



Demand-led training can help get people back to work

ANALYSIS

Solas needs a clear labour market strategy if it is to be a success

LIAM DELANEY
and **COLM HARMON**

UNEMPLOYMENT IS the most serious problem affecting Irish society. It not only causes misery for those afflicted by it now, but there is substantial evidence of strong “scarring” effects from joblessness which can influence people’s entire employment trajectory throughout life.

Developing effective responses to the jobs crisis has to be a priority for Government, particularly as more people are out of work for lengthening periods.

The effectiveness of retraining initiatives has been widely questioned in the economics literature, and in Irish policy discussions, such as the recent Economic and Social Research Institute report on the success of training schemes, ultimately leading to the announcement this week of the disbandment of Fás.

This may motivate Government to abandon such programmes – a view, we suspect, shared by many commentators. This would be a mistake.

As Solas rises from the ashes of Fás, it is critical to recognise that correctly done, labour market “activation” programmes can help get people back to work, hence cutting unemployment.

There are lessons to take from tried and tested methods. Programmes should track the skills needs of employers so they are “demand led”. Equally, they should recognise that the unemployed are a pretty disparate group so various policy options may be needed.

Although predating the announcements this week, the development of the national internship programme (jobbridge.ie) is an interesting attempt by the Government to look for an alternative to traditional training models and

very much a step in the right direction. Some 5,000 places are available. Companies register their interest on the site, and then potentially eligible employees apply directly to these companies. If they obtain a placement, the employees then register with the programme. They are paid €50 per week on top of any benefits received and their participation is limited to nine months.

Looking through the website, the instructions and guidelines are clear for both employees and employers. However, there are a number of issues that should be considered. First, the positions advertised on the site do not seem to involve much by way of actual training and seem like effectively subsidised jobs. This is not necessarily a negative issue but it would be better to think of the programme as a work-fare programme and perhaps even explicitly reformulate it as one.

Second, the requirement to be on the Live Register for three months potentially cuts off access to this scheme for people who wish to get straight into the labour market and use this as a starting point. In particular, it makes this scheme potentially ineffective as a support for the graduate and professional skills labour market, which should be viewed as a priority.

It is important that the Government effectively promote participation in these schemes. It is crucial for the credibility of its labour market strategy that the 5,000 places are filled. Actively promoting this at job centres and through social welfare processes is an important element of this.

This is a major and positive development in our view, taken as part of a revitalised activation infrastructure under Solas, with developments such as a streamlining of the activation process, closer engagement with the unemployed, and a focus on halting the transition to long-term unemployment and the emergence of an

unemployment culture.

It should not follow the long tradition of rolling out programmes without a clear strategy for evaluation. It is vital that research is conducted comparing participants in this scheme with similar people who were either eligible but did not apply, or applicants who did not get a place. Only through such comparisons will we learn anything from this important national policy experiment.

Liam Delaney is a research fellow at the UCD Geary Institute and professor of economics at Stirling University. Colm Harmon is professor of economics at UCD and director of the Geary Institute