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Regions & the development of employment

Information file

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On 5 and 6 October 1997 in Bruges, the Assembly of European Regions (AER) devoted an extraordinary meeting to the role of the regions in the creation of employment. On this occasion, 22 representatives from 12 European countries presented their employment policies: Akershus, Bayern, Catalunya, Kraków, Dalarna, Vlaanderen, Galicia, Limousin, Lombardia, Murcia, Noord-Brabant, Nordrhein-Westfalen, Oberösterreich, Piemonte, Salzburg, Tatarstan, Thuringen, Toscana, Veneto, Wales, Wallonie, West of Scotland.

A comparative analysis of the different contributions shows that the regions implement an active employment policy which, to a large extent, covers the measures included in the Confidence Pact, and with a content which complies fully with European recommendations.

Among the initiatives which are developed by the regions, we can note:

1. Promoting the enterprise culture and supporting small and medium-sized enterprises (SME)

Many regions have introduced initiatives to encourage a spirit of enterprise, and taken other measures to support the establishment, development and continued growth of small and medium sized enterprises. This applies particularly to Akershus, Bayern, Catalunya, Galicia, Kraków, Lombardia, Murcia, Nordrhein-Westfalen, Oberösterreich, Piemonte, Toscana, Veneto, Vlaanderen and Wales.

A number of regions have taken initiatives to strengthen the financial basis of small and medium-sized enterprises, for example, by improving the availability of venture capital (Bayern, Catalunya, Galicia, Kraków, Oberösterreich, Vlaanderen, Wales).

Measures for reducing the threshold for small and medium-sized enterprises to research and innovations were taken specifically in Bayern, Nordrhein-Westfalen and Vlaanderen.

Other regions are leading specific actions to simplify the administrative obligations for small and medium-sized enterprises, in particular Bayern, and above all, Oberösterreich, Nordrhein-Westfalen and Vlaanderen.

Certain regions are making special efforts on behalf of small and medium-sized enterprises in that they are:

- encouraging young people (Salzburg, Murcia and Kraków) or the weaker members of society to join the labour market, and in particular, encouraging women (Akershus, Noord-Brabant, Toscana, Veneto) to start up a self-employed activity or business;
- training, counselling (with drawing up business plans, product development) and/or supervising people starting up for a certain period (Akershus, Noord-Brabant, Oberösterreich, Piemonte, Toscana, Vlaanderen);
- establishing business centres and creating other favourable environmental factors for small and medium-sized enterprises (Akershus, Bayern, Lombardia, Noord-Brabant, Nordrhein-Westfalen, Piemonte, Toscana, Veneto, Vlaanderen).



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2. Developing scientific research and innovation

It is also striking that a large number of regions mention their activities in the field of scientific research and innovation as a way of stimulating job creation, in particular: Bayern, Dalarna, Catalunya, Kraków, Limousin, Lombardia, Murcia, Noord-Brabant, Nordrhein-Westfalen, Oberösterreich, Piemonte, Vlaanderen, Wales.

The eight above mentioned regions indicated that they were working on prospective labour market research, and that they had developed structures, instruments and/or methodologies for this purpose or had initiated their development.

3. Structural reforms of the labour market

Virtually all the regions that were examined mentioned different structural employment measures, i.e., measures which increase the capacity of economic growth to create employment by:

- **Implementation of labour market policy**

Most regions clearly make efforts to implement their labour market policy. This is revealed by the fact that they have developed services, instruments and programmes which allow for a more efficient operation of the labour market (a better balance between supply and demand), and which are aimed particularly at increasing the opportunities of the unemployed to get back to work.

Some of them have public or private services which are engaged in the field of employment mediation, and in many cases they are focused on the unemployed for whom it is difficult to find work. This applies in particular in Bayern, Catalunya, Galicia, Kraków, Lombardia, Murcia, Noord-Brabant, Salzburg, Toscana, Vlaanderen. It is striking that, in addition to the traditional mediation through the widely spread local employment services, more and more regions are making use of the provision of computerised employment mediation in which those seeking work, and employers, can be quickly informed by means of computer terminals about the vacancies and the available labour force respectively (Catalunya, Galicia, Vlaanderen).

The mediation services and programmes promoting training and employment are in response to the target groups: the long-term unemployed with a low level of education, women, young people, the handicapped, and older employees (Akershus, Bayern, Galicia, Noord-Brabant, Piemonte, Thüringen, Toscana, Veneto, Vlaanderen), as well as the regions which have specific measures for young people.

Many regions have integrated supervision of the process, tailor-made for the job seeker, in which the latter goes through a course of training, instruction and supervision, related to his own specific needs and possibilities, with a view to his best possible use in the labour market (Akershus, Bayern, Noord-Brabant, Piemonte, Toscana, Vlaanderen).

The concept of work experience is clearly becoming more important. Increasingly, job seekers are being given an opportunity to gain work experience, and thus increase their chances of going on to join the regular labour market (Akershus, Bayern, Noord-Brabant, Salzburg, Vlaanderen).



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Finally, in the Italian and Spanish regions, the implementation of the labour market policy is wholly related to the process of regionalisation in these countries, so that they have greater autonomy with regard to the employment policy. This demonstrates the fact that the regions concerned take full responsibility as soon as they acquire the necessary competence with regard to employment policies.

- **Increasing the recruitability of young people and women**

A large number of regions are concerned about the position of young people on the labour market, and are taking specific steps to allow them to join the labour market as much as possible (Akershus, Bayern, Galicia, Lombardia, Murcia, Noord-Brabant, Nordrhein-Westfalen, Oberösterreich, Salzburg, Tatarstan, Thüringen, Toscana, Vlaanderen, Wallonie). The last three even have specific programmes encouraging young people (amongst others) to develop self-employed activities. In Akershus, Noord-Brabant, Vlaanderen, Wallonie, and the German and Austrian regions, joining the labour market is accelerated by additional practical oriented training courses and by first work experience programmes (guarantee of a job or training).

A number of regions referred to their efforts for promoting the employment of women (Akershus, Bayern, Noord-Brabant, Salzburg, Toscana, Veneto). The last three regions do this by encouraging women and monitoring them when they start their own self-employed activity or their own business.

- **Education and training as levers for helping to gain access to the labour market**

Virtually all the regions encourage vocational training, and in particular, advanced and permanent vocational training.

In addition to the group of the (long-term) unemployed, in the context of the above-mentioned integrated supervision of the process of finding employment, quite a number of regions are concerned about (older) employees who are threatened with unemployment or have been made redundant as a result of technological and structural changes in industry.

These regions help these people to adapt to the new and constantly changing demands of business and industry with regard to knowledge and skills, particularly by providing retraining courses for new qualifications, but also by rationalising, optimising and upgrading the content of the available training on the basis of the new demands on qualifications for this target group, and the permanent training of employees. This is found, inter alia, in Bayern, Murcia, Noord-Brabant, Oberösterreich, Piemonte, Toscana, Veneto, Vlaanderen, Wallonie. Bayern and Piemonte are making specific efforts in the field of "training the trainers". Vlaanderen also provides work placements following bankruptcy.

Lombardia, Noord-Brabant and Wallonie indicate the importance of a greater interrelationship between education, training centres and work to bridge the gap between education and work, which in their eyes is still often far too big. In this respect they refer to the mismatch between supply and demand in the labour market, and in particular the paradoxical situation in which, on the one hand, some vacancies cannot be filled (therefore jeopardising economic growth), while on the other hand, there are still a considerable number of people who are unemployed for a long time.



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This gap can be closed by means of an increased involvement of business and industry in determining the curricula and training programmes, but also by opening the universities, polytechnics, technical and vocational schools to the management and employees of companies.

- **"From the bottom up": further decentralisation and involvement of subregional and local agencies**

It is striking that the policy on unemployment in many regions (Bayern, Catalunya, Galicia, Kraków, Limousin, Lombardia, Murcia, Noord-Brabant, Nordrhein-Westfalen, Piemonte, Toscana, Vlaanderen, Wallonie, Wales, West of Scotland) is characterised by a from the bottom up approach. The employment policy is established and also implemented on the basis of involvement at the subregional and regional level.

This conclusion not only indicates that the regions consistently extend the principle of subsidiarity to the subregional level. It also shows that the regions successfully mobilise the local endogenous potential and start up a dynamic process. The local platforms can determine the needs more precisely, so that they correspond more closely to the policy, thus creating more favourable conditions for economic development and the creation of employment.

- **New organisations and types of work**

A number of regions have chosen to follow the path of job creation by means of the redistribution of work and innovative labour market initiatives, such as social economy "projects".

Amongst others, Akershus, Bayern, Oberösterreich, and Vlaanderen refer to measures which stimulate part-time work, career breaks or other forms of the redistribution of work. The first two also encourage tele-labour.

In addition, several regions (Bayern, Lombardia, Noord-Brabant, Piemonte, Salzburg, Toscana, Vlaanderen, Wallonie) encourage the creation of new jobs (for the unemployed who are at risk) in the social profit sector. These are types of work which meet the social needs (usually at the local level), i.e., which have not up to now been met in the normal economic circuit. For this purpose, support is given, for example, to the establishment of business mergers and other projects in the field of social economy.

4. Interaction with the European Commissions' policies

- **The European structural policy**

For virtually all the regions in the European Union, the European Structural Funds are an important financial lever for the creation of employment. Some of the regions refer to the vital importance of the Structural Funds for their development and job creation (*special presskit on this subject*).

- **Territorial Employment Pacts & the involvement of government, trade unions and managers**

Most regions have submitted territorial employment pacts to the European Commission in response to the appeal from Jacques Santer, the President of the Commission. These pacts are situated both at the regional, the subregional and the local level.



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An important conclusion of the AER' meeting in Bruges is that in most regions the policy on employment is founded on a broad basis of political responsibility. In addition to the government, this policy is supported by employers' and employees' organisations, and in some cases by other economic and social agencies whose commitment and obligations form a major guarantee for the success of the regulations that were introduced.

Regardless of whether they are the subject of the territorial employment pact, the measures for stimulating the creation of employment proposed by the regions, can often be seen as a tripartite agreement concluded between the regional governments, central government, trade unions and management (Bayern, Salzburg, Vlaanderen, Murcia, Noord-Brabant, Nordrhein-Westfalen, Oberösterreich and Dalarna).

Several regions explicitly refer to the commitment and obligations of the employers (organisations) as a critical factor for success in local economic development and creation of employment, particularly for young people and the weaker members of society in the labour market, but also with regard to maintaining employment. This critical role is present, for example, in employment mediation, the supervision of job seekers' progress, determining the qualifications needed, looking at the training in response to this and upgrading it, making training and work experience places available, and acquiring the above-mentioned categories (Dalarna, the German and Austrian Länder, Kraków, Noord-Brabant, Piemonte, West of Scotland).

- **Tax obligations**

The regions did not develop any measures for promoting the creation of employment which can be considered as part of a macro-economic policy, in view of their limited competence at the tax level. Two regions - Vlaanderen and Oberösterreich - provided tax relief, as well as structural measures respectively, to reduce the property tax for companies to the extent that they are maintaining the level of investment and employment, and reduced taxation for companies to the extent that they reinvest their profits in the company, and to stimulate employment. Again, it is a matter of the maximum use of recently acquired powers or instruments (own taxation), which also reveals that responsibility is being taken.