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**ACTIVE LABOUR MARKET POLICY  
PRESENTED BY MEASURE  
NO. 1.2 “PERSPECTIVES FOR YOUTH”  
UNDERTOOK WITHIN  
SECTORAL OPERATIONAL PROGRAMME  
HUMAN RESOURCES DEVELOPMENT 2004-2006**

**1. Introduction**

The situation in the labour market is one of the most important factors which enable to evaluate the economy condition and unemployment constituting one of the most serious problems of contemporary market economies. Although this phenomenon has been attracting attention of economists since the 18<sup>th</sup> century, there are still problems with creating its universal and accurate definition. Most definitions from the literature define only general identification criteria without giving detailed principles of their interpretation. Unemployment most often is defined as a lack of income generating jobs among people in the economically productive age who are able and ready to work and are actively looking for a job [Kwiatkowski 2002, pp. 20-21]. It is only when calculating the scale of unemployment in practice that it is necessary to define what we mean by: an economically productive age, ability or readiness to work or searching a job.

**2. State’s actions targeted at unemployment**

One can notice that although unemployment causes positive results, it brings about more negative consequences. Thus unemployment costs substantially exceed its possible benefits and a high unemployment rate may cause destabilization of economy development. Thus unemployment is one the most common and severe

social problems and that is why it requires special actions from the state targeted at diminishing its negative results (passive programmes) or reducing its scale (active programmes) [Milewski R. (ed.) 1995, p. 255]. Passive instruments consist in transferring income in the society from people who are employed to the unemployed. Active instruments concentrate on enhancing professional abilities of the unemployed and improving the functioning of the labour market which is to facilitate access to job offers for the unemployed [Wróbel 2005, p. 23].

Passive programmes in the labour markets first of all aim at relieving the consequences of unemployment for the jobless and their families and offering financial help. In Poland financial benefits for the unemployed comprise: unemployment benefits, social security payments, pre-pension allowances and social assistance to people who lost their right to the unemployment benefit. Passive instruments do not facilitate access to existing jobs nor do they create new jobs, they do not reduce the scale of unemployment practically but they ease its consequences. In fact passive actions may reduce the number of the unemployed by reducing the number of people who are professionally active. Efficiency of passive measures depends on their amounts and the period of receiving them.

Unemployment benefits are the most important instruments of the state's passive policy targeted at unemployment. They fulfil an income and motivation function. On the one hand they are to secure entitled people conditions for decent living, on the other, they should not discourage from looking for a job but stimulate it. These functions contradict each other so their effective combination is difficult to achieve. The income objective is to bring the benefit closer to the formerly generated income while the motivation function is to create a difference between them. Too high level of benefits, in particular referring to the minimal pay, does not give incentives to actively look for a job. Similarly, too long period of receiving a benefit may cause long term unemployment and diminish a motivation to leave the unemployed group. Great Britain has accepted an interesting solution. A person applying for the "jobseekers allowance" has to take part in meetings that are to elaborate an individual plan of finding a job every two weeks. The mere name of the allowance suggests the emphasis on increasing efforts of the unemployed to look for a job. Such a person has to report on action undertaken which is helpful in case of a failure. The plan can be then verified to increase the probability of finding a job quicker [Kalinowska-Nawrotek 2005, p. 117].

Active programmes in the labour market first of all comprise a project for raising qualifications of the labour force and improving flexibility of the labour market. They are far more effective in reducing the scale of unemployment than passive instruments. However, they may cause negative results called substitution and replacement effects. The first one occurs when taking on a person from the active programme of the labour market results in firing another worker. The other one occurs when the assistance provided to a company allows to employ additional

workers and gives a competitive advantage so that other companies from the industry are forced to reduce production and employment [Swadźba 2001, p. 299].

An activation allowance is one of active forms. Unemployed persons may apply for an activation allowance if they are registered in the job centre, are entitled to the benefit and if they accept the job appointed by the job centre on the part-time basis in a given profession for a lower pay than the minimal or if they initiated employment or have any other income generating a job. In the first case the persons are entitled to the activation allowance amounting to the difference between the minimal pay and the received pay, not more than 50% of the allowance, for the period of entitlement. If the persons initiated employment, they can apply for an activation allowance amounting to 30% throughout half of the period of entitlement. The persons are not entitled to the activation allowance if a local (powiat) job centre appoints them to emergency work, public work or a position whose costs are refunded by the Labour Fund. The persons do not have a right to the activation allowance if they start a job with the previous employer or work abroad.

If there are no job offers for the unemployed, local (powiat) job centres may initiate and finance emergency work. In such situations employers take on the unemployed in return for financing a part of remuneration costs and paying social security contribution by the office. This group comprises the unemployed under 25 and over 50 years old, people who have been jobless for a long time and have no professional qualifications, those who bring up on their own at least one child under 7 and the disabled. The emergency work may last from 6 to 24 months depending on its character.

Useful community work is a new form of activating the unemployed introduced by the amendment of the law on promotion of employment and institutions in the labour market which came into force on 1<sup>st</sup> November 2005. This work is for the unemployed who no longer have the right to the benefit. A Starost appoints them to this work and gminas (local communities) organize it in welfare places, charitable organizations and institutions for the benefit of the local community. The introduction of useful community work means to provide the unemployed with living resources and to support the actions of local communities. It also disciplines the unemployed and reduces their possibilities to work illegally as turning down this offer means losing the status of the unemployed [Ustawa z dnia 20 kwietnia 2004..., art. 73a].

Unemployed people recognised by the law as unemployed being in special situations in the labour market have an opportunity of using two special instruments for their professional activation – internship and vocational preparation in the place of work. The internship is for young unemployed people under 25 as well as unemployed graduates of higher education schools under 27.

Vocational preparation is for people who have been unemployed for a long time, the unemployed with no vocational qualifications, the jobless over 50, those who bring up on their own at least one child under 7 and the disabled. It is for

acquiring new qualifications or vocational abilities by completing tasks on the job. The unemployed receive money from the Starost amounting to the unemployment benefit.

Public work may be organized by gminas (local communities), non-state environment protection organizations, organizations dealing with culture, education, sports and tourism, health care, unemployment or welfare. In case of public work, institutions may apply for employing the jobless as part of infrastructure investments realized in local communities or in voivodeships as well as other investments financed or refunded by the state budget, the local government, funds or resources of institutions, organizations and tasks related to welfare and unemployment.

Scholarships to schools are designated for the unemployed under 25 and the unemployed with no vocational qualifications from families of low income on condition that the income per person qualifying the family to receive help is not exceeded. In order to qualify for a scholarship, within six months from registering in the poviats job centre the unemployed person should start studying in a post-primary school for adults, a post-middle school for adults or in a school of higher education in evening or part-time studies. The scholarship is awarded for 12 months since the beginning of the study and amounts to 50% of the unemployment benefit. The period can be extended till the end of studies in accordance with the curriculum. In case of discontinuing studies or losing the unemployed status, the scholarship ceases.

Training organized by poviats job centres can be used by the unemployed and jobseekers, people receiving a training allowance and reserve soldiers. It can also be designated for employees in the notice period due to company fault, those employed by the company whose bankruptcy has been declared or is being wound up, people receiving a social allowance on mining leave or a mining social allowance, people participating in a social integration programme or receiving a training allowance awarded by an employer after terminating employment due to company's fault. A poviats job centre or a jobless person can request training. Poviats job centres organize group training in accordance with training plans that took into account training needs in local labour markets. An unemployed person may apply for chosen training if this training secures getting a job and its cost does not exceed two average remunerations [[www.mpips.gov.pl](http://www.mpips.gov.pl)].

Acting as a job agency is an important task of job centres. It consists in helping to find employment and searching employers who would like to employ the jobless who have received training. Job centres reach employers directly or via e-mail and inform them about benefits of employing a jobless person (grants, also from the European Social Fund). Job agency can also be realized in the form of job fairs, meeting representatives of companies and the unemployed with appropriate professions for a particular industry.

### **3. Active labour market policy in Lower Silesian Voivodeship presented by Measure No. 1.2 undertook within Sectoral Operational Programme Human Resources Development**

Thanks to Poland joining the European Union our voivodeship job centres have an opportunity of using additional resources for counteracting unemployment. This phenomenon often affects young people including graduates from various schools and makes their adult life and starting a family more difficult. Due to the significance of this problem, the Sectoral Operational Programme Human Resources Development financed by the European Social Fund distinguishes Measure 1.2 – “Perspective for youth”.

European Social Fund was established in 1957 and was the first structural fund created in the European Union. Every year it gained more importance in a changing political and economic situation of Europe. Today it is one of the biggest structural fund of the EU and one the best used in Poland. ESF actions provide opportunities of raising vocational qualifications for working people and they help the unemployed to find a job and raise their qualifications. They also counteract vocational discrimination, support the disabled in seeking a job. Thanks to the growth in employment, raising the education of the society and supporting the creation of state administration structures ESF helps to use the social potential of Poland. The main areas of ESF are as follows:

- active labour market policy,
- counteracting unemployment and the phenomenon of social exclusion,
- adapting employees for technological changes, changes to the labour market,
- strengthening the human potential in research, science and technology,
- developing an education system and training,
- increasing a free flow of employees in the EU and their vocational and geographical mobility,
- securing equal development of the EU regions,
- constant learning,
- developing human resources of economy and the development of entrepreneurship,
- equality of women and men in the labour market [[www.efs.gov.pl](http://www.efs.gov.pl)].

Actions financed from ESF support the European Employment Strategy consisting of four pillars:

- enhancing vocational capacities based on actions increasing citizens’ chances of finding and keeping jobs,
- development of entrepreneurial attitudes of citizens comprising actions towards setting up and facilitating conditions for running business activities,

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- enhancing adaptation capacities concerning actions towards technology development, making the labour market flexible etc.,
  - promotion of equality of chances by providing citizens with equal access to personal development in the labour market in particular securing equality between women and men [[www.ec.europa.eu](http://www.ec.europa.eu)].

It is necessary to create a series of documents so that a member state of the EU could use resources of structural funds. The National Development Plan is the most important one – it defines the objectives of social and economic development of a country as well as the ways of achieving them. Its implementation is supported by operational programmes and for these purposes Poland has the Sectoral Operational Programme Human Resources Development (SOP HRD). Its realization is secured by a Department for ESF Management in the Ministry of Regional Development which plays a role of a management institution. SOP HRD is a ‘mono-fund’ programme financed solely from one fund – the European Social Fund. The main goal of SOP HRD is providing conditions for developing human resources by gaining education, undergoing training and performing work in order to build an open and knowledge-based society. The realization of this goal enables to develop the competitiveness of the knowledge based economy and entrepreneurship as well as to achieve social and economic cohesion with the European Union on the regional as well as on the national level. The goals of SOP HRD are realized by three priorities divided into more detailed measures (Figure 1):

**Priority 1: Active labour market and professional and social inclusion policy**

The objective of this Priority is to strengthen the potential of the institutional servicing of employment services clients, social assistance and other institutions operating for the labour market. It is supposed to serve also the unemployed persons and persons from high-risk groups. Providing equal opportunities to women in the access to the labour market and employment is another objective of this Priority.

**Priority 2: Development of knowledge-based society**

The objective of this Priority is to broaden the access to education and improvement of its level. It is also important to include information and communication technology in the process of education. Other objectives of the priority are: improvement of employees’ qualifications, promoting education in the area of entrepreneurship and the promotion of flexible forms of work. This Priority is aimed to improve the work quality of public administration through a provision of appropriate training.

**Priority 3: Technical assistance**

The objective of this Priority is to assist institutions responsible for the implementation of SOP HRD, so that they utilize EU funds in an effective manner [[www.funduszezstrukturalne.gov.pl](http://www.funduszezstrukturalne.gov.pl)].

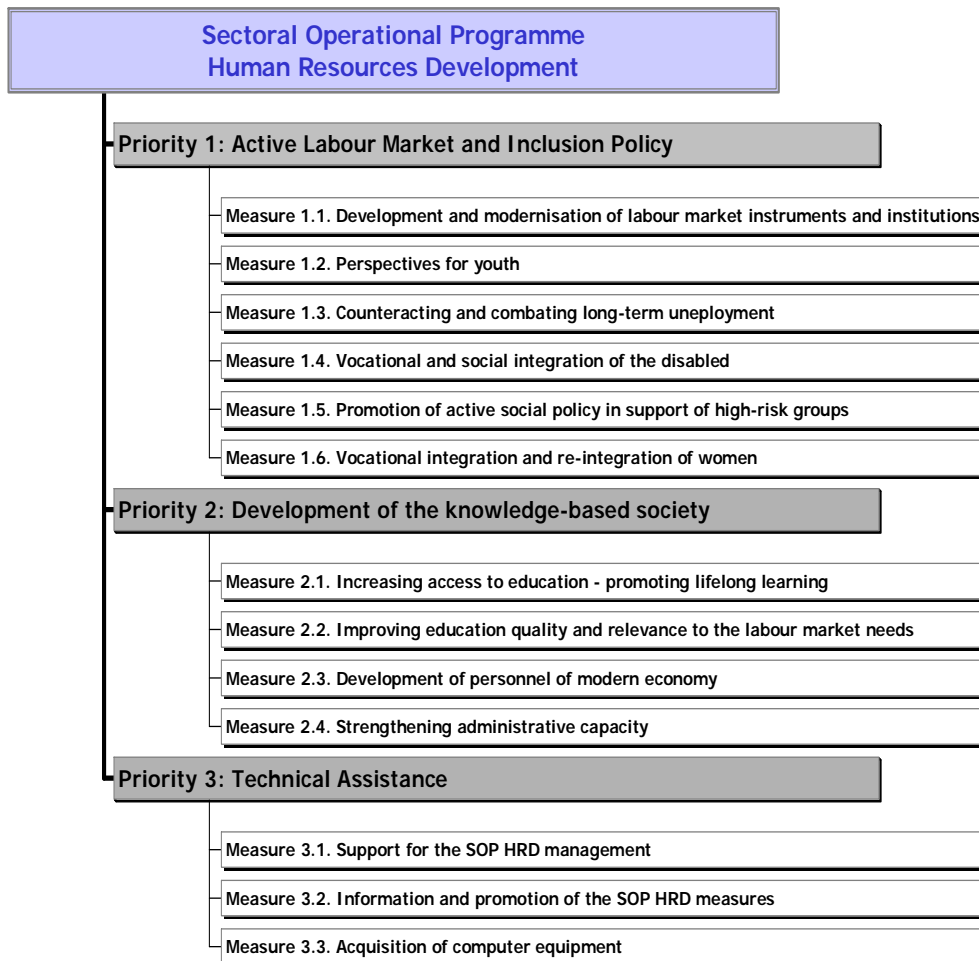


Figure 1. Priorities and Measures of the Sectoral Operational Programme Human Resources

Source: Sectoral Operational Programme Human Resources Development, p. 127.

This paper is going to discuss only Measure 1.2 realized by Lower Silesian Voivodeship Job Centre in Wałbrzych (DVJC) in Lower Silesian Voivodeship. The goal of Measure 1.2 is to support the youth and graduates by promoting employment and self-employment. When analyzing the data in Table 1 one can notice that the most resources have been allocated to Measure 1.2 (next to Measure 1.3) out of all actions in Priority I which indicates its vital importance for action and limitation of unemployment among youth and graduates. Altogether EUR 278,353,563 have been assigned to Measure 1.2 and spent on projects run according to two schemes:

**Scheme a) Supporting youth in the labour market**, which was realized by among others: subsidizing employment, advisory and training for the self-employed or people starting their own businesses, internship, vocational counselling, job agency and supporting volunteer actions.

**Scheme b) Promoting vocational activity of youth**, which financed projects aiming at supporting information actions promoting activity, mobility, flexibility and entrepreneurship, places giving access to information about employment offers, opportunities of raising qualifications and getting financial support for starting a business as well as vocational activation of youth [Podsumowanie wdrażania... 2008, pp. 5-6].

Table 1. Financial Plan of Priority 1 for years 2004-2006 (in EUR)

Measure	ESF funding	Funding from the state	Own contribution
Measure 1.1	93 654 621	25 539 082	–
Measure 1.2	199 131 423	75 274 621	3 947 519
Measure 1.3	194 519 274	69 283 617	3 947 519
Measure 1.4	76 375 463	29 977 026	1 015 119
Measure 1.5	80 315 890	20 081 667	1 127 877
Measure 1.6	65 526 113	16 383 747	563 888
Total	709 522 784	236 539 760	10 601 922

Source: Sectoral Operational Programme Human Resources Development, p. 147.

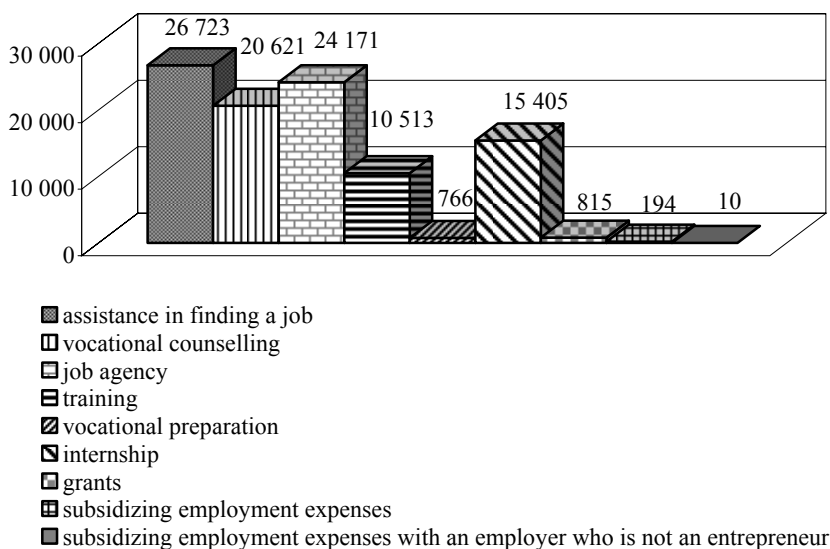


Figure 2. Number of participants in Measure 1.2 broken down into forms of support

Source: own study on the basis of [Podsumowanie wdrażania... 2008, p. 9].



DVJB had PLN 70 894 100 to realize Measure 1.2. The money was allocated on the basis of grant agreements signed with beneficiaries which means that the allocation amounted to 100%. Projects targeted at helping to find a job, vocational counselling and job agency as well as various training and internship were mostly financed which can be seen in Figure 2 (some participants used more than one kind of support). Altogether 27 236 final beneficiaries used all types of support which means that on average around PLN 2600 were spent per one. Women consisted 63% of this group, men – 37% (Figure 3) – higher participation of women probably resulted from the higher unemployment rate among young women rather than men in the same age group.

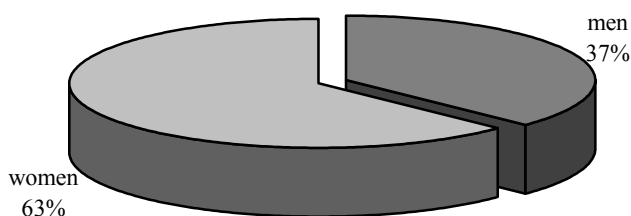


Figure 3. Participation of women and men in projects realized within Measure 1.2 over years 2004-2007

Source: own study on the basis of [Podsumowanie wdrażania... 2008, p. 9].

Out of all participants 357 were selected and filled in *ex-ante* and *ex-post* questionnaires which helped to assess the effectiveness of undertaken actions within Measure 1.2. A substantial majority of final beneficiaries belonged to the unemployed group or were graduates in danger of becoming unemployed. They considered the lack of: professional experience (62%), appropriate skills (45%), offers (39%) and education (39%) as the most important barriers in searching or finding a job. We can say that these were people who were unlikely to find a job unsupported within short time. After the participation in Measure 1.2, 47% of beneficiaries found a job and 6% started their own business. 89% of those who found a job were employed on the basis of employment contracts and 80% thought it was likely that the present employer would employ them for at least a year. It shows probable stability of a job which is a success as compared to the situation from before taking a part in the project. What is more, beneficiaries acknowledged that the participation in projects financed by Measure 1.2 contributed to enhanced abilities to look for a job (71%) or to perform a particular job (83%) and resulted in confidence in the labour market (81%). These results prove comparative efficiency of actions and correctly chosen support rendered to the target group [Podsumowanie wdrażania... 2008, pp. 12-13].

## 4. Conclusions

The results presented above prove great efficiency of project financed within Measure 1.2. However, attention has to be paid to problems that occurred during their realization. Firstly, 100% allocation of resources to this measure indicates great interest and demand for such a support, on the other hand it is likely that a significant part of the target group did not manage to take part in any project because of too few places. Additionally there were difficulties with recruiting participants as it was not possible to define which persons needed the support most and what form suited them best. The second problem raised by the project makers was that too many participants of Measure 1.2 stopped their participation. In 2007 there were 942 people, 48% of them gave up during the project because they found a job [Podsumowanie wdrażania... 2008, p. 8]. It proves the effectiveness of actions but discontinuation negatively influences the opportunities of acquiring and enhancing knowledge and skills both by people giving up and those replacing them. In the future it is necessary to secure the continuity of participation in projects by shortening the time of support and enabling the participation to a higher number of beneficiaries or further participation despite finding a job which should favourably affect the stability of positive results achieved. Summing up one can notice that after Poland joined the EU, state bodies got additional tools for counteracting unemployment in an active way. Due to the little experience of both institutions implementing as well as project makers it is necessary to carry out further research evaluating the effectiveness of actions and indicating the ways of improvement in the future.

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