

## Helping the long-term unemployed find jobs and preventing marginalisation

Raising the employment rate requires measures to lower structural unemployment. In Finland the average number of persons who were regarded as hard to place was 138,900 in 2010. Structural unemployment is a social problem and signifies a great burden on public finances.

The audit sought to determine whether measures aimed at the long-term unemployed help them find jobs and whether measures have other effects that promote welfare and prevent marginalisation. The audit also examined the preconditions for creating employment and welfare effects. Employment effects were evaluated with the help of research literature and interviews. Effects with regard to preventing marginalisation were also evaluated by statistically analysing register data. The objective was to determine whether measures have succeeded in reducing the need for social assistance among long-term unemployed persons who live alone.

On the basis of research little is known about the effectiveness of labour policy measures among the long-term unemployed, since effectiveness studies have generally concentrated on people who are participating in their first measure. The audit indicated that labour policy measures have seldom led to the rapid employment of the long-term unemployed on the open job market. Measures can have other beneficial effects that help prevent marginalisation, however. According to the statistical analysis that was conducted in the audit, measures reduce the need for social assistance among long-term unemployed persons to some extent.

The National Audit Office considers that the setting of employment policy objectives should be clarified with regard to preventing marginalisation. Attention should also be paid to making sure that employment policy objectives are realistic. For many people who have been out of work for a long time, the objective of employment

is too demanding. Strictly proceeding to employment measures can also prevent rehabilitation and better chances to find a job later on.

The long-term unemployed are a very heterogeneous group, with many different factors that hamper employment lying in the background. According to a study performed by the Ministry of Employment and the Economy, around 62,000 unemployed persons had obstacles to employment such as disabilities, substance abuse and mental health problems, a lack of motivation and different kinds of social problems. Improving the effectiveness of measures requires gauging measures to clients' different needs. Profiling and segmentation serve as a tool in this respect.

On the basis of audit findings, improving effectiveness would take more individually oriented measures offering high quality in terms of content and lasting for a sufficient period. Such measures are expensive and the input/output ratio may be poor, but among the long-term unemployed in many cases this is the only way to get people back on the open job market.

Effectiveness can also be improved by taking measures sooner. Intervention should take place when the chances of finding a job are still good. The longer a person stays out of work, the lower the chances of being reemployed.

Local authorities have been successfully activated in dealing with long-term unemployment. The activation of labour market subsidies, the establishment of labour force service centres and rehabilitative work have signified increased cooperation between central and local government and local authorities' livelier participation in efforts to resolve problems. Reforms have speeded up activation measures in many municipalities. Central and local government must play a strong role in other respects as well, since getting the long-term unemployed back on the job market often seems to involve a stint of subsidised employment. Sheltered work of adequate duration must be arranged by central and local government, among other things.

Getting people who have been out of work for a long time back on the open job market is lengthy and costly for society. Labour force service centres provide broad support for the long-term unemployed. Their activities should be more firmly established by legislative means so that activities can be clarified and developed.

If current economic growth forecasts prove accurate, the employment rate is not likely to reach the target level of 75 per cent for a very long time. The employment effects of the active employment policy aimed at the long-term unemployed will probably be quite small. This is partly due to the inadequate supply of suitable jobs with a low enough threshold for the long-term unemployed. Finding job would take more concrete cooperation with businesses and employers.

When the Ministry of Employment and the Economy was established the aim was to draw labour and business policy closer to each other. On the basis of the audit no synergies have been realised so far, nor has the coordination of labour and business policy produced adequate results when it comes to finding jobs for the long-term unemployed.