/10.1787/888933415228>

The ESS divides jobseekers into three client segments, which determine client journeys

Public employment services need to concentrate their resources on jobseekers who have become long-term unemployed, or ideally those most at risk of becoming long-term unemployed. Jobseeker profiling procedures allocate jobseekers across a small number of categories, in order to manage scarce resources and deliver services that are appropriate for the needs of each group. Procedures are often based on regressions of claimants' probability of becoming long-term unemployed on their characteristics. The need for formal categorisation of clients is greatest where the PES caseload is particularly varied, where the PES systematically refers clients to distinct services or private service providers, or where counselling resources are limited and access needs to be rationed in some way. OECD (2015) provides some examples of statistical profiling and less formal methods of segmenting clients.

A formal profiling procedure does not exist in Slovenia, but during the registration process the ESS already obtains a rich set of data from existing data sources and client self-reports (including gender, age, citizenship, disability status, educational attainment, work experience, reason for termination of employment etc.). Once registered with the ESS, jobseekers usually have a first counselling interview with a caseworker within two weeks. During the first meeting counsellors ask jobseekers about their competencies, the type of work they are looking for and the help they expect to receive from the ESS in order to prepare an Individual Action Plan (IAP). Together with administrative data from the registration process, the information gathered in the interview is used by counsellors to assign clients at their own discretion to one of three different client segments:

1. **Directly employable:** Motivated jobseekers with relevant skills. The initial IAP for this group is short and directed towards independent job search supported through ESS e-services (see Box 4.5), the ESS contact centre (phone and email) and services offered by the ESS Career Centres. Jobseekers in this segment are referred to vacancies for which employers requested ESS co-operation. The frequency of counselling sessions is usually every four months, but in 2015 the interview frequency was increased significantly to monthly interviews.
2. **Employable with additional activities:** Jobseekers which require additional support from a counsellor to maintain motivation, acquire new skills, or overcome medical or other barriers. Jobseekers may receive in-depth career counselling, participate in group sessions and be referred to shorter workshops or suitable ALMPs. Following an upfront screening process to check their suitability for a vacancy, jobseekers in this segment may also be referred to vacancies for which employers requested ESS co-operation. The frequency of counselling sessions is usually every four months, but in 2015 the interview frequency was also increased somewhat to quarterly interviews.
3. **Employable with intensive support:** Jobseekers which require more intensive help to overcome more complex barriers to employment (e.g. physical or mental health problems, social problems, lack of skills). Basic interventions are similar to jobseekers in the second category. In addition, jobseekers in this segment may undergo a disability assessment under the Vocational Rehabilitation and Employment of Persons with Disabilities Act and be referred to vocational rehabilitation services. Jobseekers in this segment are given priority for vacancies advertised by employers that co-operate with the ESS in programmes targeted at disabled jobseekers. Counselling sessions are determined on individual needs with no fixed frequency.

The client segment can be changed during every counselling interview, based on a counsellor's ongoing assessment. A less strictly determined client journey for jobseekers in the segment "employable with intensive support" offers the ESS flexibility for this client group. Local offices can use this flexibility to adjust the frequency of interventions based on individual needs or as a function of capacity. More frequent counselling interviews in 2015 for claimants in the first two segments, however, are likely to have reduced the frequency of interventions for clients in the third segment, a strategy which is often referred to as "parking". In addition to reducing the intervention frequency for clients who were in the "employable with intensive support" segment already at the beginning of 2015, the ESS may have also "parked" additional clients – who were initially assigned to the other two segments – in this segment over the course of 2015. This is reflected in the further increase of the "employable with intensive support" segment in 2015 (Figure 4.2, Panel C), which cannot be explained by the development of other categories of harder-to-place client groups: the number of clients in this segment increased by around 4 300 between 2014 and 2015, but the number of very long-term unemployed (unemployment duration of 24 months or more) increased by only 770, and the number of older unemployed increased by only 450. The number of low-skilled workers even decreased by 1 990 over the same period.

"Parking" of some clients may have been an optimal strategy by the ESS in the past in order to use limited resources in the most efficient way. With the number of clients in the "directly employable" segment further declining, explicit or implicit parking should be reversed and more resources be put into harder-to-place clients in the future. With the segmentation and interventions strategy being largely discretionary, there is also a risk that many jobseekers are being parked as they are perceived to be less employable e.g. because of their age or their lower skill level. Ensuring better services for all jobseekers with limited resources could be better achieved by fixing customer journeys with respect to the frequency of counselling interviews and referrals to ALMPs (see below).

In addition to agreeing an IAP with the ESS, FSA recipients may also agree another action plan with their CSW. The two different action plans are, however, not usually co-ordinated. This may be confusing for jobseekers and is also a missed opportunity of ensuring that both institutions support the target of quick reintegration into the labour market. There is a formalised co-operation between the ESS and CSW since 2012 for FSA claimants and other registered unemployed with complex barriers to employment (e.g. mental health problems, addiction, and social problems). Such clients are referred to a joint ESS and CSW commission for the assessment of provisional non-employability (see Box 4.4). The Commission's task is to establish labour market barriers, decide which of the institutions is responsible for the client, and make suggestions for intervention. If the Commission finds that the individual is provisionally not employable, they are removed from the ESS unemployment register. An issue for the CSW is that they have to accept all claimants even though they may not have the means to intervene. Furthermore, without a remit for labour market activation, there is a risk that clients served only by the CSW do not have a clear pathway back to employment. The creation of the Commission coincided with a change in the segmentation of ESS clients. Since 2012, clients classified as "temporarily unemployable" are removed from the unemployment register and kept in a separate ESS register (Figure 4.2, Panel C). While most of this is a reclassification, the ESS was able to exclude some individuals with complex barriers to employment from the unemployment registry. For "temporarily unemployable" individuals an important issue will be the regular inspection of their situation and the timely re-entry into the unemployment register once their situation has improved.

Box 4.4. Assessing provisional non-employability

With its focus on providing immediate employment support, the ESS does not have the means and expertise to offer support to individuals with complex barriers to employment (e.g. mental health problems, addiction, and social problems). Providing such support is the remit of the CSW, which are responsible for providing support to individuals and families in difficult personal or social situations. Whether the barriers to employment warrant the suspension of labour market participation requirements is often a complex decision. For this reason the joint ESS and CSW Commissions for the assessment of provisional non-employability have been established in 2012. Referrals of registered unemployed to the Commissions are made by the ESS. The Commissions are organised on the local level and consist of at least three members (employment adviser, social worker and rehabilitation adviser plus additional experts depending on the individual's specific problems), which are jointly appointed by the manager of the local ESS and the manager of the responsible CSW. However, often the ESS and CSW advisers participating in the Commission have not dealt with the respective client before. The discussion of the Commission can result in two possible outcomes:

- **Provisional non-employability:** The local CSW is then the primary responsible institution and the individual is moved from the ESS unemployment register into the register of temporarily non-employable individuals. The person may be entitled to FSA, upon entering into an agreement on resolving social problems, but cannot continue claiming UI. If the situation improves to the CSW's satisfaction, the individual may be referred back to the ESS. Around 90% of individual cases discussed by the Commissions between January 2013 and May 2015 were assessed as provisionally not employable. The process for entering into agreements on resolving social problems as the basis for entitlement to FSA is, however, not standardised. Some CSW require all FSA claimants to first register with the ESS and will only sign agreements on resolving social problems following a Commission hearing. Other CSW may directly enter into an agreement on resolving social problems, without requiring an ESS registration. A clear risk of not involving the ESS in the process of resolving social problems is that future labour market activation is not part of a holistic approach to addressing the client's problems.
- **Continued unemployment status:** The individual remains in the ESS unemployment register, but is assigned to the local CSW where they must conclude an agreement on resolving social problems. Compliance with the agreement is mandatory and this requirement is also included in the individual action plan jobseekers agree with the ESS. Entitled individuals can continue to draw UI, if they comply with those requirements. Around 10% of jobseekers discussed by the Commissions between January 2013 and May 2015 remained on the ESS register.

In their conclusion, the Commission may also recommend referrals to active labour market programmes, vocational rehabilitation measures and the like. However, such recommendations are only meaningful if appropriate programmes are available, which may not always be the case. The Commission then only shifts responsibility from the ESS to the CSW, which are obliged to accept all referred individuals, without guaranteeing the support needed for the individual.

Source: IRSSV – Social Protection Institute of the Republic of Slovenia (2015), “Podlage za pripravo in zagon programov socialne aktivacije” [Basis for the preparation and launch of social activation], Ljubljana, www.irssv.si/upload2/Porocilo%20socialna%20aktivacija_koncno.pdf; ZUTD – Labour Market Regulation Act (2010, unofficial translation), Article 9 (Ability for work) and Article 117 (Procedure of establishing temporary unemployability of unemployed persons – General provisions), www.mddsz.gov.si/en/legislation/; and ZSVarPre – Social Assistance Act (2010), Article 35 [Agreement on resolving social problems] and Article 40 [Co-operation of the Employment Service of Slovenia with the Centres for Social Work in the treatment of specific groups of unemployed social assistance beneficiaries and other unemployed persons], www.uradni-list.si/1/content?id=99232.

Job-search requirements and assistance

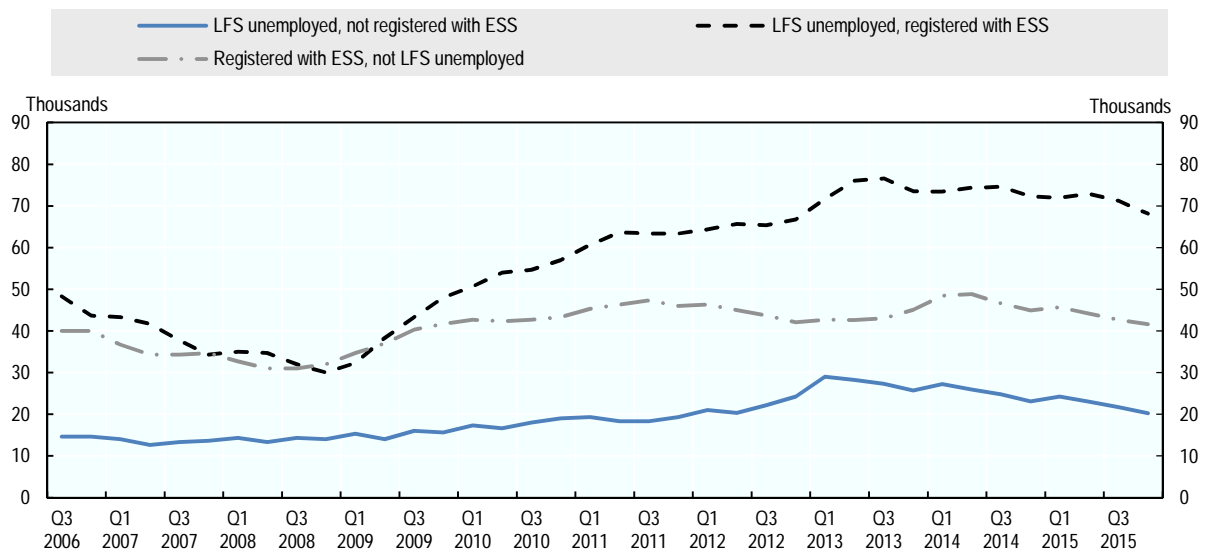
In Slovenia, there are strict rules defining the availability of jobseekers and the suitability of job offers. Frequent monitoring of independent job search does usually not exist, but jobseekers have to report back on their efforts during counselling interviews at the ESS. High client-to-staff caseloads may, however, often hinder an individualised counselling approach. Options to address this in the future could be further increasing the number of staff working in front-line services and reconsidering client journeys for some jobseekers. In this respect e-services may be an important tool, especially as the ESS already has quite sophisticated e-services in place (Box 4.5).

Job-search and availability requirements in Slovenia leave some room for interpretation

In Slovenia, only around one-quarter of the unemployed – according to the Labour Force Survey (LFS) concept¹⁴ – are not registered with the ESS, but plausibly among those looking for regular employment (e.g. not students looking for student work), the vast majority are. Since the onset of the economic downturn, unemployment increased for both registered and non-registered unemployed, but it fell earlier for the non-registered (Figure 4.3). The number of ESS registered individuals who are not LFS unemployed also increased during the downturn, albeit to a lesser extent than for registered unemployed. This resulted in a reduction in the ratio of registered ESS clients who are not LFS unemployed. Nevertheless, over the past five years still around two in five ESS clients were not unemployed in the sense of the LFS. While some of those ESS clients may be “employed” due to participation in ALMPs such as employment incentives or public works schemes, many may in fact be “inactive”, as they do not actively seek work.

Figure 4.3. **Many registered jobseekers in Slovenia are not actively seeking work**

Unemployed by LFS status and ESS registration status (in 1000), 2006-2015, moving average



Source: Author's calculations based on data by the Statistical Office of the Republic of Slovenia.

StatLink  <http://dx.doi.org/10.1787/888933415235>

Box 4.5. E-services for “e-clients” provided by the Employment Service of Slovenia

Technology is changing the way people interact with each other and the world around them. People expect to be able to access services online at a time which suits them with the expectation that online services offer additional benefits and are easier to use than non-digital equivalents. The PES is no exception and the ESS, just like other PES in many other OECD countries, invested in user-friendly e-services with the aim to increase service availability and accessibility.

In Slovenia, all registered jobseekers which create a customer account in the ESS online portal have access to the online vacancy database to search for vacancies and can also create an online CV to advertise themselves to employers. Furthermore, jobseekers have access to online guidance on job search like different self-assessment tools, tips on CV preparation and job interviews. The ESS online portal offers further functionality for jobseekers who sign an agreement during the first counselling interview with an employment counsellor to be served mostly or exclusively via the ESS online portal. Jobseekers become “e-clients” at their own request or because the ESS counsellors identified the person as capable of using the online portal. “E-clients” receive referrals to job vacancies from their ESS adviser through their online account and manage all documentation in their online account (e.g. updates of the IAP, documents relating to UI, invitations to job fairs). Also all contact with the employment counsellor is made on an e-coaching basis, i.e. via the online portal. For “e-clients” only the preparation of the first IAP, specialised or in-depth counselling and the agreement to be included in ALMPs require in-person attendance at a local office. A clear advantage of the online account is that ESS counsellors have a good overview of the jobseeker’s job-search efforts. The counsellors also have the option to change the relationship with clients back to in-person attendance when the jobseeker does not actively use the online account (e.g. online portal is visited less than once in two weeks), does not respond to vacancy referrals or struggles with the online tool.

In 2014, there were 137 000 registered users of the ESS online portal, 60% of the registered caseload. In the same year, there were 21 600 “e-clients”, representing around 10% of the caseload. The aim of the ESS is to increase the share of jobseekers who are “e-clients” and evidence from the United Kingdom and the Netherlands suggests that there is still room to increase the share of clients using e-services:

- United Kingdom: In 2014, 68% of unemployment benefit applications were completed online. Applications for Universal Credit, the new income-replacement benefit, can be made online only. Following the initial benefit application, jobseekers may be required to use the online vacancy database, with non-compliance potentially resulting in benefit sanctions. Other interventions, like the weekly or fortnightly job-search review meetings and less frequent in-depth counselling interviews, continue to require personal attendance at PES local offices.
- Netherlands: The aim of the Dutch PES is to mainly interact with jobseekers via digital services and only the most disadvantaged clients are entitled to receive more intensive support through individual coaching from the start of the claim. At the beginning of 2014, 95% of unemployment benefit recipients registered online and 85% use ongoing e-services such as managing their benefit claim and automatic matching to vacancies.

For the ESS further increasing the share of “e-clients” may require further advertising its e-services, but the ESS should also consider making the use of e-services mandatory for some. A higher online penetration also requires upskilling employment counsellors to enable them to be e-coaches. The ESS plans to train all employment counsellors as e-coaches, with the exception of local offices in Ljubljana, where staff decided to separate the functions of in-person counselling and e-coaching. With the rollout of online services ongoing, ESS management is also sometimes confronted with reluctance by staff to accept online services as part of the new normal. The ESS aims to address such concerns through internal marketing, presentations, staff meetings, training courses and by improving the online portal and its work-flow management based on feedback by staff.

Source: Department for Work and Pensions (2016), “Dashboard Jobseeker’s Allowance: new claims”, <https://www.gov.uk/performance/jobseekers-allowance-new-claims>; Employment Service of Slovenia (2015), “Letno poslovno poročilo 2014” [Annual Business Report 2014], Ljubljana, www.ess.gov.si/trg_dela/publicistika/letna_porocila; EC (2014), “Blended service delivery for jobseekers, Peer review host country paper”, Employment Service of Slovenia Central Office, Slovenia; EC (2014), “Blended service delivery for jobseekers, Peer review host country paper”, by U.W.V. Werkbedrijf, Brussels; and OECD (2014), *Connecting People with Jobs: Activation Policies in the United Kingdom*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264217188-en>.

Jobseekers enjoy some occupational protection in the first three months of unemployment, when they can only be offered jobs that comply with the type and level of their completed education (for first-time jobseekers or those re-entering the labour force after a break) or to the type and level of education required for the job held in the past 12 months (“appropriate” employment; Article 12, ZUTD, 2010). From four months of unemployment jobseekers must also accept job offers one level below their completed education respectively the education required for their previous job (“suitable” employment; Article 13, ZUTD, 2010). This protection is indefinite. Jobseekers do not have to accept *any* type of job they are capable of doing as in a number of other OECD countries that require the acceptance of all types of jobs from the start of the claim (e.g. Denmark, Ireland, and Poland) or after a certain duration of unemployment (e.g. Iceland, Germany, Switzerland, and United Kingdom; see Langenbucher, 2015).¹⁵ Astonishingly, the same occupational protection also applies to FSA recipients.¹⁶ In other OECD countries, recipients of means-test social assistance or unemployment benefit usually have to accept any type of job from the start of their claim (e.g. Australia, New Zealand, or recipients of unemployment assistance in Germany).

With respect to geographical mobility jobseekers in Slovenia must accept daily commuting times of up to three hours, unless they have children below age 15, in which case only two hours must be accepted. Similar requirements apply in the majority of OECD countries. Beyond the educational level and geographical protection, only health reasons are taken into account when determining whether a job offer is suitable for an unemployed person in Slovenia. Other OECD countries also often take family or personal reasons (e.g. caring responsibilities, spouse’s work, lack of child care), working arrangements of the job (e.g. part-time, temporary contract), or moral or religious reasons into account. Jobseekers in Slovenia also must be available for regular work while participating in ALMPs, although employment counsellors could lift such requirements (Langenbucher, 2015). In this case, jobseekers are removed from the unemployment register, but data from the ESS suggests that this seldom ever happens.

Availability for work with respect to an earliest possible start date and accessibility of the client are not defined in Slovenia. According to the Labour Market Regulation Act, a jobseeker is assumed to engage in active job search, when she “*regularly follows advertised job vacancies (...)* and *duly applies for job vacancies (...)*; *responds to the referrals of the Employment Service (...)*; *attends job interviews at the request of the employer, Employment Service or other provider of measures*; *contacts the Employment Service within 15 days from the expiration of the period for performing the most recently agreed activity determined in the employment plan (...)*; and *carries out all other activities agreed in the employment plan*”. (Article 11, ZUTD, 2010). This suggests that the labour market regulation allows for a relatively loose interpretation of seeking work (i.e. “regularly”) and non-active periods of up to a fortnight are acceptable. In connection with no frequent monitoring of independent job search (see below), a good proportion of registered jobseekers may in fact not actively seek for work and, hence, would not be classified as LFS unemployed.

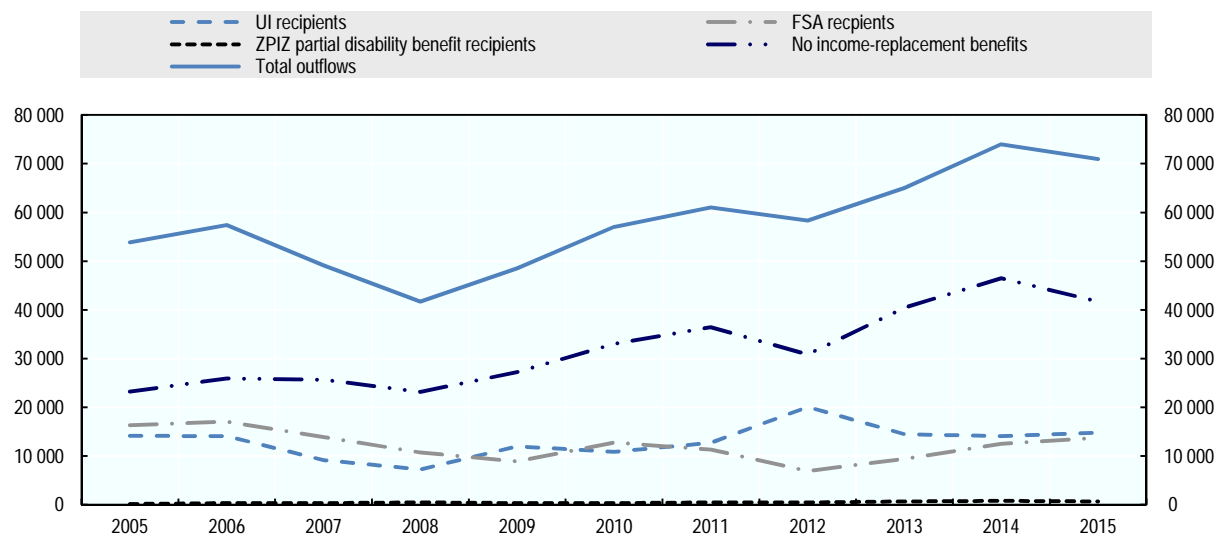
The frequency of job-search monitoring is not very high

The ESS does not usually monitor independent job-search efforts on a frequent basis, like e.g. Australia and the United Kingdom do. In both countries these interventions may, however, often only involve a tick-box check of reported search efforts and a quick orientation towards possible job vacancies (OECD, 2012 and 2014). Jobseekers in Slovenia are expected to provide evidence of their job-search activities through copies of

applications and through keeping a job-seeking diary during counselling interviews. For UI recipients the contact frequency changed in 2012, when fortnightly contact with the ESS (e.g. through attending a Career Centre or calling the Contact Centre) was made mandatory to address the high caseload and thus high UI expenditure. The measure was dropped again after one year. International evidence suggests that regular job-search monitoring can have a considerable impact on re-employment rates (see e.g. Borland and Tseng, 2007; Klepinger et al., 2002; and McVicar, 2008). Also the introduction of a fortnightly contact requirement in 2012 for UI recipients in Slovenia seems to have resulted in increased flows into employment and self-employment for UI recipients (Figure 4.4). As is shown below, it also resulted in a marked increase in sanctions for UI recipients (see Figure 4.6). For UI recipients the measure most probably resulted in net government saving. The shift of limited ESS resources towards UI recipients, however, came at the detriment of other jobseekers. In the same year employment off-flows decreased for FSA recipients and jobseekers without income-replacement benefits, resulting overall in a dip in employment off-flows and probably higher government expenditure for these groups. These issues should be evaluated through an impact evaluation and a cost-benefit analysis to show the full cost and benefits of the measure. The results could then guide the potential introduction of more regular job-search monitoring for all jobseekers regardless of benefit receipt.

Figure 4.4. **Fortnightly job-search review meetings in Slovenia in 2012 had a positive employment impact for unemployed insurance recipients**

Outflows to employment and self-employment, total number of registered jobseekers and benefit recipients, 2005-15



Source: Author's calculations based on data provided by the Employment Service of Slovenia.

StatLink  <http://dx.doi.org/10.1787/888933415240>

Client-to-staff ratios are too high for individualised counselling

Jobseekers and counsellors jointly complete an IAP during their initial counselling interview which is then regularly updated during subsequent counselling sessions. The IAP sets out expectations on independent job search and any additional measures the jobseeker is expected to participate in, like e.g. workshops (see Box 4.6) and ALMPs. When employment counsellors identify more complex labour market barriers,

they may send jobseekers for in-depth counselling to ESS advisers specialising in support for certain occupations, rehabilitation services or health support (e.g. doctors). In 2014, in-depth counselling interviews conducted by ESS staff represented around 6% of all interviews. The capacity of in-depth counselling seems low, given the high caseload of jobseekers with additional barriers to employment (compare with Table 4.1).

While mandatory interviews may have a positive employment impact through a threat effect, for the successful delivery of subsequent counselling services, the quality and individualisation of interviews is key (OECD, 2015a). The increased frequency of counselling interviews in 2015 for claimants in the “directly employable” (from every four months to monthly) and “employable with additional activities” (from every four months to quarterly) segments is likely to have facilitated more individualisation. The additional interviews are likely to have contributed to the further decline of jobseekers in the segment “directly employable” and jobseekers without benefits which represent half of the caseload in this segment (compare Figure 4.2 and Table 4.1). The increased interview frequency for jobseekers in the “employable with additional activities” segment may not have been sufficient to translate into a decline of the caseload in this category. Even though positive impacts for jobseekers in the first segment are likely, the impact may have been at the expense of jobseekers in the “employable with intensive support” segment due to overall ESS resource constraints. On average, the ESS client-to-staff ratio is high and has further increased during the recession. Whereas the average client-to-staff ratio was 325 in 2010, it increased to over 400 in 2013 due to an increasing caseload and parallel austerity-driven staff cuts. This is in stark contrast to other OECD countries which in response to the recession increased its PES front-line staff (e.g. by 50% between 2008 and 2012 in the United Kingdom; OECD, 2014a). In fact, these staff cuts may have exaggerated the rise in unemployment in Slovenia. Following a peak in 2013, client-to-staff ratios declined in 2014 to around 390 clients per front-line staff member. This was driven by the decline in unemployment and increased staff numbers as a result of new hires on fixed-term contracts¹⁷. Nevertheless, the average caseload still appears far too high to deliver any high-quality individualised service across all client segments.

Slovenia should consider hiring more ESS staff and reviewing the client journey and intervention frequency for different client groups. Hiring more caseworkers should be seen as an “invest to save” measure. Recent evidence from a German experiment suggests that reducing client-to-staff ratios enables more personalised services, which in turn has a positive impact on employment. In the experiment, 14 local PES offices hired additional caseworkers to lower the client-to-staff ratio to an average of 70:1 (from the usual 80:1 to 250:1) to improve the quality of placement services. Evaluations of the experiment showed that with the lower caseloads PES offices were able to intensify counselling, monitoring and sanction efforts as well as contacts with local firms, resulting in shorter unemployment benefit durations in the participating PES offices. The costs of hiring additional caseworkers were offset by decreased benefit expenditure already after a period of about ten months (Hainmueller et al., 2011; and Hofmann et al., 2012).

A review of client journeys for jobseekers in the different segments may help the ESS to “do more” with the existing resources. Fortnightly job-search review meetings for UI recipients in 2012 seemed to have had a positive impact on employment. The increased counselling interview frequency in 2015 may have resulted in a similar impact. An impact evaluation of both measures is key for a full cost-benefit appraisal. As both measures were targeted at more employable jobseekers, they may not serve as part of a strategy to “dig deeper into the caseload” and address the rise of

more disadvantaged jobseekers and long-term unemployed more generally (see Figure 4.2). Against the background of an improving economic situation and more vacancies (see Figure 4.1), additional interventions for the “directly employable” segment should concentrate on increased monitoring of independent job-search efforts. Ideally this should be achieved using electronic tools (see Box 4.5) to free up staff capacity. The ESS could for example consider requiring all “directly employable” jobseekers to become “e-clients”. In turn, jobseekers which are “employable with additional support” are likely to benefit from additional counselling sessions (e.g. every 6-8 weeks) to maintain their motivation and concentrate on their individual needs. Any free capacity should then be used to focus more on jobseekers “employable with intensive support”. For some clients with complex barriers the ESS should also consider to bring in extra competence to deal with labour market barriers related to social and health problems.

Job-search assistance should be broadened through additional offers

Beyond job-search assistance provided by ESS counsellors, jobseekers can also be referred to career orientation workshops provided by external contractors since 2012. Concessions for these workshops are granted by the MDDSZ and registered jobseekers as well as workers at risk of displacement are eligible. The ESS refers individuals to the workshops and participation is mandatory and included in jobseekers’ IAPs. Providers offer three different types of workshops:

- **Your career after age 50** is a three-day workshop targeted at jobseekers aged 50 and over. The aim of this workshop is to identify jobseeker’s competencies and provide them with training on job-search techniques.
- **Effectively presenting yourself in the labour market** is a six-day workshop targeted at jobseekers who are without specific barriers to employment and who are able to navigate the labour market independently. The main aim of the workshop is to speed up the reintegration into the labour market.
- **In-depth counselling** is a workshop lasting around two months and targeted at long-term unemployed with some barriers to employment. The aim of the workshop is to increase jobseekers’ motivation (i.e. their views on employment prospects) and empower them to navigate the labour market more independently.

Between 2012 and 2015, more than 56 000 jobseekers in Slovenia participated in the workshops, which cost around EUR 90 per participant. On average 14 individuals participated in the first two workshops and 18 in the third type of workshop. While no impact evaluation exists for the workshops, they are nevertheless considered successful, as re-employment rates increase following the completion of a workshop. The highest re-employment rates are noted for the second workshop, which on average includes jobseekers with lower labour market barriers than the other types of workshops.

Comparing workshop participant numbers with the claimant stock shows that around 11% of jobseekers in the “directly employable” and “employable with additional activities” ESS client segments have been referred to an “effectively presenting yourself in the labour market” workshop between 2013 and 2015. Over the same period, around 7% of the long-term unemployed and 4% of jobseekers aged 50 years and over have been referred to the “in-depth counselling” workshop and the workshop “your career after age 50”. The lower referral rates are somewhat surprising, as older workers and long-term unemployed might particularly benefit from such workshops and also the deadweight of participation is likely to be lower for these groups (i.e. the likelihood of them finding

employment also in the absence of the workshop). A recent comparative review of the PES-to-PES dialogue led by the European Commission found that IAPs together with targeted group activities are particularly helpful for the reintegration of older workers. Also the length of the workshops could be reconsidered. A three-day workshop for older workers is unlikely to enhance job-search skills and address issues such as social isolation and a lack of networking opportunities. The workshops for older workers should have at least the same length as the “effectively presenting yourself in the labour market” workshop. A further option would be to continue engaging with the participants of the workshop through a job club, which are options available to older workers in Denmark and the Netherlands (see Box 4.6).

Box 4.6. “Job Clubs” for older workers in Denmark and the Netherlands

Senior networks in Denmark

The “senior networks” consist of local, independent networks for seniors who are looking for jobs and other activities. The local networks are based on voluntary and active contributions from their members, and receive public financing. The Danish Government has allocated DKK 6.3 million per year for the period 2014-17. To be eligible for public support, the local network must have a co-operation agreement with at least one jobcentre, and at least 25 unemployed members over the age of 50. In some of the local networks a small fee is paid by the members to cover local social activities. The primary aim is to find jobs for seniors. Members are unemployed, above the age of 50, and searching for jobs. Early retired persons and pensioners are also included. “Help to self-help” is the basic concept of the network. Outreach activities to promote older workers are also among the priorities. The initiative is still of relatively small scale: In 2014, there were 24 sub-networks that provided jobs for 700 of their roughly 1 800 members.

The 55-plus networking meetings in the Netherlands

In the “55-plus networking meetings” 12-15 people meet a total of ten times, with meetings being facilitated by a dedicated work coach from the public employment service. The aims include supporting and inspiring each other, exchanging experiences, and sharing job networks. Tips and information about how to start one’s own company are also on the agenda. Typical challenges in this age group are outdated knowledge about job-search and interview techniques; outdated job networks; and a lack of jobs in their occupations. While there is no formal evaluation of the measure, participants reported that they became more confident, gained more insight into their own competences, and became more capable of making their own choices. The rate of re-employment six months after the end of participation in the networking group was about 30% in 2012.

Source: EC (2012), “Peer PES paper – The Netherlands”, Peer Review ‘PES and older workers’, by U.W.V. WERKbedrijf, Brussels, <http://ec.europa.eu/social/main.jsp?langId=en&catId=22>; OECD (2014), *Ageing and Employment Policies: Netherlands 2014: Working Better with Age*, OECD Publishing, <http://dx.doi.org/10.1787/9789264208155-en>; and OECD (2015), *Ageing and Employment Policies: Denmark 2015: Working Better with Age*, OECD Publishing, <http://dx.doi.org/10.1787/9789264235335-en>.

Benefit sanctions

Benefit sanctions are important for an effective activation regime, as sanctions can through a threat effect ensure that claimants remain available for work, actively seek work and comply with the requirements imposed by the law and enforced by the ESS. Slovenia should introduce lower-level sanctions to improve the effectiveness of its activation regime, as sanctions are currently very harsh and their application therefore appears inconsistent.

Slovenia has a very strict sanction regime

Unemployment benefit legislation in most OECD countries includes a benefit “sanction” concept, which may also be called a “deferment” or a temporary or permanent “stop” or “exclusion”. Unemployment benefit recipients are typically subject to sanctions if they i) voluntarily quit their job, ii) refuse a suitable job offer, or iii) refuse or fail to participate in ALMPs and other PES interventions such as counselling interviews without a good reason. Slovenia has one of the strictest sanction regimes among OECD countries for refused job offers (Figure 4.5, Panel A) and refusals or failures to participate in ALMPs and other PES interventions (Figure 4.5, Panel B).

Figure 4.5. **Slovenia has one of the strictest unemployment benefit sanction regimes in the OECD**

Indicators on the strictness of sanctions, scored from 0 (least strict) to 5 (most strict)^a, 2014



- a) Scores: 0 = no sanction applied; 0.5 = benefit reduction; 1 = sanction of 1 day to 4 weeks; 2 = sanction of 5-9 weeks; 3 = sanction of 10-14 weeks; 4 = sanction of more than 14 weeks; 4.5 = benefit entitlement suspended, but the individual has the possibility of restarting benefits after a short period in work (shorter than is required to generate a new benefit entitlement); 5 = Suspension of unemployment benefits.

Source: Author's calculations based on Langenbucher, K. (2015), “How demanding are eligibility criteria for unemployment benefits, quantitative indicators for OECD and EU countries”, *OECD Social, Employment and Migration Working Papers*, No. 166, OECD Publishing, <http://dx.doi.org/10.1787/5jrxtk1zw8f2-en>.

StatLink  <http://dx.doi.org/10.1787/888933415259>

Along with a large number of other OECD countries, jobseekers are not eligible for UI in Slovenia in case of resignation from their previous job (see Chapter 3).¹⁸ Slovenia's sanction regime is also very strict for failures or breaches of obligations during the unemployment spell. In Slovenia, like e.g. in Portugal, Greece or the Slovak Republic, unemployment and related benefits are also terminated and remaining benefit entitlement lost, if the jobseeker refuses a suitable job offer or fails to participate in counselling interviews or ALMPs organised by the PES. In fact, in Slovenia, a breach of jobseeker obligations is not treated any differently to benefit fraud like giving false information or working while claiming a benefit. This is quite different to countries that impose short sanctions (of one month or less) or only a benefit reduction for a first refusal or failure. Around half of the countries with sanctions of a certain number of weeks have escalating sanction regimes and increase the length of the sanction for subsequent refusals. The remaining countries apply the same sanction for each failure. Among the countries with

escalating sanctions, Belgium, Denmark, Finland and Italy terminate benefits for the second refusal of a job offer or failure to participate in an ALMP or other PES activities. In Denmark and Finland, benefit entitlement can still be restored once the person has worked in a regular job for a minimum period or (in Finland) participated in an ALMP (Langenbucher, 2015).

Sanctions in Slovenia have a far-reaching impact, as sanctioned jobseekers are excluded from the ESS register for six months and, hence, cannot any longer use any of the ESS services. Thereby sanctions are also a threat towards jobseekers who do not receive unemployment and related benefits. Sanctioned jobseekers who received benefits lose any remaining benefit entitlement and neither can claim FSA whilst excluded from the ESS register, nor continue to receive free health insurance. Such strictness is in stark contrast with countries where jobseekers in breach of their obligations receive a time-limited stop of their benefits, but may still use the PES services. Also in other countries, which terminate unemployment benefits like Slovenia, sanctions have not such a far-reaching impact. In Luxembourg, for example, sanctioned UI claimants may continue using PES services and those without UI entitlement may re-register with the PES after two months. In Latvia, deregistered jobseekers can only re-register after three months but can apply for the status “person seeking employment” and continue using some PES services (e.g. vacancy database, career counselling). In Greece, sanctioned jobseekers can re-register with the PES as a jobseeker without benefit entitlement. In most countries, sanctioned jobseekers without any other means of income can claim social assistance from their municipality.

Sanction rates vary across claimant categories

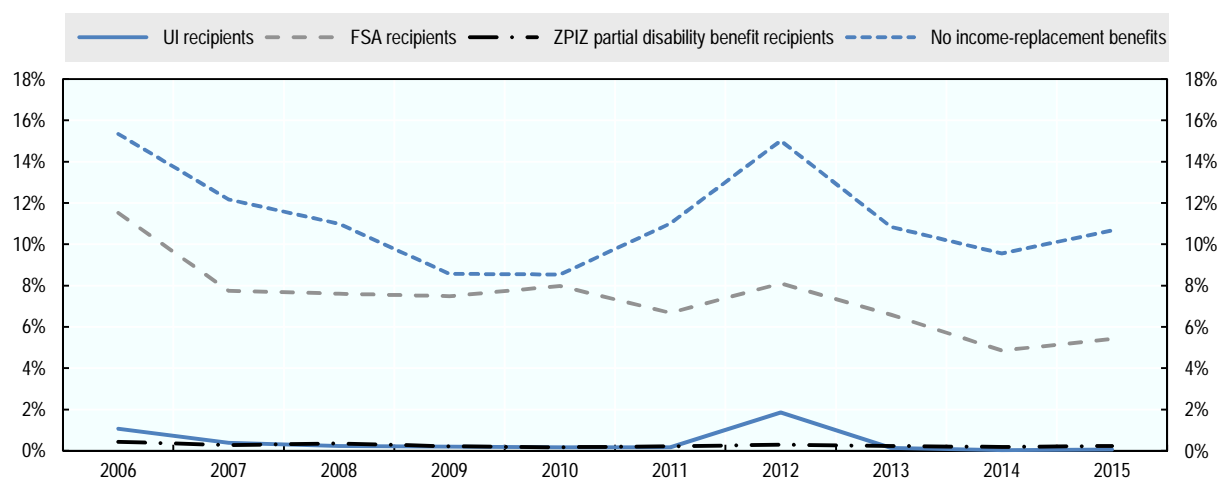
The sanction process starts with a compliance doubt raised against the jobseeker, usually by counsellors in local ESS offices. The case is then referred to specialised departments in the regional office for the processing of the sanction. While all breaches of obligation result in ESS deregistration, jobseekers can appeal for reinstatement. If the ESS upholds its decision, jobseekers can first appeal to the MDDSZ and then to the labour court. Interviews with ESS staff revealed a certain reluctance to initiate sanctions, as the sanction process is administratively burdensome and it is often difficult to prove that an individual did not apply for a particular vacancy or did not respond to a letter sent by the ESS. A breach of obligation may be easier to establish for clients using ESS e-services, as all job-search actions are recorded online. But users of e-services are still a minority of jobseekers (see Box 4.5). In 2014, 9% of sanctioned jobseekers appealed to the ESS against the initial sanction decision and for 45% the original sanction decision was not upheld (i.e. in favour of the appellant). This suggests that jobseekers usually only appeal if they have a good chance of success, e.g. because they have additional evidence in their favour. Appeals are initially reviewed at the ESS. Upheld decisions reviewed by the MDDSZ are seldom in favour of the appellant (less than 10% in 2014). Comparable data for Great Britain shows that, from 2012 to 2015, 24% of unemployment benefit recipients had their initial sanction decision reviewed by the PES and 59% of the reviews resulted in the original sanction not being upheld (i.e. in favour of the appellant). At the subsequent stage, which in Great Britain is a further reconsideration by the PES, 29% of all the decisions were in favour of the appellant. At the third stage, which is at court level, 22% of decisions were in favour of the appellant (DWP, 2016b).

Sanction rates are not low in Slovenia, but vary by type of benefit received and by region. On average, 6% of registered jobseekers were sanctioned and excluded from the ESS register over the course of 2015. Sanction rates were just slightly below the average

for FSA claimants (around 5%) and almost double the average for jobseekers without income-replacement benefits (around 11%). In contrast, less than 1% of UI and ZPIZ live claims have been sanctioned and left the ESS register in 2015 (Figure 4.6).¹⁹ Comparing sanction rates by region shows variation in the enforcement of sanctions, suggesting that the likelihood of being sanctioned depends on where jobseekers are registered. Sanction rates are much higher than the national average in the Koper and Kranj regional offices (8-9%), but only half the national average in the Murska Sobota regional office (3%).

Figure 4.6. **Unemployment benefit sanctions in Slovenia vary by benefit receipt**

Sanction decisions^a as a percentage of annual live benefit claims^b, 2006-15



a) Sanction decision cover a breach of obligations due to refusals to take part in ALMPs, breaches of obligations relating to ALMP enrolment, not actively seeking employment, refusals to accept suitable employment and some other reasons (less than 0.5% of sanctions in 2015). Benefit fraud (e.g. giving false information, illegal employment) is not included.

b) Live claims in a given year add the claimant stock at the beginning of the year and total new registrations during the year.

Source: Author's calculations based on data provided by the Employment Service of Slovenia.

<http://dx.doi.org/10.1787/888933415261>

High sanction rates for jobseekers without benefits may be explained by lower incentives to comply with ESS obligations as they are not at risk of losing cash benefits. Similar considerations may apply for FSA recipients as the ESS registration and benefit receipt are not closely interlinked. When the ESS excludes non-compliant FSA claimants from its register it cannot stop their benefits as those are administered by the CSW. An automatic system to flag an ESS deregistration for CSW staff does not exist. CSW staff may therefore not discover the exclusion from the ESS register until they next see a FSA recipient, which could be three up to six months later. Hence, FSA recipients would need to report the ESS deregistration to the CSW themselves to avoid receiving unwarranted FSA payments, which they would need to repay later on. Even though the threat of repayment should be an incentive for FSA recipients to report themselves, it is unlikely that all FSA recipients are aware of this rule and some recipients may build up huge debts. In essence, the CSW may often need to write off debts, as needy households may not be able to repay their debt and legal procedures for the debt recovery can take a long time. Interviews with CSW offices also showed that some offices may not categorically stop their support for individuals without

other means to survive following an ESS deregistration. Rather the CSW continues to work with the FSA claimant under an agreement on resolving social problems (IRSSV, 2015). Overall, as has been argued before, the division of responsibilities between the ESS and CSW and a lack of automated processes between the two institutions may result in an inconsistent and ineffective activation of FSA recipients.

Low sanction rates for UI and ZPIZ recipients may partly reflect high levels of compliance as the potential loss – benefits and ESS registration – is high. However, the low rates may also reflect a lack of job-search monitoring or enforcement. For example, sanction rates in Great Britain, with frequent monitoring and strict enforcement of job-search requirements, are much higher and a comparable statistic suggests that 18% of live claims received a sanction in 2013 (OECD, 2014a). In Slovenia, the year 2012 represents a peculiarity in the sanction statistics: Although sanction rates increased for all categories of jobseekers, the number of sanctions for UI recipients increased over 12-fold and the sanction rate reached almost 2% in that very year. This outcome was driven by increased enforcement of job-search obligations including fortnightly mandatory job-search reviews with UI recipients. The measure was subsequently dropped with a change in government, but shows that ESS processes impact hugely on compliance enforcement.

Sanctions are important for an effective activation regime and international evidence suggests that warnings about a possible sanction or the imposition of sanctions on UI or social assistance recipients can substantially shorten benefit claim durations and increase employment take-up by the sanctioned individuals. Nevertheless, some studies also suggest that the positive impact on exit rates and employment may come at the cost of lower quality of employment outcomes with respect to job duration, earnings, the occupational level or a higher incidence of part-time jobs. Some studies also explore the wider consequences of sanctions and provide evidence that there may be adverse consequences for child welfare, family welfare, and health.²⁰ Sanctions in Slovenia are strict and the application of sanctions inconsistent for different types of jobseekers and across regions. This may be driven by the high proof of burden and a cumbersome administrative process when imposing a sanction coupled with some reluctance by caseworkers to impose such harsh sanctions for a first breach of obligations. Slovenia should therefore facilitate the administrative process and consider introducing lower level sanctions in the form of a benefit reduction or suspension for a certain period, at least for a first breach of obligation, without excluding jobseekers from the ESS register. Compliance with the obligations should be made a precondition for the resumption of benefits. The sanction process of FSA recipients should be reconsidered as part of wider institutional changes relating to the administration of FSA.

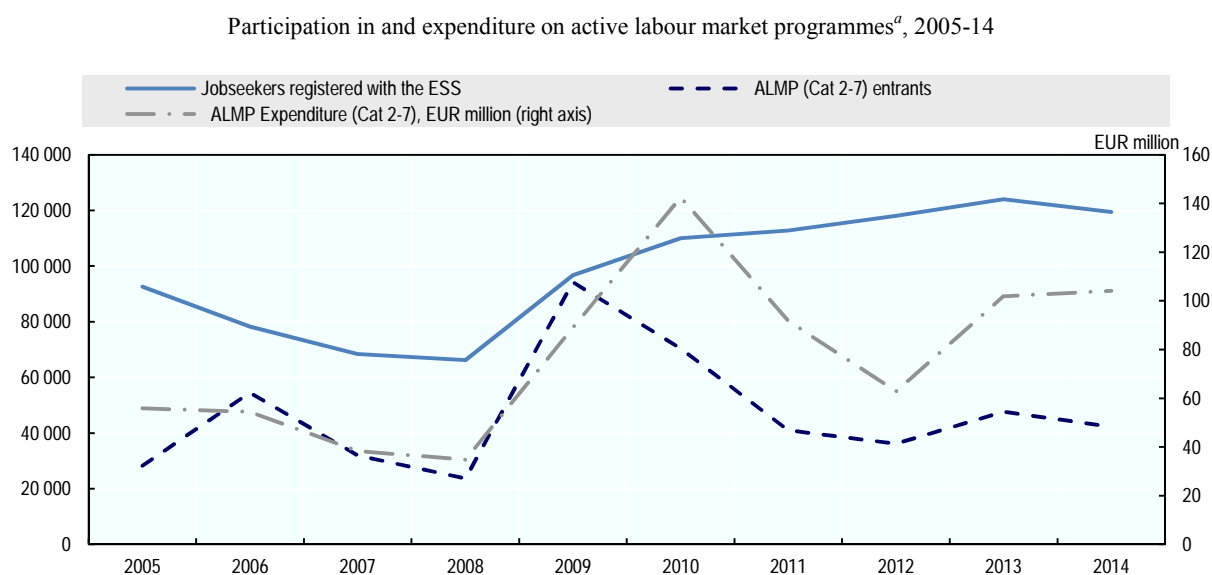
The effectiveness of Active Labour Market Programmes

During longer unemployment periods, referrals to ALMPs can help improve employment prospects and keep up work habits through the regular attendance in programmes. Slovenia's expenditure on ALMPs ranks towards the lower end of OECD countries. Slovenia has established programmes in all ALMP categories – i.e. training, employment incentives, direct job creation and start-up incentives. But there is huge variation in spending on ALMPs and some disadvantaged jobseekers have a rather low likelihood of being referred to ALMPs. Impact evaluations of ALMPs are rare and should be extended to cover all major programmes for longer post-programme periods.

There is huge variation in the spending on active labour market programmes

The *OECD Database on Labour Market Programmes* provides data on patterns of labour market programme spending in OECD countries, where such data are available. At 0.28% of GDP, spending on active labour market programmes (ALMPs) in Slovenia was considerably below the OECD average of 0.43% of GDP.²¹ Expenditure over the years varies a lot, as a result of huge variations in the MDDSZ budget available for ALMPs as well as European Social Fund (ESF) monies (see also Box 4.7): In 2013, EUR 60 million were available from the ESF, representing two-thirds of the ALMP expenditure in that year. In 2014, ESF funds dropped to EUR 47 million (53% of total ALMP expenditure) and for 2016 Slovenia expects around EUR 53 million from the ESF (57% of the planned ALMP expenditure). In response to the rising number of jobseekers in 2009, ALMP expenditure increased in 2009 and 2010 and entrant numbers nearly quadrupled between 2008 and 2009. Thereafter ALMP expenditure, however, dropped again in 2011 and 2012, albeit still rising numbers of jobseekers (Figure 4.7). Expenditure increased again in 2013 and 2014, but was exceptionally low in 2015, with both a low MDDSZ and no ESF funding for employment incentives. This is foreseen to change again in 2016.

Figure 4.7. **Spending on active labour market programmes in Slovenia is highly variable**



a) Entrant, participant and expenditure refer to all ALMPs in Categories 2 to 7, also those not shown in Table 4.2.

Source: European Commission (2015), "Labour Market Policy" (<http://ec.europa.eu/eurostat/web/labourmarket/labour-market-policy/database>).

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Table 4.2 provides an overview of all major ALMPs in Slovenia between 2012 and 2015, including the programme's target group, duration, entrant numbers, expenditure in 2014 and 2015 and employment rates of participants finishing the respective programmes in 2012. Spending figures reflect total available funding from all sources (i.e. MDDSZ, ESF, Ministry of Education). In 2014, the ESF funded 47% of all active programmes run in Slovenia. A fifth of ESF funds were used to support start-up incentives, 36% to support employment incentives, and 44% to support training programmes. The MDDSZ has little funding sources available for these three categories and 83% of MDDSZ's ALMP expenditure in 2014 was used to fund direct job creation.²²

Table 4.2 shows that in all years, expenditure is concentrated in a few programmes. Box 4.7 provides some details for the major programmes. Up to 2014 the most important ones were “development and training programmes” (institutional training), “on-the-job training”, “employ.me” (employment incentive), “public works”, and “subsidies for self-employment”. The programmes “subsidies for self-employment” and “employ.me” have, however, ceased to exist after 2014. More expenditure is now concentrated in training programmes. ALMP spending per participant varies from less than EUR 1 000 for most of the larger institutional training programmes to EUR 4 600 up to EUR 9 000 for employment incentives, direct job creation and start-up incentives programmes. Analysis of post-programme employment rates shows that for all programmes employment rates grow over the 12 months following completion of the programme, apart from the “employ.me” (employment incentive) scheme and the “subsidy for self-employment”. The findings for the latter two programmes are not surprising, given the rise in labour costs for previously subsidised employees in case of “employ.me” and unsuccessful self-employed in case of the “subsidy for self-employment”.

Box 4.7. Major active labour market programmes in Slovenia

Training programmes

Slovenia recently put more emphasis on meeting employers' needs through getting employers involved in the development of programmes and using vacancy information to drive the provision of programmes. There has also been a shift towards offering more workplace training, which is seen as a relatively low-cost, but effective measure. While there were only around 2 000 entrants to workplace training in 2012, over 5 400 places were offered in 2015 and the programme continues to be offered in 2016 and 2017.

Workplace training

The Employment Service of Slovenia (ESS) runs two different workplace training programmes: **Work trial** and **on-the-job training**. The target group for the **work trial** is jobseekers who have been unemployed for at least three months. Until the end of 2015 the programme was targeted at those under age 30, but since 2016, it is targeted at those aged 30 years and more. Jobseekers referred to the work trial already have some recognised skills and competencies, but employers want to test their knowledge, skills and work habits during a one-month trial period. For each place on the programme the ESS usually proposes five candidates and the employer does the final selection. Employers may even propose a candidate. The cost for the ESS is relatively low, as the ESS only pays the participant's travel costs, the activity allowance (which is lower for recipients of Unemployment Insurance (UI)) and a small fee to the employer (EUR 201 per participant and month). Since 2016, the target groups for **on-the-job training** are i) low-skilled long-term unemployed who are older than 50 years and ii) young people. Jobseekers enrolled in this programme usually do not have any recognised knowledge, skills or competences and they need training with a mentor to gain the necessary skills and knowledge required for a job. The programme last one to three months, depending on the complexity of the training programme and the aptitude of the participant. As for the work trial the ESS usually proposes five candidates and the employer does the final selection. Also the ESS cost structure is similar, with only the fee for the employer being higher (EUR 370 for a two-month programme up to EUR 493 for a three-month programme). The long-term unemployed could particularly benefit from workplace training to obtain skills and demonstrate their abilities to employers. In 2015, only around a fifth of entrants to on-the-job training were long-term unemployed. The target group for the programme has therefore changed in 2016 to increase the number of long-term unemployed benefitting from the programme.

Institutional and integrated training

The programmes **preparation for national vocational qualifications (NVQ)** and **verification of NVQ** are usually linked, with participants preparing for three to six months for a NVQ and then doing the verification in one day. The aim of the programme is to increase jobseekers qualifications and acknowledge their skills through a qualification. The preparation courses can be part-time or full-time and both unemployed and displaced workers during the notice period can participate. The **development and training programmes** (institutional training) are also open to unemployed and displaced workers during the notice period, but participants usually have at least a general high school degree. The courses usually cover occupations for which labour shortages have been identified and are developed in close co-operation between employers and providers. The courses last between three days and six months and can contain both theoretical and practical training elements. Participant numbers more than halved between 2014 and 2015, as European Social Fund (ESF) monies were available for this first half of 2015 only. The programme **inclusion of unemployed persons into new and development projects** is class-room based training. The courses are offered through the Business Educational Centres, which are financed by the Ministry of Education. The ESS only pays for the participants' activity allowance and travel costs.

Box 4.7. Major active labour market programmes in Slovenia (cont.)

Institutional and integrated training

The programmes **preparation for national vocational qualifications (NVQ)** and **verification of NVQ** are usually linked, with participants preparing for three to six months for a NVQ and then doing the verification in one day. The aim of the programme is to increase jobseekers qualifications and acknowledge their skills through a qualification. The preparation courses can be part-time or full-time and both unemployed and displaced workers during the notice period can participate. The **development and training programmes** (institutional training) are also open to unemployed and displaced workers during the notice period, but participants usually have at least a general high school degree. The courses usually cover occupations for which labour shortages have been identified and are developed in close co-operation between employers and providers. The courses last between three days and six months and can contain both theoretical and practical training elements. Participant numbers more than halved between 2014 and 2015, as European Social Fund (ESF) monies were available for this first half of 2015 only. The programme **inclusion of unemployed persons into new and development projects** is class-room based training. The courses are offered through the Business Educational Centres, which are financed by the Ministry of Education. The ESS only pays for the participants' activity allowance and travel costs.

Employment incentives

The employment subsidy scheme **employ.me** aims to move different disadvantaged jobseekers into sustainable employment. The target groups have been changing over time and in 2014 included jobseekers over 50 years, jobseekers under 25 years, first-time jobseekers, university graduates under 30 years, and long-term unemployed. Employers are selected on the basis of a public tender and eligible employers receive a subsidy of EUR 5 000 for employment lasting at least one year. For participants under 30 years there was a similar programme called **the first challenge** where employers received EUR 7 250, if the employment lasted at least 15 months. The programme did not run in 2015, as there was no funding available, due to the end of the ESF co-funding. A new employment incentive programme – again co-financed with ESF monies – has now been created and will run for the rest of 2016 and 2017. The new programme will be targeted at jobseekers older than 30 years, in particular long-term unemployed, low-skilled individuals and other vulnerable groups.

Direct job creation

The largest direct job creation programme, called **public works**, offers employment in non-for-profit organisations. Other direct job creation programmes usually are one-off programmes to address a certain labour shortage (e.g. clearing up sleet and ice, helping with migration flows). The target group for public works are long-term unemployed and the programme is implemented and financed in co-operation with local communities. The monies provided by the central government depend on the economic growth and the unemployment rate in each local area and ranges from 55% to 95% (expenditure shown in Table 4.2 refers to ESS expenditure only). Participation in the programme usually lasts for one year, but may be extended to a maximum of two years. Participants are obliged to continue seeking for jobs in the open economy.

Start-up incentives

Between 2007 and 2013 the ESS ran an ALMP to promote self-employment consisting both of a seminar to provide assistance on becoming self-employed as well as a subsidy for those who became self-employed. The post-participation employment rates of these start-up incentives were high, with 67% of entrepreneurs who had been self-employed in 2012 being still self-employed in January 2015 (see also Table 4.2 and 4.3). The programme was not continued from 2014, due to a lack of funding and due to concerns that many of the programme leavers were in precarious situations earning very low income. An external evaluation of the programme is currently being carried out. The findings will guide the development of future start-up incentives on a smaller and more targeted basis.

Table 4.2. Overview of all major^d active labour market programmes in Slovenia (2012-15): Participants and employment outcomes

Programme type/name	Target group	Programme duration	Entrant numbers				Total expenditure, EUR million		Expenditure per programme entrant, EUR		Employment rates of ALMP participants finishing in 2012		
			2012	2013	2014	2015	2014	2015	2014	2015	1 month	6 months	1 year
Training			11 940	18 610	25 430	16 020	17.3	20.3					
<i>Integrated training</i>													
Preparation for national vocational qualifications (NVQ)	Unemployed and dismissed workers during notice period	3-6 months	1 630	1 870	1 970	930	1.5	1.2	€780	€1,270	13.1	39.2	48.8
<i>Institutional training</i>													
Verification of national vocational qualifications (NVQ)	Unemployed and dismissed workers during notice period	1 day	1 350	1 720	1 630	1 340	0.4	0.3	€230	€190	19.4	42.6	52.2
Development and training programmes (institutional training)	Unemployed and dismissed workers during notice period	3 days to 6 months	4 880	7 240	12 540	5 640	3.5	4.5	€330 ^b	€440 ^b	14.2	30.4	39.7
Formal education	Unemployed	Usually 1 year (max. 3 years)	250	280	300	350	0.1	0.1	€440	€330	7.3	9.3	15.8
For the territory of Pokoplje (being active)	Unemployed (and employers)	104 hours	850	750	280	420	0.2	0.4	€610	€840	9.3	18.3	25.8
Inclusion of unemployed persons into new and development projects	Unemployed	104 hours	820	2 020	1 250	1 020	0.2	0.1	€190	€140	6.7	17.9	26.7
Project learning for younger adults (PLYA)	Unemployed early school leavers (without completed education) up to 26 years	average duration 10 months	210	70	660	150	1.1	1.2	€2,000 ^b	€2,910 ^b	7.3	12.1	15.0
Employing first-time jobseeker university graduates	Unemployed under 30 years	Unemployed under 30 years	-	-	-	770	-	4.5	€5,850				
<i>Workplace training</i>													
Work trial	Unemployed under 30 years who are unemployed for more than 3 months	1 month	-	-	1 700	1 130	0.8	1.2	€710 ^c				
On-the-job training	Unemployed who are unemployed for more than 3 months	1-3 months	1 960	4 670	5 120	4 290	9.5	6.9	€1,850	€1,610	32.7	52.3	59.1
Employment incentives			4 420	4 870	4 100	40	29.1	0.2					
Employ me	Target groups include unemployed i) aged over 50 years; ii) youths under 25 years; iii) first job seekers; iv) under 30 years with completed university education; v) LTU etc.	12 months	1 770	3 960	3 170	0	18.5	0.2	€5,930 ^c		60.5	57.7	58.3
The first challenge	Unemployed under 30 years	15 months	2 650	240	480	40	3.2	<0.01	€6,690		72.1	75.0	76.6
50 plus programme	Unemployed aged 50 years and over		-	670	10	-	5.3 ^d	-	€7,780 ^e				
Employment of older unemployed							2.1		€4,630				
Direct job creation			3 760	5 540	7 050	6 740	38.9	35.3					
Public works	Long-term unemployed	12 (max. 24) months	3 760	5 540	6 960	6 260	38.9	33.2	€5,670	€5,300	13.6	16.3	17.8
Public works "Help with Migration Flow s"						270		0.2	€760				
Public Works "Assistance in case of natural disasters"						200		1.9	€9,120				
Start-up incentives			8 280	11 100	370	-	9.1	-					
Self-employment assistance (seminar)	Unemployed		5 250	6 810	-	-	0.1	-	€51 ^f		35.4	85.8	86.8
Subsidies for self-employment	Unemployed		3 030	4 300	370	-	9.0	-	€4,590 ^g		84.8	80.1	78.2
Total			28 400	40 120	36 950	22 800	94.3	55.9					

Table 4.2. Overview of all major^a active labour market programmes in Slovenia (2012-15): Participants and employment outcomes (cont.)

- Nil or less than half of the last digit used.

Entrant numbers and cost per participant rounded to the nearest 10.

- a) Table 4.2 shows all ALMPs that were running in 2015. It also shows some selected programmes that were not any longer running in 2015. Not shown are a number of smaller programmes running in the years 2012 to 2014 (and before). Among them are “Employment to clean up after ice devastation of 2014” (direct job creation; entrants in 2014: 200); “Promoting social inclusion and equal opportunities in the labour market” (direct job creation; entrant numbers 2011 to 2014: 300); “Opportunity for me” (direct job creation; entrant numbers 2012 to 2013: 70); “Subsidised employment (providing home help and personal assistance)” (direct job creation; entrant numbers 2008 to 2012: 1 190); “Training for lifelong success” (training programme; entrant numbers 2008 to 2012: 1 920); “On-the-job training for Mura employees (bankrupt clothing manufacturer)” (training programme; entrant numbers in 2011 to 2012: 220); and “Promoting employment of FSA recipients” (employment incentive; entrant numbers 2008 to 2013: 730).
- b) The expenditure per programme entrant is a two-year average (2012/2014 and 2014/2015), as some of the expenditure may be incurred in the year following the programme entry.
- c) Average expenditure for all programme entrants in 2014 and 2015.
- d) Shows the expenditure for 2013 and 2014 combined.
- e) Average expenditure for all programme entrants in 2013 and 2014.
- f) The programme “Self-employment assistance (seminar)” ran from 2008 to 2013. The expenditure shown is the average for all programme participants who entered the programme between 2008 and 2013.
- g) The programme “subsidies for self-employment” ran from 2011 to 2014. The expenditure shown is the average for all programme participants who entered the programme between 2011 and 2014.

Source: Author’s calculations based on data provided by the Employment Service of Slovenia.

StatLink  <http://dx.doi.org/10.1787/888933415322>

Some disadvantaged jobseekers have a low likelihood of being referred to ALMPs

The Labour Market Regulation Act stipulates that recipients of UI and other social security benefits, persons from vulnerable groups in the labour market, and unemployed persons who have not yet participated in any ALMP should be given priority for referrals to ALMPs. Based on the act, the government adopts a plan for implementing ALMPs in a budgetary period. The plan details the purpose and objectives of ALMPs, volume and sources of funds, priority target groups, service providers, and methods for assessing the ALMPs.²³ In 2015, the priority target groups included disadvantaged jobseekers with an unemployment duration of more than six months, young people (15-24 years), low-skilled (less than secondary education or vocational qualification), first-time jobseekers who have been unemployed for at least two years, older workers (50 or more years), lone parents, and ethnic minorities (IRSSV, 2015). Several of these groups are target groups for this OECD report. Table 4.3 provides more detailed information on entrant numbers and employment outcomes for jobseeker categories in focus of this report (older workers, long-term unemployed and low-skilled workers) and by type of benefit received.

Not all jobseekers have an equal likelihood of being referred to ALMPs as Table 4.3 shows.²⁴ In 2012, younger and prime-age jobseekers had likelihood of referral above the country average, whereas the chance of being referred was far below average for older workers and those with low educational attainment. In contrast to the priorities stated in the ALMP plan, the same pattern is observed in 2015. Long-term unemployed have an average likelihood of being referred. FSA recipients and jobseekers without income replacement benefits have a higher likelihood of being referred to ALMPs than UI and ZPIZ recipients, which suggests that some jobseekers are only referred to ALMPs once their UI entitlement has expired.

The low likelihood of being referred to ALMPs for some disadvantaged jobseekers could be addressed by introducing standardised customer journeys for different client segments, which stipulate the referral to ALMPs after a certain period on the caseload. Ideally such segmentation would be based on statistical profiling. In the absence of such tools, referrals could be made depending on jobseeker characteristics and also the availability of ALMP resources. For example, younger and older jobseekers could be referred after, say six or nine months on the register, while the largest group – prime-age jobseekers – would be referred only after 12 months.

The ESS collects very rich data and regularly tracks post-participation outcomes for all ALMP participants over many months. The availability of such data is exceptional, as many other countries across the OECD do not have such data available on a regular basis. Table 4.3 also shows employment rates of previous programme participants 12 months following completion of the programme. It must be highlighted that post-participation employment rates are gross effects and cannot be used to judge a programme's impact in terms of additional employment outcomes achieved, as opposed to mere deadweight (i.e. employment outcomes that would also have occurred in the absence of the programme). Nevertheless, the data reveal that some programmes may be more suitable than others for different categories of jobseekers:

Table 4.3. **Programme participation and employment outcomes vary in Slovenia by target group**
Entrant numbers and employment outcomes of selected active labour market programmes, 2012^a

Active labour market programme (ALMP) entrants by ... (numbers)											
LMP name	Total	Age			Category			Benefit receipt			
		15-29 years	30-54 years	55 or more years	Long-term unemployed	Low educational attainment	Displaced workers	UI recipients	FSA recipients	ZPIZ partial disability benefit recipients	No income-replacement benefits
Training											
<i>Integrated training</i>											
Preparation for national vocational qualifications (NVQ)	1 630	500	10 990	40	600	400	240	380	400	30	820
<i>Institutional training</i>											
Verification of national vocational qualifications (NVQ)	1 350	390	920	40	580	290	230	260	330	30	730
Development and training programmes (institutional training)	4 880	1 450	3 290	150	1 640	880	540	1 310	840	70	2 660
Formal education	250	150	90	-	130	200	20	10	140	-	100
For the territory of Pokolpje (being active)	850	310	520	20	380	220	70	220	190	30	410
Inclusion of unemployed persons into new and development projects	820	180	540	110	430	190	150	230	180	100	310
Project learning for younger adults (PLYA)	200	210	0	0	50	180	-	-	100	0	110
<i>Workplace training</i>											
On-the-job training	1 780	680	1 070	30	780	200	250	180	440	30	1 140
Employment incentives											
Employ.me	1 770	210	1 240	330	1 430	280	600	230	210	70	1 270
The first challenge	2 650	2 620	30	0	520	260	110	70	340	-	2 230
Direct job creation											
Public works	3 760	1 040	2 210	510	2 330	650	390	640	970	230	1 920
Start-up incentives											
Self-employment assistance (seminar)	5 250	1 070	3 980	200	1 720	450	910	1 140	620	40	3 450
Subsidies for self-employment	3 030	780	2 160	100	1 190	262	640	250	200	10	2 560
Total	28 230	9 570	17 140	1 520	11 770	4 450	4 140	4 920	4 960	650	17 700
Memorandum item: Benefit claims											
Jobseeker stock at the beginning of 2012	112 750	27 130	63 810	21 820	56 660	40 700	31 000	31 870	35 630	8 960	36 300
On-flows during 2012	106 860	37 240	56 870	12 740	20 190	30 560	24 740	35 660	9 500	^b 1 660	^b 60 040
Live claims	219 610	64 370	120 680	34 560	76 850	71 260	55 740	67 530	45 130	10 620	96 340
Proportion of individuals employed one year after finishing the ALMP (percent)											
Training											
<i>Integrated training</i>											
Preparation for national vocational qualifications (NVQ)	48.8	49.4	48.5	48.7	34.6	38.0	48.5	68.1	37.9	43.3	45.4
<i>Institutional training</i>											
Verification of national vocational qualifications (NVQ)	52.2	54.5	51.3	51.2	42.9	44.8	55.2	68.2	45.5	48.4	49.7
Development and training programmes (institutional training)	39.7	43.8	38.8	21.5	27.7	25.8	40.8	53.3	28.1	29.2	37.0
Formal education	15.8	10.6	24.5	-	14.6	9.7	33.3	30.0	7.2	-	26.0
For the territory of Pokolpje (being active)	25.8	29.4	24.3	6.3	16.0	14.3	23.3	37.8	12.2	-	27.5
Inclusion of unemployed persons into new and development projects	26.7	41.5	23.8	17.1	17.0	13.8	24.0	37.9	21.1	4.0	29.3
Project learning for younger adults (PLYA)	15.0	15.0	-	-	10.9	14.8	-	-	10.5	-	16.0
<i>Workplace training</i>											
On-the-job training	59.1	60.0	58.3	67.6	53.9	57.1	66.0	73.3	47.2	56.0	61.6
Employment incentives											
Employ.me	58.3	64.4	65.2	28.5	56.5	53.6	61.7	59.4	55.3	65.7	58.2
The first challenge	76.6	76.6	70.0	-	69.1	68.0	85.8	87.1	63.4	-	78.2
Direct job creation											
Public works	17.8	25.3	17.1	5.7	16.9	10.6	18.6	17.9	17.7	8.7	18.9
Start-up incentives											
Self-employment assistance (seminar)	86.8	88.3	87.0	74.9	81.4	75.9	87.6	91.2	71.0	75.6	88.3
Subsidies for self-employment	78.2	79.7	79.0	48.4	72.7	64.5	80.5	86.1	52.0	100.0	79.4

a) Entries into programmes that continued to exist at least until 2014. This represents 97% of all programme entries in 2012.

b) Inflow statistics may be misleading, as jobseekers usually must first register with the ESS before applying for benefit. Inflow statistics are therefore biased downwards. The figures shown therefore show claimant stock figures with a duration of up to one month.

Source: Authors calculations based on data provided by the Employment Service of Slovenia.

- A comparison by **benefit receipt** shows that UI recipients consistently have better than average post-programme employment outcomes. Employment rates are around average for jobseekers without income-replacement benefits and below average for FSA and ZPIZ recipients. The difference is less marked for “employ.me” and “public works”, potentially reflecting that – regardless of benefit receipt – only more disadvantaged jobseekers are referred to these programmes. The average post-programme employment rate is similar for “on-the-job training” and “employ.me”. FSA recipients, however, have better outcomes for the employment incentive “employ.me”. This may indicate that a 1-3 month employment trial is often not enough for employers to retain FSA recipients beyond the trial. In contrast, the 12 months employment subsidy available through “employ.me” may help to increase the worker’s productivity enough to make post-programme employment attractive for employers.
- Outcome rates by age show that not all programmes are suitable for **older jobseekers**. Their 12-months employment rates are around average for the training programme “preparation for national vocational qualifications (NVQ)” (and the related verification of NVQ) and even above average for “on-the-job training”. This finding is in line with best practices highlighted in a recent PES-to-PES dialogue review by the European Commission, which highlighted that training measures targeted at employer’s needs or in combination with work practice were found effective in Estonia, Poland and Germany (EC, 2012b). While these results seem positive, participation of older workers in these programmes is nevertheless low: Only 2-3% of participants in these programmes were 55 years or older in 2012 (see Table 4.3) and 2015 (not shown in table). Outcomes are only around two-thirds of the average for the training programme “inclusion of unemployed persons into new and development projects” and “subsidies for self-employment”. The programmes “development and training programmes”, “employ.me” and “public works” show even worse results.
- A comparison by **unemployment duration** shows that long-term unemployed more generally have below-average post-programme employment outcomes. Outcomes are more favourable and close to average outcomes for two schemes: “on-the-job training” and the “subsidy for self-employment”.²⁵
- **Low-skilled workers** also generally fare worse than average in terms of the likelihood of being referred to programmes. Some types of programmes may be more suitable for them than others. Their post-programme employment rates are closer to the average for “on-the-job training” than for classroom-based training programmes (e.g. “development and training programmes” and “inclusion of unemployed persons into new and development projects”).
- **Displaced workers** have a lower than average likelihood of being referred to ALMPs, but for most programmes they have better than average outcomes. Their outcome rates are especially high for programmes operated directly at an employer like “on-the-job training” and employment incentives. While usually no special programmes for displaced workers exist, the ESS may offer additional support in the case of collective dismissals.

These comparisons of employment outcomes show that not all programmes seem to be suitable for all jobseekers. However, quantitative impact evaluations are needed to make a judgement on whether these programmes should be continued or expanded and

if so, for which jobseeker categories. Qualitative evaluations could help to assess how programmes can be improved and may also help to understand why some programmes are more successful for some jobseekers than others.

Positive employment impacts are found for only a few programmes

Evaluation of ALMPs is crucial to ensure effective and efficient spending of public resources. Evaluations cover various aspects of the implementation of new policies and programmes and give insights into what effects the policies and programmes had, for whom and why. More generally, evaluations allow for a continuous improvement of policies and programmes or the termination of unsuccessful ones, and thereby demonstrate accountability and justify government expenditure on ALMPs.

An important recent study of the impact of training programmes and employment subsidies on labour market outcomes was conducted by Kavkler et al. (2012). The study evaluated the short-term impact of various programmes on the probability of finding and retaining a job during the period 2009-11. The analysis is based on ESS unemployment registry data and uses programme participation and propensity score matching to generate control groups.²⁶ Evaluating a broad range of programmes, it finds positive effects for the “verification of national vocational qualifications (NVQ)”, whereas the “preparation for national vocational qualifications (NVQ)” did not show statistically significant positive results. They also find positive effects for the “work trial” programme that was running until 2011, which is however different to the current “work trial” or “on-the-job training” programmes (see Box 4.7) and offered an employment bonus for continued employment of the individual following the completion of the programme.²⁷ Hence, the results are likely to be biased because of the employment bonus.

On the other hand, Kavkler et al. (2012) find negative effects for the institutional training programmes “development and training programmes” and “formal education”. Those observed negative effects should be interpreted with caution, however: the authors note that the short time frame available for the analysis precludes a definitive assessment of its effects, which could potentially be more long-term. Furthermore, a large share of individuals (43%) enrolled in the “formal education” programme did not successfully complete it: of those who were unsuccessful, approximately one quarter dropped out prematurely and a further one quarter did not complete it due to legitimate medical reasons. They also find negative effects for the previous version of “on-the-job training”. Although similar to the “work trial” programme, the “on-the-job training” was intended for a broader pool of individuals and did include a lump-sum subsidy for continued employment, as the previous version of the “work trial” did. For employment subsidies (“employ.me” and a number of smaller programmes) Kavkler et al. (2012) find mixed or statistically insignificant results. In certain cases, their findings suggest employers exploit the subsidies for reducing labour costs, but fail to provide permanent jobs.

Given these mixed results, it would be advisable to extend the analysis by covering a longer post-programme period and by extending the analysis to more recent programme years. Both should be feasible, given the rich data available from the ESS. Larger programmes which are available for a wide range of jobseeker categories should be analysed for different jobseeker categories to confirm the notion that some programmes may be more suited for some types of jobseekers than others. On the basis of such results, it is then possible to calculate non-intervention rates – i.e. deadweight rates – and the additional employment impact resulting from the programmes. Even when programmes have an additional employment impact, the savings generated from

the programmes may not exceed the total expenditure on the programme. For the full appraisal of programmes it is therefore also necessary to conduct a full cost-benefit analysis, which lists all benefits and costs incurred by participants and by the government.²⁸

Managing performance to ensure a rapid return to work for all jobseekers

The ESS is managed through performance targets as is now common practice in successful public employment services around the OECD. Not all of the ESS targets may support the wider goals of reducing unemployment and they should therefore be reviewed to ensure they are achievable but challenging and do not give wrong incentives. As has been shown before, over a third of ESS clients claim their (FSA) benefit from the CSW. Current inconsistencies in the activation of FSA recipients are therefore problematic and better outcomes could be achieved through an improved institutional set-up.

ESS performance management

Ideally, performance indicators are available for inputs and final outcomes, and show the relationships between them. This is necessary to give policy makers and senior managers insight into the relative performance of different parts of the organisation and about what appears to be working. The performance targets for the ESS are developed by the ESS headquarters in close co-operation with regional offices and the MDDSZ. The national targets are then further broken down into regional targets, taking the labour market context in each region into account. Each headline performance target has a number of indicators for measuring progress against each of the targets. These indicators also allow for monitoring at the central, regional and local level. Performance against the targets is published on a monthly basis on the ESS intranet and can be accessed by all staff. The data are then used to discuss performance and identify good practices with staff in regional and local offices on a monthly basis. Good practices, which may be transferable to other regional or local offices, are then shared in meetings at the regional or central offices level (EC, 2013). In 2016, the ESS has five overarching performance targets (ESS, 2016):

1. **Reducing the number of long-term unemployed:** This should be achieved by reducing the number of long-term unemployed jobseekers from 59 700 in 2015 to 56 000 by the end of 2016 and to 40 000 by 2020. The number of long-term unemployed in ALMPs should be increased from 48% to at least 50% by the end of 2016. The share of long-term unemployed in all off-flows to employment increase from 24% to 27%.
2. **Earlier activation of younger, older and low-skilled jobseekers:** This should be achieved by reducing the average duration on the ESS register by one month for jobseekers under age 30 (from 11.5 to 10.5 months) and over age 50 (from 37.1 to 36.1 months) and for low-skilled jobseekers (from 33.3 to 32.3 months).
3. Increasing the effectiveness of mediation in employment (indicators not shown).
4. **Increasing the efficiency of ALMPs:** Increased efficiency is measured through post-programme employment rates six months after the completion of education and training programmes. The rate should increase from 43.6% in 2015 to 44.5% in 2016 for the around 11 000 planned entrants in 2016.
5. Establish the ESS as a central institution for lifelong career guidance (indicators not shown).

Not all of the 2016 ESS targets may support the wider goals of reducing (long-term) unemployment and some of them may even be dysfunctional. While the first target may support the prevention of long-term unemployment, it does, however, provide little incentive to reduce the large stock of already long- and very-long-term unemployed. The impact of the second indicator on reducing (long-term) unemployment is not obvious and may be achieved without ESS staff making any effort to do so. With a decline in unemployment being driven primarily by a reduction of the short-term unemployed, the proportion of long-term unemployed jobseekers referred to ALMPs should automatically increase. If ALMPs have indeed a positive impact on reducing long-term unemployment, the proportion of long-term unemployed referred to ALMPs should be much higher. However, instead of making this a PES target, referrals to ALMPs should be part of a standardised customer journey, as has been argued before. ALMP referrals would then not be seen as an outcome target, but as an intervention delivery target to monitor what proportion of customers were referred on time.

While it is the aim of all ALMP sponsors to increase ALMP efficiency, the fourth target for ALMPs may actually result in decreasing their efficiency. More generally, ALMP efficiency targets should be set for the ALMP providers differentiated by client group and not ESS staff. Setting a target for gross employment rates²⁹ may simply result in “cream-skimming”, where ESS staff chooses participants who are easier to help.³⁰ This is unlikely to be prevented by the indicator on increasing the proportion of long-term unemployed in ALMPs, as the increase in the proportion is low. Increasing the efficiency of ALMPs requires an in-depth knowledge of the additional employment impact, which cannot be assessed without programme evaluation. Introducing incentive-based payment structures for external ALMP providers may provide the necessary incentive to increase efficiency, but such payments are no guarantee for increased efficiency and payment structures need to be well designed.

The indicator levels for the second target highlight how much low-skilled and older unemployed have been parked by the ESS, with average unemployment durations being close to or exceeding three years. The target nevertheless does not appear to be very challenging and may be achieved without any push by ESS staff to activate jobseekers earlier on, if unemployment continues to fall. The target is meant to be achieved by focusing on a set of measures, which are however vague – e.g. intensification of services and activities, individualisation of treatment (ESS, 2016) – and not measurable. The promise that the target groups will benefit from support through counsellors specialised in supporting these target groups should be quantified through the frequency of those counselling interviews. For UI recipients there is also a stated goal to monitor jobseekers’ IAPs and agreed activities closely to increase flows into employment (ESS, 2016). While this may result in increased support and, hence, flows into employment, it may be at the detriment of FSA and ZPIZ recipients and jobseekers without income-replacement benefits as has happened before in 2012 (see above). The ESS should have a target to prevent long-term unemployment for all jobseekers and this should be quantifiable.

Overall, the ESS targets should be reviewed to ensure that they are achievable but challenging and do not give wrong incentives to play the system just to meet the targets. Even though the 2016 ESS targets are all measurable, the relationship between inputs and outputs is often not clear and some of the input measures would in fact make better performance targets. A good example is the Swiss performance measurement system, which uses four performance indicators, which aim to incentivise i) quick reintegration into the labour market, ii) prevention of long-term unemployment, iii) prevention of benefit exhaustion, and iv) prevention of repeat claims. Local office performance is then

evaluated on a regression-adjusted basis using a rich set of jobseeker characteristics and survey information on local labour market performance (Duell et al. 2010).

Over a third of registered jobseekers are clients of two institutions – ESS and CSW

UI recipients receive active and passive support through one public institution – the ESS. In contrast, jobseekers claiming FSA are required to deal with two institutions: Claims for the income-replacement benefit (FSA) – the passive side – have to be made at the CSW, whereas job broking and referrals to active measures – the active side – are provided by the ESS. While the ESS and CSW co-operate in different ways there are many inconsistencies, which potentially result in difficulties in the effective activation of FSA recipients. Merging the two institutions, fully or partially, or introducing a more formalised co-operation between them should seriously be considered.

Co-operation between the ESS and the CSW is not formalised

The institutional organisation of the ESS and the CSW is completely different. The ESS is a top-down managed public agency with national, regional and local offices. In contrast, the CSW currently have no such national and regional structure and work independently on the local level in each of Slovenia's municipalities, with the overall supervision being the responsibility of the MDDSZ. This difference in CSW and ESS management structures often makes co-operation between the two institutions difficult. Things have, however, already improved over the last decade and the ESS and the CSW now co-operate more closely on a formal as well as an informal level (IRSSV, 2015). The most important formalised co-operation is the joint ESS and CSW commission for the assessment of provisional non-employability. However, while CSW and ESS work closely together when clients are referred to this commission, such clients present a minority of ESS registered jobseekers (see Box 4.4). In 2015, around 40 000 jobseekers – over a third of all registered jobseekers – were FSA recipients and for the vast majority of them employability is undisputed. For these jobseekers difficulties in their consistent activation arise in a number of areas, as highlighted throughout the chapter:

- The approach to activating FSA recipients varies by location, as due to their local structure, there are no standardised procedures and guidelines, which all 62 CSW follow. For example, not all CSW insist on a prior ESS registration before processing the claims of employable FSA recipients.
- The co-operation between local ESS offices and the CSW may sometimes be impeded by the fact that FSA recipients must register with the CSW located in their area of residence, whereas they are free to select an ESS office of their choice (see Box 4.1). Hence, local ESS offices may have to deal with a number of CSW offices and vice versa.
- In addition to agreeing an IAP with the ESS, FSA recipients may sometimes also receive additional action plans from the CSW, which are, however, usually not co-ordinated with the ESS. Even when co-ordination is not the primary issue, both institutions may often lack the capacity to sufficiently help claimants in need of in-depth support.
- The procedures of the joint ESS and CSW commissions for the assessment of provisional non-employability may differ from one location to another, resulting in variation in the client groups covered and in assessment outcomes. While the commission may recommend further interventions, appropriate measures may not

always be available. The commission then only shifts responsibility from the ESS to the CSW, without guaranteeing support for the individual or identifying a clear path back into employment (see Box 4.4).

- The absence of clear enforcement procedures in case of FSA recipients' non-compliance with job-search obligations. However, even with better procedures, CSW caseworkers may be reluctant to impose sanctions for breaches of obligation established by the ESS, as the sanctions are harsh and may cause hardship for the individuals and families involved.

These issues may also be exaggerated by the fact that the overall aims of the two institutions are not closely aligned. While the CSW are mainly directed at dealing with people in crisis situations and solving major social problems of their clients, the ESS aims to improve the employability of its clients and aims at a quick reintegration into the labour market (IRSSV, 2015). The CSW also have no performance management system currently in place and, hence, are not given the duty or any incentives to ensure that nationally-financed government expenditure on FSA is kept low. Beyond a performance management system, unified procedures and guidelines are also missing for many CSW areas of work. Many decisions in the CSW are therefore taken on a case-by-case basis.

The way forward: Merging institutions or formalising the co-operation?

The *OECD Jobs Study* (OECD, 1994) recommended integration of the three main functions of the broadly defined PES: job broking, benefit administration and referral to active measures. In principle, such integration helps to ensure that:

- The placement objective of a rapid return to work is supported by benefit sanctions in cases of non-co-operation.
- The benefit administration's objective of enforcing eligibility criteria is implemented through job-search monitoring and referrals to job vacancies and ALMPs by the placement service.
- Training services and job-creation projects accept referrals of clients who are disadvantaged, poorly motivated or otherwise at risk of long-term unemployment. This may not be the case when they are autonomous bodies that can select their own participants.

In several OECD countries service delivery reforms have been designed to facilitate access to services and co-ordination between them through “one stop”, “single counter” or “single gateway” access to related employment, benefit and other social services (OECD, 2013). It is convenient for clients to access services through a single point and this also helps to reduce duplication of intake processes, facilitate information-sharing, target interventions to suit individual needs and local circumstances, and co-ordinate service delivery. However, the co-location of the offices of different organisations at local level with a common reception desk is not the same as integration at the management level. Full-scale service integration is more easily secured in unitary and highly centralised countries like for example the United Kingdom (OECD, 2014a). In many countries, such an option is not feasible constitutionally or sought after politically and policy makers have devised various ways of requiring or encouraging different agencies and levels of government to co-ordinate and sometimes co-locate service delivery (OECD, 2013).

For Slovenia, different options for improving the stance on activation for FSA recipients should be considered, ranging from a full or partial merger, to integrated IT systems and a more formalised co-operation between the CSW and the ESS. Regardless of a more far-reaching reorganisation in the medium term, an urgent first step towards a more consistent activation of FSA recipients is the development of a performance management system for the CSW. Necessary steps include:

- Taking stock of the CSW client stock (employable versus not immediately employable clients) and the CSW key activities and outputs with respect to both social and labour market activation.
- Developing standardised procedures and guidelines for all major work processes in the CSW, based on best practices identified.
- Based on the first two steps, developing a set of indicators to assess performance of each local CSW towards timely and consistent activation.

A far-reaching option would be a merger of the ESS and the CSW thereby creating one single institution responsible for most of the income-replacement benefits and the activation of the working-age population. Nevertheless, even that would not be a full integration for all recipients of income-replacement benefits, as the benefits of ZPIZ recipients (10% of all registered jobseekers in 2015) are still managed by another institution. A full merger of all institutions responsible for income-replacement benefits was achieved in the United Kingdom in 2002, when two separate agencies responsible for employment services (and unemployment benefits) and income-replacement benefits (apart from unemployment benefits) were merged into one agency (OECD, 2014a). Such a merger would achieve the full integration of job broking, benefit administration and referral to active measures for employable FSA recipients. At the same time, it would also help bringing not immediately employable FSA recipients within the remit of the same institution, helping to establish a clearer path back into the labour market for individuals who are provisionally not employable.

Another option would be a partial merger covering ESS-registered FSA recipients only. The administration of benefits of ESS registered FSA recipients would then become the responsibility of the ESS. It seems, however, inefficient to have two different institutions manage the same benefit for different client groups. Furthermore, it would not ensure an integrated approach to social and labour market activation with many clients then lacking access to one or the other.

A less far-reaching option would be a more formalised co-operation between the ESS and the CSW with standardised processes and procedures. The current differences in the institutional framework are an obstacle to a closer co-operation. A current plan by the MDDSZ foresees to create a regional office structure for the CSW. A new regional structure could be used to formalise relations between regional ESS and CSW offices. One option would be to make the new regional CSW offices responsible for the administration of FSA (and other social assistance benefits), while local CSW offices are responsible for frontline services only (e.g. counselling, social work services, referrals to programmes such as drug treatment). The CSW local offices could then concentrate on serving more disadvantaged clients, while ESS-registered FSA recipients would usually receive frontline services from the ESS only (unless they require any of the CSW front-line services in addition). Also the processing of FSA benefit claims could be made online, with support in local CSW offices only available for those who need help with

filing a claim. The regional CSW offices would have responsibility to support the ESS through ensuring a timely and consistent activation of FSA recipients.

Without linking IT systems closer co-operation may, however, be difficult to implement. Linked IT systems would enable both institutions to get better statistical feedback on joint clients, thereby supporting standardised processes and procedures. Among other things this includes requiring an ESS registration prior to processing FSA claims, follow-up in case of non-compliance, co-ordinated action plans to address social issues and activation simultaneously. Important for the effective co-operation will be a regional structure for the CSW that aligns with the regional structure of the ESS, with co-location perhaps also facilitating co-operation. This does not seem to be given in the current plan for the regional CSW offices, which foresees the creation of 15 regional offices,³¹ whereas the ESS only has 12 regional offices.

Key findings and recommendations

The ESS appears as a modern PES with a strong focus on job placement. The acquisition of vacancies in Slovenia has become more difficult since the abolition of mandatory notification of vacancies, but the ESS still plays an important role for many employers and offers extensive recruitment services for all employers who wish doing so. Online services for employers and jobseekers are well advanced and the ESS has the aim of increasing the use of these e-services. The ESS has a large and diverse client base and only around one-quarter of the unemployed (according to LFS criteria) are not registered with the ESS, but plausibly among those looking for regular employment the vast majority is. Despite all those strengths, a number of challenges prevail for Slovenia, holding back re-employment for more jobseekers, especially disadvantaged groups of jobseekers, and at an earlier stage.

Jobseekers should be activated earlier

Even though it is generally easier to find a new job while still being in employment, the current rules offer little incentives for UI recipients to actively seek new employment before the current employment relationship has ended or within the first 30 days of unemployment. Slovenia should consider activating people at risk of losing their current job – either due to dismissal or due to the expiry of a fixed-term contract – while their current employment relationship still lasts. Possible options include introducing mandatory ESS registration for people at risk of losing employment or job-search requirements already before benefit entitlement starts. Such new rules could then be enforced through the introduction of lower-level sanctions (e.g. one week of foregone benefit entitlement).

Also the offers available to displaced workers could be improved and extended to cover more of them. A job-search assistance measure exists for workers made redundant but take-up is low, especially in case of individual and small-scale dismissals. Take-up could be increased through dropping the rule on shortening the UI benefit payment duration by the number of days workers participate in the measure and making employers pay full wage compensation for the time employees to be dismissed participate in the measure. An early ESS registration requirement would make more workers aware of the measure. It would also help the ESS to target dismissed workers who are likely to benefit most from early intervention.

Harder-to-place clients are at risk of being “parked”

More frequent counselling interviews for claimants with few labour market barriers are likely to have reduced the frequency of interventions for clients which require more in-depth support, and thus contributed to “parking” of harder-to-place jobseekers. Parking of some client groups may have been a reasonable strategy by the ESS in times of limited resources and weak labour demand. With more and more employable clients moving into employment, parking harder-to-place clients on the caseload should be stopped. Parking of clients by the ESS is also reflected in the use of ALMPs: Not all jobseekers have the same likelihood of being referred to ALMPs and some groups with a stated priority for ALMP referrals (especially older workers and those with low educational attainment) have in fact a lower than average likelihood of being referred. The lower likelihood of counselling sessions and referrals to ALMPs for disadvantaged jobseekers could be addressed by introducing standardised customer journeys for different client segments, which stipulate the counselling frequency and referral to ALMPs after a certain period on benefit. Some increase in ALMP referrals for older and low-skilled unemployed may be seen in the following year, as more programmes are now targeted on them.

Reviewing client journeys may help do more with less or with the same

Recent short-term measures focusing on job-search monitoring and more frequent counselling sessions seemed to have had a remarkably positive impact on employment for some jobseekers, but better impact evaluations would be needed to support this claim. Recently tightened measures were, however, targeted at more employable jobseekers and, hence, may not serve as part of a strategy to “dig deeper into the client caseload”. The ESS could free up resources by increased monitoring of independent job-search efforts for the most employable jobseekers. This should be achieved through making the use of electronic tools mandatory for this group of jobseekers to free up staff capacity. Capacity gains could be used to provide additional counselling to less employable jobseekers.

Hiring more caseworkers: Invest to save?

International evidence suggests that reducing client-to-staff ratios enables more personalised services (e.g. for jobseeker counselling or vacancy acquisition), which in turn has a positive impact on reemployment. A recent experiment from Germany shows that the hiring of additional PES staff was offset by decreased benefit expenditure after a period of about ten months. Hence, hiring additional staff may pay for itself through reducing the ESS caseload faster.

Sanctions are an important component of an effective activation regime

Sanctions are important for an effective activation regime and international evidence suggests that warnings about a possible sanction or the imposition of sanctions can substantially shorten benefit claim durations and increase employment take-up by the sanctioned individuals. Sanctions in Slovenia are among the strictest in the OECD and the application of sanctions appears inconsistent for different types of jobseekers and across regions. This may be driven by the high proof of burden and a cumbersome administrative process coupled with some reluctance by caseworkers to impose harsh sanctions. Slovenia should facilitate the administrative process and consider introducing lower-level sanctions in the form of a benefit reduction or suspension for a certain period for a first breach of obligation, without immediately excluding jobseekers from the ESS register. Compliance with the obligations should be made a precondition for the resumption of benefits.

ALMPs should be rigorously and systematically evaluated

Existing impact evaluations of ALMPs in Slovenia should be extended to provide a fuller picture of the employment impact of past and current programmes. On the basis of such results, in a second step, a cost-benefit analysis should also be conducted, which considers all benefits and costs incurred by participants and by the government. Programmes should then only be continued if they have a positive impact for both jobseekers and the society as a whole.

Activation of FSA recipients is not effective with the current institutional structure

Jobseekers claiming FSA are required to deal with two institutions: Claims for the income-replacement benefit have to be made at the CSW, whereas job broking and referrals to active measures are provided by the ESS. With this separation, consistent activation is not possible due to non-formalised and non-standardised activation processes and procedures and because the CSW tend to have a stronger focus on social integration rather than integration into the labour market. Two different options to better activate employable FSA recipients are discussed in this report: i) a full or partial merger of the CSW with the ESS and ii) a more formalised co-operation between the CSW and the ESS. The latter could also be used as a first step towards a merger in the long run.

Notes

1. One fifth may still be considered a low proportion of PES involvement in recently concluded employment matches. This is partly explained by the fact that individuals moving from non-employment into employment, as well as those changing jobs, are included in this market share estimate. Unemployed people seeking new jobs are much more likely to approach the PES as part of their job search than the employed, who usually prefer other routes (e.g. newspapers, asking friends or relatives, trade unions, or applying directly to employers).
2. In very small local offices (with up to three employees) the ESS has no specialised employer advisers and staff in these offices advises jobseekers as well as employers (EC, 2011).
3. The exact figure is 3 318, taken from ESS (2015b). The total number of employers in 2014 was 186 433.
4. In 2010, there were 58 100 vacancies for which employers had requested active mediation services. Around 85 000 jobseekers were contacted by the ESS in relation to these vacancies, of which some then were referred to the employers.
5. Employers asked for ESS active mediation services for 44 400 vacancies in 2014 ESS (2015b) and 44 800 in 2015 (data for 2015 provided by the ESS).
6. 15% of vacancies were mediated for medium-size employers (50 249 employees). For 15% of vacancies no information on the employer size was available. Numbers may not add due to rounding.
7. Collective dismissals in Slovenia cover redundancies within 30 days of i) at least 10 workers at an employer with 20-99 employees; ii) at least 10% of workers at an employer with 100-299 employees; or iii) at least 30 workers at an employer with 300 or more employees.
8. In essence, this is an extension of the current minimum of two hours of job search paid by employers to then eight hours of paid job search (for full-time employees).
9. If an unemployed person claims UI after the 30 day time limit, their benefit entitlement is shortened by the number of days between the 31st day after the termination of employment and the day of filing the application.
10. The notice period is 15 days for employees with up to one year of service with the employer in the event of an ordinary cancellation of the employment contract by the employer for a business reason or reasons of incompetence. After one year of service with the current employer the notice period increases to 30 days and further up to 80 days for employees with long tenure. The notice period is 15 days in the event of a cancellation through the employer for reasons of misconduct (Employment Relationships Act (ZDR-1), 2013, Article 94 (Minimum notice period), <http://www.mdds.gov.si/en/legislation/>).
11. Comparing stock and flow ESS jobseeker figures by benefit claimed shows movements between the different recipient categories over the course of an unemployment spell. Inflow numbers for FSA recipients appear low. This is as many FSA recipients register with the ESS before receiving FSA. Also the ZPIZ statistics show that around 10% of the partial disability benefit stock was on no or on another benefit before claiming disability benefit. UI claimants on the other hand often remain unemployed beyond the

- expiry of their UI entitlement and subsequently claim FSA or remain as jobseekers without benefits.
12. Most, but not all, CSW insist on the ESS registration before processing a claim for FSA.
 13. Source: ESS monthly information; January 2014; <http://www.ess.gov.si/files/5517/MIO114.pdf>.
 14. According to the International Labour Organisation (ILO) definition of unemployment the “unemployed” comprise all persons above a specified age who during the reference period were without work (i.e. were not in paid employment or self-employment); currently available for work (i.e. were available for paid employment or self-employment during the reference period); and seeking work (i.e. had taken specific steps in a specified reference period to seek paid employment or self-employment). The labour force surveys implemented in most OECD countries use a recent past week (i.e. a fixed week each month or the week preceding the survey week) as the reference period for assessment of “without work” status. The reference period for assessment of “currently available” status in EU countries is a two-week (forward looking) period after the reference week. The reference period for “seeking work” status is the previous four weeks (including the survey reference week). Ongoing registration at an employment service without specific actions, or reading newspaper advertisements, etc. without answering them, is not usually treated as active job search.
 15. It is assumed that all countries require suitable jobs to have wages and working conditions consistent with legal requirements (including minimum wages and administrative extensions of collective agreements), that certain types of work (e.g. prostitution) are not considered suitable work and that the unemployed should not be forced to join or leave a trade union or other organisation in order to take up suitable work.
 16. Article 42 of the Social Assistance Act (ZSVarPre, 2010) stipulates that FSA recipients who received benefits for at least nine months in the past 12 months must accept any job offered to them or referred to them by the ESS. Failure to accept a job offer would result in the exclusion from the ESS register on the basis of Article 129 of the Labour Market Regulation Act (ZUTD, 2010). Article 129, however, stipulates that the exclusion from the register results only from a refusal of appropriate or suitable employment. Thus, the implementation of Article 42 of ZSVarPre could be legally challenged.
 17. Client-to-staff ratios are calculated as stock of registered jobseekers at the end of the year (110 020 in 2010, 124 020 in 2013, and 119 460 in 2014) divided by the number of ESS front-line staff. Figures for front-line staff are not published, but based on interviews with the ESS management, and estimated to be around one-third of total staff. The ESS total staff was 1 016 in 2010, 903 in 2013, and 924 in 2014.
 18. Jobseekers may, however, claim FSA. Individuals entitled to ZPIZ disability benefits and who terminate the employment relationship by own will or through own fault have their benefit rate reduced by 30%.
 19. Sanction rates are calculated as the number of outflows of the ESS register due to a breach of obligation over the course of a year, divided by the live claims in a given year. Live claims are calculated by adding the claimant stock at the beginning of the year and total new registrations during the year.
 20. See OECD (2015) for an overview of studies.

21. Not included is expenditure on PES and administration. If PES and administration is included, the expenditure on all active measures in Slovenia was 0.37% of GDP in 2013, against an OECD average of 0.56% of GDP. The OECD averages are unweighted averages. In 2013, no data was available for France, Greece, Israel, Korea, New Zealand, Poland, Spain, and the United Kingdom.
22. In addition, the Ministry of Education of Slovenia financed around 0.3% of the training programmes (Category 2) budget.
23. Labour Market Regulation Act, Article 35 and 36, <http://www.mddsz.gov.si/en/legislation/>.
24. The likelihood of being referred is calculated as the total number of entrants over the course of 2012, divided by the sum of the caseload at the beginning of the year and the total inflows over the course of the year.
25. Close to average outcomes for the employ.me scheme and public works mainly reflect a weighting-effect as the majority of jobseekers referred to these programmes are long-term unemployed.
26. Kavkler et al. (2012) rely exclusively on the ESS unemployment registry data and, hence, do not account for individuals who opt out of the unemployment registry before becoming employed.
27. The subsidy amounted to EUR 7 500 for employing an individual for at least 18 months following the successful completion of the programme.
28. The main benefit of a programme is its impact on participants' future earnings and the main cost is government expenditure on programme implementation and administration. In the calculation of participants' earnings, employer pension and social insurance contributions are added to gross earnings and the direct costs of working, such as child care and commuting costs borne by the employee are subtracted. Income taxes, payroll taxes, indirect taxes, reduced benefit payments, incentive payments or reimbursements of work expenses are all treated as transfers, with a positive or negative financial benefit to the participant being matched by a positive or negative financial cost for government finances so that there is no impact on reported net benefits for society as a whole. It should, however, be highlighted, that many potential costs and benefits are typically not taken into account because they are hard to quantify or cannot simply be inferred from market prices (OECD, 2015a). Fujiwara (2010) discusses the incorporation of several types of "wider social impacts", including work costs and leisure time, externalities and multiplier effects, and health and crime impacts in the cost-benefit analysis process..
29. Gross employment rates are the sum of deadweight (which also occur in absence of a programme) and additional (which can be attributed to the programme) employment.
30. Cream-skimming is a problem associated with employment and training programmes, where providers have some influence over choosing participants who use their services. They might then "cream-skim" participants who are likely to be easier to help. The risk of the current ESS targets is that ESS staff may implicitly or explicitly collude with providers through referring easy-to-help jobseekers.
31. Source: MDDSZ (2015), "Reorganizacija CSD: Predstavitev izhodišč" (Reorganisation of the CSW: The starting point, PowerPoint presentation by the MDDSZ).

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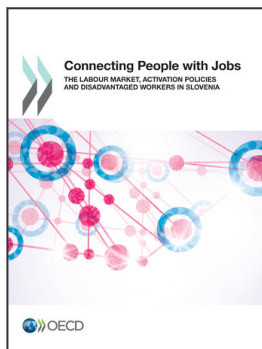
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