External Evaluation of Active Labour-Market Policy Measures 2010-2013

Summary evaluation report

February 2016
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<td>Active labour-market policies</td>
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<td>ALMP</td>
<td>Active employment policy</td>
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<tr>
<td>GDP</td>
<td>Gross domestic product</td>
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<td>SS</td>
<td>Social services</td>
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<td>CBS</td>
<td>Croatian Bureau of Statistics</td>
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<td>EU</td>
<td>European Union</td>
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<tr>
<td>EU10</td>
<td>New member states that joined the EU in May 2004: Malta, Cyprus, Slovenia, Czech Republic, Slovakia, Hungary, Poland, Lithuania, Latvia, and Estonia</td>
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<td>EU15</td>
<td>15 &quot;old&quot; EU member states (prior to the May 1 2004 expansion): Austria, Germany, Italy, Holland, Great Britain, Sweden, Finland, Denmark, Luxembourg, Belgium, Spain, Greece, Portugal, Ireland, and France</td>
</tr>
<tr>
<td>EU25</td>
<td>25 EU member states post May 1 2004 expansion (EU15+EU10)</td>
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<td>EU28</td>
<td>Current EU consisting of EU25 + Bulgaria and Romania, which joined the EU in early 2007, and Croatia which joined July 1 2013</td>
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<td>Eurostat</td>
<td>EU statistical office</td>
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<td>CPII</td>
<td>Croatian Pension Insurance Institute</td>
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<td>CES</td>
<td>Croatian Employment Service</td>
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<td>LRG</td>
<td>Local and regional government</td>
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<td>MLPS</td>
<td>Ministry of Labour and Pension System</td>
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<td>REGOS</td>
<td>Central Registry of Affiliates</td>
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<td>WT</td>
<td>Workplace training without employment</td>
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<td>CG</td>
<td>Croatian government</td>
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<td>EPA</td>
<td>Employment Promotion Act</td>
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<td>LA</td>
<td>Labour Act</td>
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1. Context, goal and purpose of the Project

Croatian Employment Service (CES) is the central institution in Croatian labour market with the main task of adjusting supply and demand in the labour market with the goal of maximizing employment. To facilitate the transition from unemployment to employment and also to lower the rising unemployment rate, CES implements active labour market policy (ALMP) measures. They are defined by the National Employment Promotion Plan 2009-2010 and the National Employment Promotion Plan 2011-2012 whose effect was extended until the end of 2013. Active labour market policy measures, which were implemented during this period, and are included in this evaluation are the following:

- Employment incentives for unemployed people members of the groups in disadvantaged position;
- Start-up incentives for self-employment of unemployed persons who express an interest in self-employment;
- Co-financing education for the unemployed from the CES official records in order to increase their employability and competitiveness in the labour market;
- Incentives for co-financing training and education of employees with a lack of skills required to maintain employment, employees over 50 years of age who are at risk of losing a job, new employees and a group of young new employees;
- Job retention programmes by the employers who are in temporary difficulties or employers that have periods of reduced workload during the year;
- Workplace training without a work contract;
- Public Works for inclusion of the long-term unemployed and people with disabilities into the socially useful works.

The main purpose of the measures of active labour market policy is the activation of the labour force, the inclusion of the unemployed into the labour market and reduction of the risk of a job loss for employees with a lack of specific knowledge and skills. The evaluation includes ALMP measures which were carried out between 2010 and 2013, in order to determine their success and impact on the employment opportunities in comparison with members of the control group who did not participate in the measures. Official CES data and the data by the Croatian Pension Insurance Institute (CPII) are complemented by information obtained through questionnaires, interviews and focus groups, to assess expectations of participants\(^1\) - the employer and the unemployed - their satisfaction and experience with the particular measure. The goal is to create a solid basis for further development and improvement of ALMPs. The analysis determines whether there is a gap between desired and achieved effects of evaluated measures and presents the conclusions and proposals for improvement in measures.

The summary evaluation report comprehensive presents the results of an evaluation and assesses the practical effects of ALMP measures. The report includes a separate assessment of the efficiency and effectiveness of each measure and eventually changes that have occurred in their implementation during the observed period. The results of research describe the impact that the measures have on the participants and subjective experiences and challenges that the users have encountered. In the summary report the efficiency of expenditures has been estimated. Finally, there is an estimation of CES managements with ALMP in comparison with the existing European experience as well as recommendations for improvement.

Project “Evaluation of measures of active labour market policies in Croatia in period 2010-2013” is realised as a part of Priority Access 1 the Operational Programme Efficient Human Resources (European Social Fund 2007–2013): “Improvement of access to employment and sustainable inclusion into the labour market”, as a part of Measure 1.2. “Support to increase efficiency and quality of public employment service”.

Croatian Employment Service realises the measures of active labour market policy and collect and processes statistical data on participants and follows their effects. However, but so far there has been no systematic evaluation of the measures implemented in the period 2011-2013, on the basis of which it could be concluded that the measures are well targeted, how effective they are, and to what extent they meet the expectations of participants.

\(^1\) In the following text the word “participant” is used for unemployed persons registered in the CES at the moment of entrance into the measure, as well as for employers, while in the text is specified on which group it is deemed.
The evaluation elements had previously been included in the project PHARE 2005 “Active Employment Measures for persons at risk of social exclusion” in the period from April 2007 to October 2008 and the project IPA 2007-2009 “Women in the labour market” that was implemented between 2010 and 2012. The only previous comprehensive project evaluation of CES measures was conducted by the University of Zagreb in late 2011 (Matković, Babić and Vuga, 2012). In this evaluation quasi experimental Propensity score method was used where the authors examined differences in terms of employment between those who participated in the measures after their participation and similar persons who did not take part in the measures. Similar non-participants were found in the CES register of unemployed using simple matching the relevant features or using matching estimated propensity participation in the measures.

2. Summary

Croatia has implemented active labour market policies (ALMP) whose main purpose is to activate the the labour force and include the unemployed into the labour market, as well as to reduce the risk of job loss for the employed with a lack of specific knowledge and skills. This evaluation covers active employment policy measures implemented between 2010 and 2013 with the purpose of determining how successful they were, whereby their effect on the employability of participants in the measures was measured against the control group whose members did not participate in these measures. Official data by competent authorities were complemented with information obtained through questionnaires, interviews and focus groups, to assess the expectations of participants in measures - employers and the unemployed - their satisfaction and experience with individual measures. This formed a solid foundation for further development and improvement of ALMPs. After introductory remarks, different types of ALMPs in the context of the EU are presented. This is followed by a review of the scope and characteristics of ALMPs in Croatia between 2010 and 2014, while chapter 6 brings the evaluation of seven measures implemented from 2010 to 2013. The report ends with concluding remarks and recommendations in chapter 7.

It is safe to conclude that Croatia is pursuing the direction of employment policies implemented in Europe, characterized by stronger emphasis on active measures as opposed to passive ones. Although Croatia has increased spending on ALMPs, the problems were related to their short duration and a relatively low consistency. Measures such as workplace training without employment with the aim of gaining work experience and improving employability are being more intensely focused on people with lower employability and the long-term unemployed, which is a significant positive qualitative step in their design and implementation. Different stakeholders assess ALMPs as sufficiently available and all potential participants in measures as sufficiently well informed about them. Respondents say that measures are positive for employers and the unemployed registered with CES alike, and that everyone definitely benefits from them. The measures are well targeted towards the young and the employment of persons over 50 years of age while public works are mainly intended for the long-term unemployed. Employers are satisfied because there is a whole range of measures in which they can find the ones they can use.

**Workplace training without employment** is a measure intended for young unemployed people registered with the Croatian Employment Service, who have up to one year of recorded work history in the vocation for which they were educated, so that they could get work experience necessary to enter the labour market and/or pass state finals and licensing exams. Workplace training without job placement is an extremely familiar measure, among those involved in it, but with other participants as well, and one of the reasons why this is so is its high media visibility. The primary goal of this measure is to enable unemployed individuals, lacking in relevant experience on the labour market, to gain such experience so as to meet formal or informal demands of the labour market. The evaluation results demonstrate that the described main goal of this measure had been achieved with the majority of participants, within the reference period. Specifically, the results have shown that a significant majority of surveyed participants, more than four fifths of them, estimate that they were truly given an opportunity to gain practical knowledge and skills necessary for working within their line of work. Those participants who participated in the measure with the goal of achieving prerequisites for taking licensing exams have more often than not achieved that goal upon exiting the measure (9 of 10 participants). However, with approximately one sixth of participants the measure had not completely fulfilled its purpose, that is, did not provide opportunity for workplace training and gaining suitable work experience within their line of work/occupation. A portion of participants have found themselves in positions where they predominantly performed
routine, professionally simple, intellectually undemanding jobs, or administrative jobs of lower complexity degree, i.e. jobs beyond their line of work/occupation. Also, they worked in positions for which a mentor had not been provided, except formally "on paper", which is an important provision of the measure. Such negative experience more often occurred with participants who received workplace training in government administration bodies, or bodies of local/regional self-government, and participants who received professional training in non-profit organizations, while they were less frequent in public service (i.e. education and health care, where commonly participants obliged to take licensing exams received workplace training) and in the private sector.

One of the positive, but unintended effects of this measure is the process called *upwards moving knowledge transfer*. Working in those kinds of jobs, participants often introduce an innovation in the work process itself or in the organization process, or they somehow improve it, or they relay their knowledge and skills to the work force which happens to be there.

The main goal of this measure is not securing immediate employment for participants, but it definitely includes raising medium-term employability of participants through equalizing their position on the labour market with those unemployed persons who have previous work experience within their line of work or have taken a licensing exam. In this context, the results of the quasi-experimental method of impact assessment demonstrate that for those participants who entered the measure after May 2012 under EPA (when WT had been expanded to occupations generally without the licensing exam obligation) participating in this measure increases the medium-term employment probability for approximately 40% in contrast with the comparable group of unemployed persons not participating in this measure. The effect with participants who entered the measure under Labour law is slightly lesser (since they are obliged by their occupations to take licensing exams or state finals), i.e. participating in this measure increases the probability of the person remaining employed 12 months after leaving the measure for one third. The mentioned difference between the two groups of participants can be explained by characteristics of the labour market to which they aspire. The participants who participated in the measure under Labour Act are predominantly professionally trained for occupations and jobs in the public sector (government administration, local/regional self-government, public institutions in health, education and social service), where opening new positions in the last couple of years had been restricted. On the other hand, participants who entered the measure under EPA, are a more heterogeneous group and as a population compete for a wider range of positions. Summarily, we can conclude that this measure achieves a significant positive effect on participant employment probability for those who entered this measure, and especially for participants who entered the measure under EPA, which confirms that expanding this measure to the new group of participants was an efficient decision.

The downsides of WTWJP manifest themselves primarily in that, for young people, it became almost the only way of entering the labour market. The high reach of this measure suggests the existence of another negative effect of this measure on a macro-scale, the phenomenon of pushing out other forms of entering the labour market after finishing education, that is, other forms of internships. In relation to this, it is observed that the existing *administrative panic* of the public sector regarding the employment restriction and the non-existence of noncombatant military service, are dealt with WT and that the measure is becoming a substitute for opening regular work positions and employment.

The second fundamental negative effect of the measure was termed *institutionalized unpleasantness*, and it relates to a specific type of inappropriate use of the measure nominated as *continuous circulation of participants*. It involves utilizing the measure to continuously use new highly educated participants to perform specific jobs for which there is no sufficient capacity within the institution, where the participants performing them are overqualified. It leaves the impression that participating in the measure would be useless, i.e. that workplace training was "pro-forma", and the discovery that after the measure expires other participants will be employed in the same position, only increases their dissatisfaction and spreads a negative image about the measure. According to participants' opinion "the feeling of being used" is primarily experienced in government administration bodies and bodies of local/regional self-government.

Lastly, unwelcome consequences of pushing out other types of internship, which would include entering a contract of employment that also ensures a more appropriate salary, manifest themselves in creating unequal terms for approaching the labour market, considering the socio-economic background and the background of young unemployed people. WT as a measure, considering the fee, is appropriate for and acceptable to only those unemployed individuals who can rely on financial and material support from members of their family. Those unemployed people who do not have the privilege of such support, shall not be able to afford entering this measure, and shall have to search for
positions outside their line of work/occupation, which aggravates their return in their line of work/occupation in the long run, considering that a large number of their colleagues had gone through WTWJP in the meantime, and are thus more competitive for gaining appropriate positions.

**Employment incentives** are granted to employers if the employment with an incentive leads to net increase in the number of employed compared to the average number of employed. The measure targets several various target groups of hard-to-employ individuals, whom it should help find employment. It involves young people without work experience, long-term unemployed individuals, people over 50 years of age and special groups of hard-to-employ individuals.

Generally speaking, the employment incentives are a measure with two-sided effects. On the one hand, it is a measure which gives fairly good results. From the employers' perspective, it is a fairly attractive measure, having positive financial effects on employers, and especially on micro-employers and sole-proprietors, since the measure provides them the opportunity to employ necessary work force with lesser costs. Another important effect of this measure from the employers' perspective is utilizing the measure as a mechanism of potential selection of candidates for long-term employment or a measure of a trial period of some sort, that is, the increase of overall quality of the human capital of the organization. The third important dimension of positive outcomes emphasized in the employers' survey, but which are primarily significant to the participants, relates to the contribution to common social goals. Half of employers believe that by utilizing this measure they have done "something useful for the benefit of the community".

Regarding the unemployed individuals who entered the measure, from their perspective the measure also generates a string of positive effects, from great satisfaction with working conditions to immediate employment with an employer. Looking at the subgroups under this measure on the whole, according to the survey research results, 70% of this measure's participants have remained with the same employer for at least some time, after the measure's expiry, and about three quarter of participants have a job for which they receive a salary or a fee even today, of which 45% with the same employer who employed them during the measure, while 29% have a different job. Amongst those who remained employed with the same employer upon the measure's expiry, but who don't work today, in 63% of cases they had the same salary as during the measure, and 16% even higher than before.

The results of the quasi-experimental analysis performed on certain subgroups of this measure supports this. The effect of employment incentives for the target group of young people without work experience is as high as 41 percentage-points which means that the participants in the measure have twice as high a chance to be employed compared to non-participants for six months after entering the measure, but it decreases with time as non-participants of the control group gradually find employment. For approximately one year and a half after participants leave the measure they still have 2/3 of a greater probability to be employed than similar non-participants. Therefore, the participants in the measure of this target group have more than twice as high a chance to be employed even after 18 months after leaving the measure. The impact of employment incentives for people over 50 years of age through the evaluated period has the effect ranging between 42 and 37 percentage-points, depending on the passage of time. For this target group the measure's effect can be assessed on a wider scale as well, in terms of remaining on the labour market, either employed or unemployed, so as to prevent their succumbing to passivity or early retirement. The results demonstrate that the measure achieved an effect even under this criterion because for approximately 17 percentage-points more of the participants in the measure stayed active in the labour market than comparable non-participants.

The results from the PSM analysis give great hope regarding accomplishing this measure's goals, that is, its effect on employing treated individuals, but it is necessary to stress the other side of the coin. Apart from giving good results, this is a measure which generates great dead weight, that is, a part of this measure's success which is impossible to ignore, can be explained by the phenomenon of dead weight. It is primarily evident in a large portion of participants who claim that the employer was about to employ them for that position even before the official announcement for vacancy by CES, and who knew the employer from before and for whom the counselor from the Employment Service didn't play any role in informing them about this position. According to these criteria, dead weight amounts to 17%. It is highest with people over 50 years of age (21%), and young people without experience (22%) while with the long-term unemployed it is at 12%. Another 3,5% should be added, for those who used the measure in such a way that they gained employment with the employer by asking him to employ them since they were entitled to the measure, even though, as they claim, the employer didn't plan to employ them at all. This situation more often involves people over 50
years of age, and the most frequently given explanation for it is bypassing the necessary work history before retirement.

Another important problem of this measure is that the design of the measure leaves possibilities for specific misuse, which are not that widely spread, but still throw a bad light on the measure among the participants. One of such specific misapplications is the so called forced division of funds. The misuse refers to forcing the employee to split the money disbursed by the Employment Service with the employer.

The CES staff believe that employment incentives improved considering the period before 2010 because of subsidizing 50% of the gross salary, which led to the increase in this measure's utilization. Nevertheless, the staff believe that, in a way, WTWJP had pushed aside the utilization of the incentives for employing young people because through WTWJP more and more young people are employed who could else gain employment through the employment incentive measure, and it can be said that some sort of cannibalization occurred on the part of WT. It is more cost effective for the employer to take on someone through WT, since they are "gratis" in comparison to the employment incentive which goes 50%-50%.

**Start-up incentives** for unemployed individuals are intended for people registered with the Employment Service who show interest in self-employment, and at the same time they are provided with professional help from the Employment Service where they can also receive all relevant information on activities connected to the realization of the entrepreneurial idea.

According to the research participants’ observations, it is an employment incentive measure not suitable for the "average" unemployed individual, i.e. the successful outcome of the measure demands that the participants of the start-up incentives have certain qualities („responsibility”, „organization”, „dilligence”), but also „market or line of work familiarity”. In other words, the participants should possess a certain string of values or professional traits necessary for the successful utilization of the measure. The measure in itself is no warranty for business success, but, in the words of the participants, a nudge which enables the initial acceleration of the entrepreneurial idea, but does not represent a warranty of its success. The Employment Service staff is aware of this, and they stress that the incentive is often applied for by individuals who overestimate their potential for self-employment and who do not have realistic entrepreneurial skills.

The measure could be considered as fairly efficient if observed from the perspective of the number of subjects who continued their business even after it expired. Research results indicate that three quarters of business entities launched were still active and owned by measure participants, of whom less than half consider their current business situation as good, very good or excellent. The mentioned data indicates purposefulness of the funds invested in the start-up incentive program, while two additional data point to a wider social function of the incentive as a measure for active labour market policy. Firstly, one third of still active business entities employ at least one person, apart from the founder. Secondly, the gathered data indicate an improvement of the socio-economic situation of the households in which the measure participants live, in comparison with the period before using the incentive.

A great majority of participants (80% of them), if they could return to the time they first decided to use the measure, would again apply for the incentive, which is a fact that speaks on the great importance of the measure for starting one's own business. The data which also indicates the importance of the start-up incentive shows that for 95% of participants the incentive was the only type of help from the public financing funds during their first year of business activity, and that only 5% of measure participants used some other form of state incentives/loans. Furthermore, a large number of the measure participants (32%) believes that without the received incentive they would not go into business, and another 43% believes that the incentive had helped them significantly or fairly in launching their business.

Even though the mentioned data indicates overall satisfaction with the measure, there is a marked need for greater counseling support for the participants after they launched their business, which has been apostrophized in the research as the need for various types of advice, consultations and business knowledge that could help them in developing their business. A large number of them have mentioned lack of business skills and knowledge as the main hurdle toward a successful commercialization of the business idea with which they went into business, which is why they often argued for establishing a certain type of institutional support for their business activity. That type of institutional support shouldn't necessarily be under CES, and it is also currently offered by other relevant institutions (e.g. business incubators, chambers, etc.), but, despite the marked need for counseling support, the measure
participants failed to recognize the possibilities of these institutions. Also, the Employment Service staff pointed out that after the reference period of the evaluation (during 2014 and 2015) consulting services of the Employment Service connected to the start-up incentive have improved significantly, but that the participants showed no matching interest in them.

Even though the mentioned data leaves the impression of the measure’s efficiency, it’s important to point out the problems as well, and one of the basic ones is vaguely defined measure targeting. It’s not perfectly clear for whom the measure is intended, i.e. a possible problem is observed where the measure is becoming a means to finance entrepreneurship, and not a measure of active employment policy. Primary motives for entering the measure point to that. For three quarters of those receiving this incentive, the driving force was the realization of a good entrepreneurial idea, and almost 60% of them have also stressed the desire not to work for someone else, i.e. to “be their own boss” as the motive for entering entrepreneurship. Furthermore, one third of the measure’s participants prior to being granted the incentive had been registered with the Employment Service records for less than 3 months, and 45% of them were registered with the Employment Service records for less than 6 months before entering the measure. Also, it is important to point out that one portion of this incentive’s participants, a quarter of them, have entered the measure so as to "legalize" the work they already perform or to institutionalize their own hobby. Also, the estimated dead weight is about 20% of participants of the measure, and there is that much of those stating they would start their business even without the measure, which only encouraged them further.

Apart from the two motives mentioned (realization of a good idea and working for oneself), the third important established motive for entering the measure is activation, i.e. motivation to use the measure as a means of business and life activation, as the only remaining means to leave unemployment, actually describes the best the accomplishment of this measure’s true goal. This motive actually implies using the incentives for the purpose of self-employment out of necessity. It is typical for individuals who spent a long time with the Employment Service, and who, during a longer period, actively searched for work but couldn’t find any, and as an extremely important motive predominates only in half of the people participating in the measure.

Additional recorded weaknesses of this measure are connected to dilemmas of the Employment Service staff, regarding the assessment of feasibility of (some) business plans and the legitimacy of individual business projects.

A public work is a community service that takes place for a limited period and offers co-financing and financing of the employment of unemployed persons from target groups. Public works have a two-fold role in the range of active policy measures. Their first specific feature is that they are used to increase and maintain a certain level of social inclusion of those unemployed who are long-term unemployed, that is, who have not worked for a prolonged period. Their second task is to “create” jobs that probably would not have been created without this measure, i.e. funds allocated for its implementation, in order to open up space for the activation of these persons, whereby these jobs must necessarily be for the general well-being.

If we assume the main purpose of these measures is to activate the long-term unemployed, the results of this evaluation show it has mostly successfully fulfilled this purpose. The results show that participants in the measure during the reference period were primarily people who were not particularly active in the labour market before entering the measure, especially when compared with participants in other measures. Participants’ pronounced motivation to participate in the measure suggests the same, whereby the vast majority of them stated activation and satisfaction with being given a chance of inclusion in the labour market and getting "out of home" as their motives for participating in the measure.

Another proof that this measure was relatively well targeted is the fact that approximately half of the participants who participated in the quantitative research said they were in a way forced to participate in this measure because of the "threat" of being deleted from the CES records if they refused to participate in the measure and that statistically do not differ significantly by any of the indicators of the total experience and the benefits of this measures compared to those who participated but not because of a fear of deletion. The fact that the unemployed who became so passive regarding the labour market that their employment counsellor had to "coerce" them to participate in this measure in the end had as positive experiences and benefits from the measure as those who participated without "coercion" suggests that the measure is properly meeting its goals.

Besides the activation role, this measure also has a very important financial aspect for participants. Although the financial situation of their households is slightly better today than it was before inclusion in the measure, given that
these are people who live in financially deprived households, the regularity of income from public works and its
importance for guaranteeing a minimum of livelihood security are crucial, as to many of them public works are the only
source of income. The fact that financial benefits from this measure, along with the activation ones, are very important
to participants should, therefore, be taken seriously in any possible revision of its design, but also in its implementation.
It should be taken into account that this measure is not only a part of labour market policies, but also of social welfare
policies. However, there are discrepancies and obstacles to be solved, such as the problem of cost-effectiveness of
working, i.e. the fear of losing a variety of social welfare benefits if one find employment through measures such as
public works.

It is interesting that, although public works are in general, both by the unemployed and by other stakeholders in this
process, often characterized as socially stigmatizing for those who participate in them, the results of this study suggest
that only one in six participants in this measure in the reference period had a sense of social stigmatization while
performing public works.

If we talk about the long-term impact of the measure on the increase of employability of participants, it is relatively
small, about one-fifth of participants in this measure in the reference evaluation period has a job today. This share is
slightly higher among participants in non-municipal, i.e. social public works, or those whose public works involved
working in public services (schools, homes, cultural institutions), of whom 29% is employed, and those who participated
in public works, of whom 32% is employed today. Compared with the control group, the quasi-experimental method
has shown that the average effect of the measure on employment slightly increases over time; a positive average effect
of 4 percentage points was recorded in the period covered between the participants in the measure and the
comparable group of the unemployed who did not participate in this measure and whose employment rate was 16%.

On the other hand, when the primary goal of this measure is considered in the context of public works, i.e. to maintain
a certain level of activation of the long-term unemployed, the effect of the measure is slightly higher. Therefore, since
the primary goal of this measure is not direct employment but activation of the participant in the labour market, the
effect should be considered with regard to registered unemployment, which in the context of public works is
considered as a positive outcome, i.e. to remain active. In this context, evaluation findings show that about 80% of
those who took part in public works do not have a job today. While about 64% of participants in the measure is
unemployed, 16% of participants in the reference evaluation period is no longer active today, that is, they are no longer
present in the labour market. Since the quasi-experimental (PSM) analysis shows that 27% of people from the
comparable group of the unemployed who did not participate in this measure did not remain in the labour market, we
conclude that the measure has an average impact of 11 percentage points when it comes to remaining active.

Unlike the unemployed, for whom evaluation findings show that they fulfill the objectives of the measure, when it
comes to employers, evaluation findings suggest that employers take a number of approaches which are not, or should
not be, part of the intervention logic of the measure. Although results suggest that employers are essentially satisfied
with the design and the implementation of the measure and all of their suggestions for improving the measure may be
summarized as we want more of this measure, the findings in fact show that the employers' understanding of the goals
of this measure contrary to the nominal design of public works. Therefore, they should not interfere with the existing,
regular activities or substitute regular expenses or free resources for investments or achieving positive business results.
Besides not achieving the main purpose of the measure (work for the public benefit), it may weaken the effect of an
automatic stabilizer of local economy because it does not create "new" jobs, instead the existing activities for which
money dries up are transferred to public work (public services welfare). In this sense, the estimated dead weight could
be attributed to as many as half of the employers, public works organizers, who stated saving money as their main
motive for using the measure. Therefore, steps should be taken in the implementation of the measure to avoid such
unwanted side effects as the substitution of activities, and potentially also the substitution of workers. In this context,
the basic problems of CES staff should be mentioned regarding the implementation of public works, which refer to the
existence of ambiguity regarding the assessment and evaluation of public works programs.

Labour market-oriented training incentives are aimed at unemployed persons registred in CES's official register in
order to make them more employable and competitive on the labour market. The evaluation findings suggest that this
measure is in need of substantial redesigning, re-examining of goals and a significant change in its implementation
method. The problems with this measure are present in all three levels of stakeholders (the CES, educational
institutions, unemployed persons) who are all aware of them and have no trouble reporting them.
To start with, there are evident problems in the estimates of the labour market needs. There is the impression that the criteria for monitoring labour-market demands are frequently insufficiently clear, imprecise, or unsubstantiated, while the CES has the capacity to meet the demands i.e. provide adequately trained labour force. One gets the impression that CES staff tasked with assessing labour-market demands do not always have at their disposal all of the information and information sources necessary to produce a realistic labour-market assessment for a particular regional office. Therefore, the aim of the programme is unclear and the CES relies on unsubstantiated assessments of in-demand occupations in the county/region. The next important issue is the public procurement procedure which is inadequate, lasts too long and plays into the hands of dumping. Because accepting the lowest prices is a must, less quality programs are chosen.

Another problem facing the implementation of this measure is "pushing the unemployed" into "in-demand" occupations or qualifications i.e. counsellors recruiting participants merely to sustain the programme, despite the fact that a substantial number of candidates had no actual desire or interest to participate. The highest number of participants in this measure, 42%, report that the initiative or role of their CES counsellor for participating in an educational programme exceeded their own. Interestingly enough, a quarter of participants joined a programme they had no desire of completing. Over a third (35%) of participants report they had no intention of exploiting the newly-acquired skills/qualifications, as they joined the programme simply because it was offered. Almost 1/5 of participants, 19%, agreed they participated in the measure in order to avoid being penalized i.e. removed from the CES register of unemployed persons.

The most problematic thing about the measure is not meeting its objectives. For a fifth of the participants (21%) the measure did not increase the chances of finding a job, whereas for 18% the chances were only slightly higher. More than half of participants, 54%, have never worked at a job that required the qualifications they were trained for. Approximately 40% of participants in this programme are now unemployed, and while 92% of those who remained at the jobs they were trained for would participate in the measure again, 1/3 of those currently unemployed would not, illustrating a clear disadvantage of insisting on education programmes that are difficult to sustain and "forcing" people to participate in them.

The purpose of job retention incentives was to motivate employers to retain workers in full time work even though they were not able to secure full-time working hours, as well as to motivate employers to increase the number of permanent seasonal workers, thus ensuring better management of human resources. According to employers, the positive effects of both measures refer to increased job security and establishing an emotional connection between employee and employer. Another important element is to stabilize the employer in the labour market and to bridge periods of reduced workload. The negative elements of the measure are mainly related to procedural difficulties (reporting, documentation), but also to the conditions that favour larger and more stable employers with the operational capability for the procedure, but also greater financial benefit compared to the number of employees.

Training incentives are used in accordance with the objectives of the measure, which is additional training of the employees in the case of new technologies, retraining or diversification. Estimated positive effects of the measure are related to higher-quality employee training, as well as companies' improved business activities due to financial benefits provided by the measure. The measure is well targeted because it specifically aims at the employers' current need for specific training and enables more quality training than the one an employer would be able to offer without it. The measure is rarely used because of the vagueness of the terms of use, especially in justifying the costs that both employers and CES often finds unclear.

According to the results of the quasi-experimental analysis, the average effect between the employment of the experimental and the control group for incentives and consequently for efficiency is the lowest for public works, and the situation is quite adverse when it comes to support for the training of the unemployed. The best effects are for employment and self-employment incentives. With all the limitations including the lack of longitudinal data, the impossibility of comparison with other countries because the measures are different in content and intended for different user groups and the unavailability of data for previous periods in Croatia, it can be estimated that positive effects of active labour market policy have been recorded at a certain level in the period 2010 - 2013.

In the general design and implementation of ALMP the most important suggestions for all measures are to improve the transparency and relevance of measures and to make them as targeted and customized to each group of the unemployed as possible. At the same time, they should be as harmonized with the requirements of and changes in the labour market as possible and financial sustainability of measures should be ensured to prevent them from being
interrupted due to lack of funds. It is necessary to consolidate measures and abolish those with very poor interest as well as rename some measures to make it clearer what they are about. Furthermore, justification, advantages and disadvantages of greater flexibility in determining the duration of individual measures (e.g. public works) and/or the amount of the approved funds should be looked into. It is important not to change the content and criteria for measures all the time (for example, asking for additional documentation) during the measure cycle; the possibility of simplifying the entire procedure of required documents should be reconsidered, in particular by developing a system to obtain electronic confirmation from competent authorities, such as the Tax Administration. Finally, it is necessary to clarify the conditions for participation and to prepare easy-to-understand instructions for use, which will not be late, and to improve the availability and quality of information for the unemployed and the employers. In short, ALMP measures should be adapted to changing conditions, but in doing so, the goal must be to make them stable and long-lasting so they would not confuse the potential participants and CES staff.
3. Introduction

There is general consensus that unemployment is one of the most serious economic and social problems and it negatively affects individuals. Unemployment represents loss of production and income, causes high fiscal costs, contributes to a significant dissipation of human capital, increases inequality in the society because in crisis the unemployed lose more than employed. To the people that are affected by unemployment, it causes significant psychological burden, leaving the impression of uselessness and futility and finally creates social exclusion. If people are employed, it is much less likely that they will be poor. The goal is to therefore to enable people to work and earn the salary, instead that they are in the system of unemployment protection and welfare where they receive benefits. Unfortunately, in Croatia, as well as in many countries in transition, many people are unemployed and/or with low employable, which cause that they are exposed to economic poverty and social exclusion.

The labour market is not perfect so at the same time there is open unemployment and unfilled demand for workers. This means that there is a space and reason to improve the functioning of labour markets, primarily by reducing the gap between demand and supply for labour, and thus lowering open unemployment. Active labour market policy (ALMP) can help relieve (reduce) the structural (frictional) imbalance between supply and demand primarily by decreasing the professional and spatial mismatch and increasing the labour market transparency. The most important instruments of active labour market policy for improving situation are skilling, training and retraining, information and advice with regard to the demand of work and selection in employment on the one hand, and facilitating employment on the other. Babić (2003) and Matković (2008) point out that the active employment policy in the first place is intended for the activation and employment of those unemployed (or groups of unemployed) who have the most difficulty with employment. An active policy is not (or should not be) a set of universal employment measures intended for everyone. These measures aim to improve access to employment of certain vulnerable groups, and allow them to preserve their links to the labour market, to facilitate them in finding a job and increase the probability of their retention in the labour market.

ALMP measures can redistribute employment opportunities so that fewer people become long-term unemployed and/or recipients of assistance in the social welfare system. When the total employment possibilities are given, it would mean allocation of the burden of unemployment to more people (assuming that as a result of political intervention not the same persons are affected by unemployment at different time intervals). More favourable effect of ALMP can be an increase in total employment than the redistribution of unemployment to more people. The economic theory states that ALMP has very weak and/or almost no direct impact on total employment, but if it can obtain results in labour inclusion of long-term unemployed or recipients of social welfare benefits, then it improves the effectiveness of the labour supply. Therefore, the inclusion of long-term unemployed and prevention of long-term unemployment are certainly worthwhile. In addition to paid employment at the same time there are other useful activities that may be the way to social inclusion (integration) as well as personal fulfilment and confirmation. Briefly, prevention of long-term and recurrent unemployment would be the most important contribution to the prevention of poverty and social exclusion, especially for beneficiaries in the social welfare system.
4. Programmes of the Active Labour Market Policy in EU context

4.1. Typology of the Active Labour Market Policy

The programs of the active labour market policy (ALMPs) have different goals which depend on the attitudes towards economic and social problems and various methods and tools of implementation. Bonoli (2010) differentiates between four ideal types of active labour market policies, which are presented in the table 4.1.

<table>
<thead>
<tr>
<th>Type</th>
<th>Objective</th>
<th>Tools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incentive reinforcement</td>
<td>Strengthen positive and negative work incentives for people on benefit</td>
<td>- Tax credits, in work benefits</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- time limits on recipiency</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- benefit reductions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- benefit conditionality</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- sanctions</td>
</tr>
<tr>
<td>Employment assistance</td>
<td>Remove obstacle to employment and facilitate (re-)entry into the labour market</td>
<td>- placement services</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- job subsidies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- counselling</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- job search programs</td>
</tr>
<tr>
<td>Public works and workfare</td>
<td>Keep jobless people occupied with mandatory participation in public works and the realisation of community service, limiting the deterioration of human capital during periods of unemployment. The system of job creation in the public sector Skilling, training and educational programs that are not related to employment Investing in human capital Enhance employability</td>
<td>- job creation schemes in the public sector</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- non employment-related training programs</td>
</tr>
<tr>
<td>Human capital investment</td>
<td>Improve the chances of finding employment by upskilling jobless people</td>
<td>- basic education</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- vocational training</td>
</tr>
</tbody>
</table>

Source: Bonoli, (2010.)

The first type of ALMPs, incentive reinforcements, encompasses the measures that aim at strengthening positive and negative work incentives for benefit recipients. This can be obtained in different ways, for example, by reducing the duration and lowering amount of benefits and by conditioning on the mandatory participation in work-schemes and/or other labour market programs. The second type of ALMPs consist of measures aiming at removing obstacles to labour market participation, return and maintaining on the labour market. It contains public employment services and other placement services, job subsidies, counselling etc. (what has been preventively realised in Scandinavian countries). The third type of measures is oriented to mandatory participation of jobless people in public works and realisation of community service, what prevents the deterioration of human capital during periods of unemployment. The fourth type of ALMPs insures upskilling of unemployed people by improving and/or reobtaining their knowledge, skills and capabilities, particularly for those whose skills are become obsolete or are forgotten.

Of course, different programs should have a variety of effects. In the case of education and training, this should be achieved because of increased employability due to the acquired new knowledge, skills and abilities. In the case of subsidised (co-financed) employment, for employers hiring such people is financially more attractive compared to other unemployed persons who are not subsidised. In the case of public works, a positive effect can be achieved thanks to the active involvement in the community and the world of work. These programs enable participants after long periods of inactivity to acquire skills, experience and knowledge and as well as the creation of social networks that are all necessary to successfully find a job.

A small difference in classification of ALMPs measures is presented in Labour Market Policy Methodology 2013 by EUROSTAT (2013) that leads the database on active labour market policy measures. Here are included all ALMs interventions classified by type of action with the goal to improve the efficiency of the labour market and correction of labour imbalances. Public interventions cover all other services and activities realised by the government regarding financing of the measures, either in the form of actual disbursements or of foregone revenue (reductions in taxes,
social contributions or other charges normally payable). A General government should include central government, state/regional government, local government and the social security funds. In many cases the direct recipients of the public expenditure may be an employer or service provider but the final beneficiary of the actions must always be a member of an ALMPs target group. There are three different types of intervention:

- **Services** refer to labour market interventions where the main activity of participants are job-search related and where participation usually does not result in a change of labour market status. Services also cover functions of the public employment services (PES) that are not directly linked to participants. This includes placement and other services for employers, administrative functions, general overheads and other activities depending on the responsibilities of the PES.

- **Measures** refer to labour market interventions where the main activity of participants are other than job-search related and where participation mostly results in a change in labour market status. An activity that does not result in a change of labour market status may still be considered as a measure if the intervention fulfils the following criteria: 1) the activities undertaken are not job-search related, are supervised and constitute a full-time or significant part-time activity of participants during a significant period of time, 2) the aim is to improve the vocational qualifications of participants, or the aim is to improve the vocational qualifications of participants, or 3) the intervention provides incentives to take-up or to provide employment (including self-employment). The database covers, primarily, government interventions that provide temporary support for groups that are disadvantaged in the labour market. Most measures are aimed at activating the unemployed, helping people move from involuntary inactivity into employment, or maintaining the jobs of persons threatened by unemployment. The only measures included in the database that do not provide temporary support relate to the provision of ongoing support for persons with permanently reduced working capacity. In this case it is recognised that public support may be needed to counteract the reduced productivity or other overheads associated with such persons, who would otherwise be uneconomic to employ.

- **Supports** refer to interventions that provide directly or indirectly financial assistance to individuals for labour market reasons or which compensate individuals for disadvantage caused by labour market circumstance. The participants are usually persons who are out of work and actively seeking work.

According to the mentioned EUROSTAT publication (Table A, page 13) active labour market policy contains five groups of measures, that are further explained. These are:

- Training – enables adjustment of the labour supply and demand in the conditions of structural imbalances. There are some vacant jobs and/or the lack of adequate worker(s) hinders the creation of new jobs despite the market demand for the product and the available capital to start the production. Additional effect is possible to improve the working capacity of vulnerable groups among the unemployed in order to improve employability and equalize opportunities with other people.

- Employment incentives - there is a danger in case of a workplace where productivity corresponds to the amount of a full wage, because of lower costs, such subsidised jobs can squeeze out similar jobs in competing firms. Subsidised employment can be a form of equalization of opportunities for employment of vulnerable groups so that they become more attractive to employers, although they are at disadvantageous position in the labour market. Here can be also classified the various forms of subsidising apprenticeships and professional practices that facilitate the transition from education into work.

- Sheltered and supported employment and rehabilitation – cover measures that aim to promote the inclusion and participation of persons with disabilities into the labour market and into society. With employment such persons gain financial security, greater autonomy and improved self-reliance, they are perceived differently in society, and with an appropriate system of professional (labour) rehabilitation many people with disabilities can be equal members of society and contribute to their own and the general well-being, instead of only being recipients of aid and beneficiaries of various forms of support and benefits. Therefore, the European Disability Strategy (2010 to 2020) and other relevant documents related to anti-discrimination policy have been adopted.
• Direct job creation - covers measures that create additional jobs, which would not exist or be created without public intervention (i.e. the jobs are additional to normal market demand). The jobs are created in order to provide an opportunity for persons to maintain an ability to work, to improve skills and generally increase employability and typically involve work of benefit to the community. Sometimes these jobs have been created with a lower productivity than the amount of the total wages paid to the workers. It is hoped that the productivity of such workers will increase with time so that their jobs when subsidies stop, but there is no a guarantee. If the job is permanently linked to lower productivity, it usually turns off when stimulus stops.

• Start-up incentives – include measures that promote entrepreneurship by encouraging the unemployed and other target groups to start their own business or to become self-employed. Net to the money for start their own business, these incentives usually contains certain obligations and risks that are sometimes hard to cover. At the same time, the unemployed persons in self-employment often show excessive and/or insufficiently based entrepreneurial optimism because they usually did not analyse enough and realistically assess probabilities of their business success. Sometimes they lack the entrepreneurial spirit, determination, knowledge, and almost always entrepreneurial experience.

An important issue in the ALMP measures is how to define the target group, and the EUROSTAT database focused primarily on interventions that also include people with disabilities in the labour market. This specification allows the distinction between the labour market and general employment on the one hand and social protection and fiscal policies on the other hand, which may have similar goals in terms of promoting employment, but do so in a non-selective manner to the overall population.

4.2. Similarities and differences in active labour market policy in EU and its positive effects

The condition of employment or the lack of it and the solutions for it - like the active labour market policies - vary from country to country within the EU. Esping-Andersen (1990) distinguishes three basic models of social policy, and hence of employment policies:

• The first is the neoliberal, in which the emphasis is on the effectiveness of the market, a restrictive assistance policy and in which there is great social stratification (e.g., in the UK).
• The second is the social-democratic, in which there is little stratification, the public welfare system is very developed, the state provides direct protection or financially assists members of society at risk and attempts to improve their quality of life and enable them to participate fully in the labour market or to have security during times of unemployment (the Scandinavian countries, for example).
• The third is the corporate model, in which there is also high stratification, while government intervention is provided via market regulation or financial assistance (for example, France and Germany). There are considerable differences in unemployment rates from country to country, as well as of unemployment structure, average length of unemployment and attitude to the unemployed, and it is hard to speak of any average situation in the EU. In principle, the countries that we have termed social-democratic and that are systematically carrying out an active employment policy (mostly via further training, retraining and professional qualifications for the unemployed, as well as joint financing of the difficult to employ) have lower rates of unemployment (at the end of the 90s, about 6% in Sweden and Denmark).

To this typology can be added a fourth group of the Mediterranean countries - Spain, Portugal, Greece - that are characterised by high unemployment rate, lower level of development of public services and lower coverage rates in ALMPs. Active labour market policy can help mitigate (reduce) the problems on the labour market, primarily by reducing the professional and spatial imbalance between supply and demand, by increasing the transparency of the labour market and by enhanced employability of job seekers. Training can improve educational and qualification structure of unemployed persons, improve their capabilities and occupational mobility. At the same time, education is helping the unemployed to purposefully utilise available time and to preserve previously acquired knowledge and skills.

The participation of the active population in training and professional development as a part of ALMP's promotes the economic development. In such measures there is a need for particular attention to the long-term unemployed in order to prevent that they forget the existing and acquire new knowledge and skills. In addition to professional training, many
countries have developed different social-psychological programmes to decrease the burden of long-term unemployment. For people who have low education attainments and/or low employability public works are organised, which sometimes also have certain level of obligations (workfare).

Conventional welfare programmes allow the recipients of unemployment and welfare benefits to choose their hours of work. An alternative scheme is workfare. Able-bodied individuals receive transfer payments only if they agree to participate in work-related activity and accept employment offered. Workfare is a system that requires work-based activities as a condition of claiming benefits. It should ensure that welfare recipients follow a regular, work-based structure to their lives every day and that they do not have long gaps in their work histories. This should prevent them becoming defeatist and ill-disciplined and make them more employable. It should also encourage people to take private sector jobs, preventing dependency from arising in the first place. Although public works in the long-term are not optimal way to lower open unemployment and enhance the employability of participants, they can be useful in improvement of their financial position and lowering the feeling of social exclusion (Bejaković, 2004).

The economic and social benefits of training and skilling of employed and unemployed are important as they enable the lowering of unemployment, improve the competitiveness of the firms, sectors and the economy as a whole, provide a sense of social engagement and can help adults re-enter the learning cycle. In equity terms, the unemployed and those who have not succeeded in the compulsory education system require access to publicly-funded adult training schemes, but the track record of such schemes in improving the employment prospects of disadvantaged adults has been generally poor. However, according to the best practice and various positive experiences, one can assess the characteristics leading to positive training and skilling effects (Table 4.2).
Table 4.2 Characteristics leading to positive effects of active labour market policies

<table>
<thead>
<tr>
<th>Country</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Czech Republic</td>
<td>Measures of active labour market policies linked to shortening of receiving period for unemployment benefits have positive impact on the probability of the finding a job and are relatively costly efficient if they are targeted towards unemployed persons with low level of employability. Communal public works are adequate for the persons with very low educational attainment.</td>
</tr>
<tr>
<td>Denmark</td>
<td>Training participants with higher level qualifications report higher benefits than participants with lower level qualifications.</td>
</tr>
<tr>
<td>Germany</td>
<td>The effects of training favour men over women. Training and skilling are most effective for long-term persons that waited for employment less than two years, while co-financing and employment subsidies are more efficient for persons that waited for employment more than two years.</td>
</tr>
<tr>
<td>Greece</td>
<td>Age and qualification level exercise a positive influence on education. Also a positive correlation between labour force participation and training.</td>
</tr>
<tr>
<td>Italy</td>
<td>The probability of finding work through the Higher Technical Education and Training Initiatives was higher for men rather than women and people with tertiary qualifications rather than those with secondary level qualifications</td>
</tr>
<tr>
<td>Latvia</td>
<td>The Public works 100-Lats-programme was efficient in activation, helping and employment of the persons with lower employability to whom expired or did not have a right to unemployment benefit. The participants maintained and acquired new skills and capabilities, have less negative psycho-social consequences of unemployment, and participation in the Programme helped them in solving financial problems. Little bit less than one quarter of participants found a job during the Programme or in the period of six months after the exit from the programme.</td>
</tr>
<tr>
<td>Norway</td>
<td>The accumulated gain (five years post training) for women is greater than the cost of training.</td>
</tr>
<tr>
<td>Poland</td>
<td>Skilling and training programmes are efficient in those areas where there was a need for economic restructuration related to obsolete industries and technologically backward agriculture.</td>
</tr>
<tr>
<td>Portugal</td>
<td>The returns on training are greatest for women, experienced workers and low skilled workers.</td>
</tr>
<tr>
<td>Rumania</td>
<td>Public works for less employable groups have contributed to a certain reduction of unemployment in economically depressed areas and helped in their economic development.</td>
</tr>
<tr>
<td>Slovenia</td>
<td>On the job training was effective for long-term people and those with lower employability. 11,518 people participated in the programme from October 2009 until the end of 2012. 12 months after the end of the participation, 63% of programme participants were employed by the same or another employer.</td>
</tr>
<tr>
<td>Great Britain</td>
<td>Returns to adults are significant and progressive beyond Level 2.</td>
</tr>
</tbody>
</table>

4.3. Lessons from active labour market policies in EU

The experiences of selected countries suggest that the approach to the unemployed as well as to people whose jobs are at risk should be consistently selective, because all (un)employed do not need the same form of assistance. Usually there is a need for additional skilling, training or retraining for employees whose knowledge and skills are no longer needed and/or obsolete. Almost all conducted researches suggest that in the near future difficulties in employment will have only insufficiently qualified and educated person, while the well-trained workers in circumstances of European unity and modern information technology will enjoy significant benefits. Therefore, it is extremely important to achieve a successful process of permanent education - from early childhood to old age. Countries that have led thoughtful employment policy, including the successful and efficient organization of skilling, training, retraining and vocational education, improved and enhance the functioning of their labour market. Most states accepted the responsibility to support the employed and unemployed in the process of acquiring new knowledge, expertise and skills, which gave good results.

Age, existing qualification levels and gender are key characteristics that affect positively results of ALMPs in different contexts. Very often employers make skilling and training investment decisions on the basis of the greatest investment return. In practice this means that little support is offered to “at risk” groups, who may be in greatest need. Such an approach cements the need to provide social support. In terms of outcomes from training and other ALMPs measures aimed at employability improvement, the following positive effects are identified in EU members: an increase in the probability of finding and sustaining work, better job security, increased income, increased productivity and adaptability, occupational and personal development and the development of professional competences and a route to higher level qualifications.

Generally, according to Commission of the European Communities (2006) two approaches can help to improve this situation. Firstly, successful learning and education training schemes are often based on partnerships between business, the public sector, social partners and local third sector organisations. They focus on specific target groups and their needs. Secondly, training must be strongly linked to employers’ skills needs. It should be made relevant to the labour market by engaging business, not only through partnerships, but also by increasing the “on-the-job” component. To match labour supply and demand better and to facilitate education and career choices, governments should further develop information on skills needs for the labour market. Government support for industry and sector-wide training schemes has the potential to encourage private investment because costs for firms and workers are kept down through shared overhead costs. Also, the risk of poaching - one common disincentive for employer investment in training - is reduced.

Card, Kluve and Weber (2015) analysing many evaluations of ALMPs, conclude that they have different effects with respect to certain participant groups and duration of the observed time period. Programmes of compulsory participation in public works differ significantly from programmes of human capital improvement related to capacity-building measures, training and employment subsidies in the private sector. Programmes of compulsory participation in public works usually have higher short-term effect, while the effect of the latter group in a short time is usually small and/or even negative. The impact of the programmes is completely different if are analysed long-term impacts, measured two or three years after programme participation. Card, Kluve and Weber underline that programmes of public employment, regardless of time horizon are negligible or even have negative effects on those who participated in them. As for individual groups of participants, it seems that women and long-term unemployed have a greater benefit from the ALMP programmes from other participants. On the other hand, measures intended for young and older people tend to have less positive effects on participants. Measures of compulsory labour activation achieve better effects for people with disadvantage position on the labour market, while those that improve human capital are useful for long-term unemployed.

From all presented, it can be concluded that Croatia, like other EU member states, should develop clear and diverse ways of further education, learning and preparation for employment as part of ALMPs measures. There is a need to improve public training programmes for the unemployed and other disadvantaged groups. The quality and relevance of such programmes can be improved by encouraging the participation of stakeholders at regional and local level and facilitating the involvement of all stakeholders in the organisation, provision and funding of services.
5. The scope and characteristics of ALMPs in Croatia in the period 2010-2013

5.1. The scope of measures in the period 2010-2013

In a relatively short time period from 2009 to 2014 (that is broader than the period of this ALMPs measures evaluation, but it is necessary to get insight into the main trends in the evaluation period) the number of persons participated in the Active Labour Market Policy measured increased for more than eight times from 6,296 participants in 2009 to more than 44 thousand in 2013. The biggest absolute increase was by the measure of Workplace training without a work contract (from around 450 participants in 2010 to more than 15 thousand participants in 2013). The biggest relative increase was by the measure in Employment incentives, followed by Labour market-oriented training (Table 5.1).

Table 5.1: Total number of persons included in ALMPs in period 2009 - 2014

<table>
<thead>
<tr>
<th>Measure</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2014/0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start-up incentives</td>
<td>298</td>
<td>283</td>
<td>861</td>
<td>864</td>
<td>5.009</td>
<td>2.277</td>
<td>764,1</td>
</tr>
<tr>
<td>Institutional training for the employed</td>
<td>116</td>
<td>630</td>
<td>657</td>
<td>97</td>
<td>286</td>
<td>66</td>
<td>56,9</td>
</tr>
<tr>
<td>Labour market-oriented training⁴</td>
<td>65</td>
<td>5.446</td>
<td>15.778</td>
<td>2.361</td>
<td>1.758</td>
<td>2.149</td>
<td>3306,2</td>
</tr>
<tr>
<td>Workplace training without a work contract</td>
<td>-</td>
<td>454</td>
<td>5.110</td>
<td>5.191</td>
<td>15.337</td>
<td>14.263</td>
<td>737,1</td>
</tr>
<tr>
<td>Employment and training for unknown employer</td>
<td>3.025</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public works</td>
<td>1.935</td>
<td>5.610</td>
<td>10.778</td>
<td>15.324</td>
<td>13.270</td>
<td>3.956</td>
<td>204,4</td>
</tr>
<tr>
<td>Job retention programmes</td>
<td>-</td>
<td>-</td>
<td>533</td>
<td>170</td>
<td>1.310</td>
<td>999</td>
<td>187,4</td>
</tr>
<tr>
<td>Total</td>
<td>6.296</td>
<td>14.784</td>
<td>36.912</td>
<td>27.350</td>
<td>43.336</td>
<td>34.557</td>
<td>548,9</td>
</tr>
<tr>
<td>Romani national minority.</td>
<td>244</td>
<td>332</td>
<td>547</td>
<td>662</td>
<td>686</td>
<td></td>
<td>281,1</td>
</tr>
<tr>
<td>Total + measures for Romani</td>
<td>6.540</td>
<td>15.116</td>
<td>37.459</td>
<td>28.012</td>
<td>44.022</td>
<td>34.557</td>
<td>528,4</td>
</tr>
<tr>
<td>Number of the unemployed registered by CES³</td>
<td>263.174</td>
<td>302.425</td>
<td>305.333</td>
<td>324.324</td>
<td>345.112</td>
<td>328.187</td>
<td>124,7</td>
</tr>
<tr>
<td>Coverage rate in %</td>
<td>2,49</td>
<td>5,00</td>
<td>12,27</td>
<td>8,64</td>
<td>12,76</td>
<td>10,53</td>
<td></td>
</tr>
<tr>
<td>Index of the coverage rate regarding the previous year</td>
<td>201,1</td>
<td>245,5</td>
<td>70,4</td>
<td>147,7</td>
<td>82,5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹In 2010 in Employment and training for known employers there were 614 participants, while in Employment and training for unknowns were 4,566, so totalling 5,180.
²Basic year in some cases is 2010, while by Romani national final year is 2013.
³In the further text when the word is on unemployed persons, it is deemed unemployed persons registered by the Croatian Employment Service (CES).

The coverage rate (the number of newly included participants in ALMPs divided by the average number of the unemployed people registered by the Croatian Employment Service) doubled in 2010, but continued to increase in 2011 (for almost 2,5 times). After its decrease in 2012, it increased again (for almost a half) in 2013. Although, the increase of the ALMPs coverage rate is very praiseworthy, it is necessary to consider how effective it is, and this is achieved by the evaluation of the ALMPs measures. In this process it is necessary to keep in mind several factors. From the table above it is easy to detect significant differences in the individual measures regarding the number of participants, as well as changes in trends in the number of participants. For example, while the number of newly included participants in the measure of Workplace training without a work contract significantly increased, the number of people in Institutional training for the employed increased by 2012, but again significantly reduced in 2013. The number of newly included participants in the Public works programs mostly increased in the period 2010 - 2013, but decreased after.
Outlays for particular measures are very different (Table 5.2), while in further text, attention is given to the cost efficiency of various measures. Total expenditures for ALMPs in the observed period increased by 4.6 times. The biggest part, with a little more than one third is spent on the measure Workplace training without a work contract, followed by the Public works, with a share of more than one fourth of total expenditures. On these two measures and on Employment incentives (with a share of 17.84%) are allocated almost four fifths of the total expenditures. On Institutional training for the employed and Job retention programs together spend less than 1% of total expenditures for ALMPs.

5.2. Total expenditures for ALMPs, in HRK

<table>
<thead>
<tr>
<th>Year</th>
<th>Employment incentives</th>
<th>Start-up incentives</th>
<th>Institutional training for the employed</th>
<th>Labour market-oriented training</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>59,868,405</td>
<td>8,516,860</td>
<td>2,900,088</td>
<td>51,720,743</td>
</tr>
<tr>
<td>2011</td>
<td>73,491,740</td>
<td>22,397,195</td>
<td>1,848,793</td>
<td>144,984,790</td>
</tr>
<tr>
<td>2012</td>
<td>91,901,525</td>
<td>16,767,852</td>
<td>536,213</td>
<td>26,015,846</td>
</tr>
<tr>
<td>2013</td>
<td>173,028,994</td>
<td>120,497,413</td>
<td>1,884,697</td>
<td>15,953,868</td>
</tr>
<tr>
<td>Total</td>
<td>398,290,664</td>
<td>168,179,319</td>
<td>7,169,791</td>
<td>238,675,247</td>
</tr>
</tbody>
</table>

The share in total expenditures for ALMPs in %

<table>
<thead>
<tr>
<th>Year</th>
<th>Workplace training without a work contract</th>
<th>Public works</th>
<th>Job retention programs</th>
<th>Measures for Romani national minority</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>11,043,526</td>
<td>91,843,957</td>
<td>4,802,441</td>
<td>230,696,021</td>
<td></td>
</tr>
<tr>
<td>2011</td>
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<td>116,681,681</td>
<td>3,167,888</td>
<td>487,112,533</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>142,238,149</td>
<td>169,698,258</td>
<td>232,481</td>
<td>455,013,049</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>501,409,810</td>
<td>228,979,313</td>
<td>6,616,064</td>
<td>1,059,616,565</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>771,609,537</td>
<td>607,203,208</td>
<td>10,016,433</td>
<td>2,232,438,168</td>
<td></td>
</tr>
</tbody>
</table>

The share in total expenditures for ALMPs in %

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<th>Institutional training for the employed</th>
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</tr>
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</tr>
</tbody>
</table>

The share in total expenditures for ALMPs in %

<table>
<thead>
<tr>
<th>Year</th>
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</thead>
<tbody>
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<td>607,203,208</td>
<td>10,016,433</td>
<td>2,232,438,168</td>
<td></td>
</tr>
</tbody>
</table>
5.2. The most important characteristics of ALMPs measures and changes in their conditions in the period 2010-2013

**Workplace training without a work contract** is intended for young unemployed people with up to one year of working experience in the occupation for which they were educated, in order to gain work experience needed to enter the labour market and/or fulfilling the requirements for state and professional exams. In 2012, with the adoption of the Law on the Promotion of Employment, the measure of Workplace training without a work contract, for young people with no experience in the profession for which they were educated, was extended to all age groups and it included the unemployed persons that were on the unemployment register for at least 30 days and did not have more than 12 months of working experience in the occupation for which they were educated regardless of whether the law or legal regulation stipulates the obligation of previous professional experience or the professional exam as a precondition for employment. The Law for Workplace training without a work contract vocational training for individual occupations allows funding in longer duration, up to 36 months, which provides fulfilment of preconditions for independent work of craftsmen and requirements of authorized professional associations. In 2011, the target group for the implementation of these measures was limited to persons in accordance with Article 41 of the Labour Act (“If a law or another regulation provides that an occupational exam or work experience is a prerequisite for the performance of jobs within a certain occupation,” the employee is obliged to take professional/state or master exam up to 25 years of age -if he or she has finished secondary education - and is 29 years of age -if he or she has completed tertiary education), and that no more than six months after the finishing of the Workplace training. In May 2012, the adoption of the Law on the Promotion of Employment extended the target group on persons who are not obliged to take the certification exam, have been reported in the unemployment register at least 90 days and have no more than one year of working experience. Amendments to the Act in November 2012, stipulated the registration period for 30 days and that people should not have more than a year of working experience in the occupation for which they were educated. The Croatian Employment Service took over the financing of health insurance contributions for people who have working experience. In the Law on the Promotion of Employment the age limit for the participation in the measure was removed.

**Employment incentives** for the employment of unemployed persons in a disadvantage position on the labour market are focused to young people without work experience, long-term unemployed, people older than 50 years, etc.).

- **Young people without work experience.** In 2010, this measure was directed to two groups, which differed regarding the age and education: for youth, people under 25 years of age without secondary education and for youth, people under 29 years of age with secondary and tertiary education. In 2011 for the second group the criterion of employment for six months was abolished. In 2012, the second target group was divided into two subgroups, according to the criterion of age and education - tightened the age criterion for those with secondary education, the upper age limit for them was lowered from 29 to 25 years of age. In 2013, several new measures aimed at young people without (significant) early working experiences were introduced.

- **Long-term unemployed.** In 2013 there was an expansion of the target group of young long-term unemployed. Here, long-term unemployment is defined as the duration of the registration on the unemployment register for a period of 6 months. By 2013, this group was related to persons under 25 years of age, and from that year to persons older than 29 years of age. In both target groups as a condition a signed Career Employment Plan was added. In 2013 for this group was designed employment measure Long-term unemployed on temporary vacancies.

- **Persons over 50 years.** In 2011, the condition of unemployment for over 50 years was tightened and was ordered to be at least 6 months on the unemployment register. In 2013 this requirement had been abolished. The target group of employees over 50 who are within the notice period, in 2011 was extended to those in danger of losing their jobs due to business reasons or surplus of workers. The previous requirement of employment for an indefinite period was cancelled.

- **Persons with disabilities.** In 2011 this group was singled out as a special target group. In 2013 as a special target group were singled out young people under 29 years of age.
Start-up incentives refer to self-employment subsidies implemented by the Croatian Employment Service (CES) intended to unemployed persons that show an entrepreneurial initiative. CES enables start-up incentives for self-employment in the amount of 50% of annual labour cost of the person who opens up his or her own business. At the end of 2013 significant changes in the conditions of inclusion in the measure were introduced. The most important was the elimination of the condition of being registered as unemployed. Furthermore, restrictions on the sectors and jobs where self-employed person can register economic activity were cancelled. In 2013, the distinction of candidates on the basis of occupations and qualifications was abolished. As a condition the preparation of a business plan was introduced. CES introduces special councillors for self-employment as technical assistance and support to persons who begin with an entrepreneurial activity. Their role is to help in the elaboration and realization of an entrepreneurial idea and to ensure the support of other stakeholders engaged in entrepreneurship.

Public works – These programs are developed in cooperation with the Local Government with the goal to include the long-term unemployed and people with lower level of employability in the community for useful services. Community useful works realized in a limited time period is financing and co-financing employment of unemployed persons from the target groups. The work has to be non-profit and non-competitive to the economic entities of the region. They are based on the useful works initiated by local communities, non-governmental organizations (NGOs) and other entities. The measure cannot be used by newly registered NGOs (established in last 12 months or less) for more than 5 persons; organizations that did not have or do not have employees, and in the previous programs of ALMP measures did not use public works (except for very useful programs). People who have worked in public works more than 18 months in last five years cannot participate in public works.

Subsidies for education for the unemployed – These subsidies are intended for persons from the CES official record of unemployed in order to increase their employability and competitiveness in the labour market. An unemployed person can be included in education if the educational program is compatible with the needs of the labour market and the participant’s psychological and physical capabilities. By 2013, the measure was basically intended for all unemployed persons from the unemployment register, with special emphasis on "vulnerable" groups, which were enlarged in 2012. Since 2013, the primary target group have been all unemployed persons registered in the CES record. In 2013, new target groups regarding the criteria of age and education have been introduced.

Job retention programs – These measures are intended to preserve existing jobs by the employers who are in temporary difficulties or employers who have periods of reduced workload (seasonal feature of the business) during the year. The measures are also envisioned to encourage flexible forms of work. The programs had not been implemented in 2010, while in 2011 and 2012 it had only one measure. In 2013, the programs contained several measures: 1) "Permanent seasonal worker" - co-financing contributions for extended pension insurance for seasonal workers that are constantly employed during the season, 2) "Not working Friday" - support for the preservation of jobs by topping up wages for employees with reduced working hours, and 3) "Staying in employment" – co-financing of employment with another employer, and "Work after the summer."

Subsidies for institutional training for the employed – These measures are intended for training of new employees or workers at risk of losing their jobs due to the lack of professional knowledge and skills, as well as for workers who participate in training programs with the goal to raise competitiveness. The measure in 2010 was called “The co-financing education for the known employer”, while in 2011 and 2012 it was titled, “The co-financing education of employees”. By 2013 this form of support contained a single measure, and since 2013 it has had 3 measures. Thus, in 2013 the effective measures were: 1) "I’m learning on the job" - support for training of newly employed persons, 2) "Knowledge worth, also for the employed" - co-education of employees in circumstances of introducing new technologies and higher standards, as well as changes in the production program, and 3) "Young people learn for a job."
Dorenbos, Winden, Walsh, Svaljek and Milas (2002) analyzed the importance and effects of participation in public works. They concluded that participation is important in solving the financial problems of participants, but it did not improve their employability. Babić (2003) stresses that these measures have a significant dead weight effects (participants will find employment without financial incentives) as well as the effects of subsidies and crowding-out. The second evaluation was oriented towards the assessment of public works’ effects that do not improve the employability and future revenues of participants after their exit from the programs, but at least enhanced their current financial situation. The main benefit from the public works is not in direct economic gains, but more in incentives of those unemployed with low employability to join the labour force. Oračić (2005) analysed the efficiency of six groups of employment incentives and concluded that changes in employment incentives were positively correlated with fluctuations in total employment, but this correlation was not statistically significant. During 2007 the Study “Evaluation of Active Labour Market Measures in Croatia” was realized. As examples of good measures, or those that are working well, almost all measures were mentioned, mainly because they promote better employment opportunities for the unemployed. As the measures that were not working well or had difficulties in implementation, among others were mentioned “The measure for persons with disabilities” (due to the low level of employment subsidies, a short period of subsidized employment and insufficiently precise definition of the target group); “The measure of subsidized employment for special groups of the unemployed” (due to lack of incentives for employment and insufficient information of employers), “The measure co-financed employment of the Roma minority” (because of unreliability and incompleteness of CES database and insufficient motivation of participants), “The measure co-financed employment for long-term unemployed” (because according to some employers, this group of unemployed did not work as expected and additional resources should be spent to provide them with an adequate support). CES implemented PHARE 2005 Project “Active Employment Measures Project” for the groups facing social exclusion. The comprehensive project goal was the strengthening of economic and social cohesion of the most vulnerable groups in Croatian society by raising the level of their employability. In addition, the Project was aimed at strengthening the capacities of various participants on the Croatian labour market in implementing the measures of active labour market policy intended for groups threatened by social exclusion. The Project activities are comprised of 4 components, while the first one on comprised evaluation of efficiency of current measures of active labour market policy in Croatia and the system for their application and management. The anticipated outcomes present an overview and comprehensive assessment of the relevance, efficiency and outcome of measures implemented by CES; as well as description and assessment of the management system and capacities of CES in shaping, application, follow-up and assessment of the measures of active labour market policy. In the evaluation research the qualitative data (the so called soft data) and the facts (the so called firm data) have been used. After the comprehensive assessment of relevancy, efficiency and outcomes of the measures of active labour market policy, the recommendations were prepared for improvement of measures implemented by CES. It was underlined, the need to introduce a new philosophy in the Croatian labour market policy. This includes the development of appropriate preventive and active measures for the target groups by means of a multidisciplinary approach combining counselling, training and employment programs. Also, there is the need of flexibility and regional focus in planning the implementation of ALMPs. Thus, by the earmarking of the necessary financial resources, regional differences should be taken into account. Within the project "Women in the labour market" comprehensive analysis of the situation of women in the labour market was conducted. After a review and wide-ranging assessment of the relevance, efficiency and results of measures ALMPs, the goal was to get a clear picture of the participation of women and their opportunities in the labour market (Hazl, Meštrović, Crnković Pozaić, Taylor, 2011). Also particular vulnerable groups of women in the labour market were defined and analysed. The project wanted to evaluate the efficiency of existing measures of active labour market policies for women, with special emphasis on vulnerable groups (for example, women older than 40 years, inactive women, long-term unemployed women, Roma women and women from rural areas). After evaluation of these measures, and based on best practices in Croatia and the EU, the proposal for a new set of active labour market measures were prepared targeting disadvantaged groups of women. In the proposal, the improvements underlined were the importance of increasing the number of women in training and retraining; the necessity to enhance flexibility in the delivery of training and retraining measures to ensure that they are available to women who are less well-connected regarding the transport possibilities; to promote special programs and/or projects aimed at increasing the participation of women in the labour market, particularly in cooperation with local governments and other stakeholders.
In December 2011, the external independent evaluation of active employment policy measures conducted by the CES was concluded. The evaluation was performed by researchers from the University of Zagreb using a quasi-experimental method, which is standard procedure for studying the effect of measures on the employability of participants. The authors examined differences in terms of employability between those who participated in the measures after their participation and similar persons who did not take part in the measures, where employability was measured with the unemployment status. The selected non-participants were identical to the participants in terms of their personal characteristics, such as gender, year of birth, status prior to unemployment, level and direction of study, and the geographic area of the application for entry in the records of unemployed, and similar in terms of the time of applying and duration of unemployment. Non-participants were also selected based on the propensity score matching which was evaluated based on the mentioned personal characteristics. In terms of training of the unemployed, it was established that there are great differences between participants and non-participants in terms of unemployment after the participation of the first ones were finished. For example, the share of unemployed in the total number of participants who attended an educational program in 2009 was from 42% to 46% in the period from April to October 2011. In comparison, the share of unemployed in the total number of non-participants similar in terms of their personal characteristics was from 0 to 3 percentage points lower, and the share of unemployed in the total number of non-participants similar in terms of propensity score matching was from 0 to 3 percentage points higher. The difference was greater only in the group of participants having the lowest level of education who gained an advantage of 4 percentage points after they participated in training in comparison to non-participants similar in terms of propensity score matching. To the contrary, it was established that there is a proportionately great difference between participants in co-funded employment and similar non-participants. Those participating in co-funded employment are to a much lesser extent unemployed after completion of the co-funded period than similar non-participants. The share of unemployed in the total number of persons whose employment was co-financed in 2009 was by 13 percentage points lower in October 2011 than in the case of non-participants with similar personal characteristics, and from 19 to 21 percentage points lower than in the case of non-participants having similar propensity match scoring. The authors point out that part of the difference probably reflects the selection of the most employable persons by the employer. Namely, the employers were completely free to choose the person they wish to recruit, provided that the person belongs to one of the target groups. In other words, the participants were most probably more employable than non-participants even before their participation began. Participants in public works are an opposite example as the probability of unemployment after completion of participation was greater than in the case of similar non-participants. For example, the probability of unemployment in October 2011 for persons who took part in public works in 2009 was by 13 percentage points higher than in the case on non-participants with similar personal characteristics. The difference was smaller when the participants were compared with non-participants having similar propensity score matching, but it had the same algebraic sign. The authors mention that this may indicate selection, but in the opposite direction, because only the most unemployable persons are selected for participants in public works. In other words, the participants were most probably less employable than non-participants even before their participation began. Therefore, it seems that the quasi-experimental method used remedied the effects of the selection of participants only partly. In other words, before participation in the measures, in terms of their employability, the participants were not completely the same as selected non-participants, although they were similar in terms of the observed personal characteristics or the propensity score matching evaluated on the basis of such characteristics. Therefore, the authors (Matković, Babić and Vuga, 2012) stress that the results of research obtained cannot be viewed as a reliable basis for the adoption of conclusions in terms of the impact of measures on the employability of participants. However, regardless of their impact on employability, some of the mentioned measures can be viewed as a form of conditional assistance to the unemployed and as a form of their social inclusion. In that respect, public works have and can have a prominent role, but also the programs of training of the unemployed, because they provide financial assistance and ensure social contact. Such short-term or direct effect of measures is particularly significant during the period of the economic crisis or high unemployment.

Employability is not a statistical category: it changes with the time, economic and social development, economic conditions, market competition, technical-technological changes and improvements and other factors and influences. Individuals are most employable when they have broad-based education and training, basic and portable high-level skills, including teamwork, problem solving, information and communications technology (ICT) and communication and language skills, learning to learn skills, and competencies to protect themselves and their colleagues against occupational hazards and diseases. This combination of skills enables them to adapt to changes in the world of work. Employability also covers multiple skills that are essential to secure and retain decent work.

In Croatia, the situation has changed for better in recent years due to the impact of EU accession and strategic documents that Croatia had prepared for entering the EU, such as the Joint Assessment of the Employment Policy Priorities of the Republic of Croatia. Thus, in the period from 2006 to 2010, measures have begun to focus more
intensively on people with low employability and long-term unemployed. This shows the significant positive qualitative step in design and implementation of ALMPs measures. Notwithstanding the heterogeneity of employment policies in the EU, it can be estimated that Croatia mainly follows the activities which have been carried out in Europe. They are characterized by a stronger emphasis on active measures in employment policy in which the unemployment benefits are being more linked to mandatory participation in training and retraining programs and/or activation.

With optimal targeting, the benefits should be bigger than the fiscal burden. That means that the expenditure on wages, salaries and the costs of organizing the ALMPs should be lower than the outlays for benefits in the employment and social welfare, which are now paid. Furthermore, the creation of jobs through a variety of programs allows direct combat of long-term unemployment. It is vital for the unemployed not to lose work experience (acquired knowledge and skills) and a link to the labour market. In doing so, a successful evaluation of ALMPs can be of great help in directing resources to the participants and those programs with the greatest benefit and the best return on investment. Skilling and training programs that meet the needs of the labour market proved to be very effective in increasing employment opportunities for persons with reduced employability if they were well focused on the required knowledge and expertise expressed by regional and local economy. The quality and relevance of such programs can be improved by encouraging the participation of stakeholders at the regional and local level and facilitating private sector involvement in the organization, providing and funding of educational training and skilling services.

6. Evaluation of ALMP measures in Croatia between 2010 and 2013

6.1. Research topic and goals

The “External Evaluation of Active Labour-Market Policy Measures” project is designed as a comprehensive evaluation of active labour market-policy measures in Croatia, in order to provide a firm basis for the review of the current measure system and the general approach to managing an active labour market policy. The project mission includes three basic research components:

- Efficiency evaluation of active labour-market policy measures using PSM (propensity score matching)
- Qualitative research using focus groups and in-depth interviews
- Quantitative research using surveys (online surveys and face-to-face interviews).

In the narrow sense, the evaluation of ALMP measures is primarily regarded as an evaluation of the effectiveness of these measures on a microeconomic level with respect to the intervention’s influence on measure participant’s risk of future unemployment, employment status, as well as size of income. In simple cases, this type of evaluation is based on simple tracking of unemployment i.e. employment status of participants over a certain period of time after leaving the programme. Although practical and simple, such an approach exhibits substantial methodological drawbacks: a) selectiveness of the selection process for measure participants with respect to their characteristics, and b) difficulty or inability to isolate the effects from the influence of other processes relevant to the labour market (e.g., a general increase in employment opportunities). Therefore, this project applies a quasi-experimental design using the PSM - propensity score matching - method.

However, the evaluation of measure effectiveness in the narrow sense does not provide sufficient means for a comprehensive evaluation of ALMP measures, or their review based on the evaluation. The primary reason is the fact that not all measures share the same goals: some ALMP measures need not aim solely at terminating unemployment for particular groups in the long run, but can, in fact, have certain short-term or soft goals (e.g. short-term termination of unemployment for particular groups of unemployed persons, activation or acquirement of certain experiences and skills, etc.). Secondly, the evaluation of the measures’ effects does not explain why certain measures are not sufficiently effective (absolutely and relatively) i.e. what diminishes their effectiveness. It is necessary to comprehend all of the aspects of measure implementation in order to define the possible causes of the failure i.e. reasons of success of certain measures or groups of measures. Therefore, additional sources of information and other insights are vital. Thirdly, the process and procedures of measure implementation, as well as the experiences of programme and other participants, are important issues, even when measures are evaluated as very effective. Participants’, e.g. employers’, previous experiences can significantly influence their willingness to participate in future measures. Ultimately, the evaluation aims to improve the procedures and processes of measure implementation, even if improvements yield no
effect on the effectiveness of a specific measure or future related measures, as procedure simplification can lower operational costs of measure implementation, or improve work conditions for the employees of the agency that is implementing the measures. Therefore, a comprehensive qualitative and quantitative research was also conducted within this project.

6.2. Methodology and sample
6.2.1. Qualitative research

The qualitative research was conducted via in-depth interviews and focus groups.

In-depth interviews were conducted as semi-structured interviews aiming to include "peripheral structures", "unformed" or hidden views on the social phenomenon and/or respondents' experience with respect to the research goal. The goals of the research remained constant, while the actual interview structure may have varied from one respondent to the next, whereas interviewers were well acquainted with research goals and insights gained from previous project activities.

Focus groups were conducted as professionally moderated discussions based on a predefined discussion "guide". The primary goal of focus groups was to encourage in-depth discussions in groups of six to eight people, aimed at examining their views, experiences, and reasoning, during which we succeeded in achieving a satisfactory and controlled group dynamic which provided insights and accumulated shared experiences that other research methods would not have been able to provide.

12 guides were constructed for in-depth interviews and 10 for group discussions, applicable to target groups and participants in various ALMP measures.

Qualitative research was conducted on the following samples of the target population:

1. Co-financed and financed unemployed persons, measure participants
   - Workplace training without employment
   - Employment incentives
   - Public works
   - Start-up incentives
   - Labour market-oriented training
2. Employers, measure participants
   - Workplace training without employment
   - Employment incentives
   - Public works
   - Job retention programmes
   - Training incentives
3. Educational institutions conducting educational programmes in cooperation with CES
4. CES staff

108 in-depth interviews and 24 focus groups were conducted. In-depth interviews included employers (56 interviews), co-financed and financed unemployed persons (31 interviews), CES staff (15 interview), and representatives of educational institutions that conduct educational programmes in cooperation with CES (6 interviews). As for group discussions, 24 focus groups were conducted: 12 with co-financed and financed unemployed persons, 6 with employers, and 6 with CES employees.

From a sample framework, and in line with stratification, a sample was randomly selected which exceeded the target sample size up to ten times in every subgroup, where possible. Aided by a recruitment application, CES staff contacted respondents in order to offer information on the goals of the research and propose participation in the research. The respondents who agreed to participate were then contacted by Ipsos agency via telephone inviting them to take part in in-depth interviews or group discussions.
6.2.2. Quantitative research

The quantitative research was conducted on the samples of employers, and co-financed and financed unemployed persons, who participated in the following measures:

1. Co-financed and financed unemployed persons
   - Workplace training without employment
   - Employment incentives
   - Public works
   - Start-up incentives
   - Labour market-oriented training

2. Employers
   - Workplace training without employment
   - Employment incentives
   - Public works

Respondents were selected using stratified random sampling from a database of participants who participated in the mentioned measure programmes during the reference period. The samples were stratified according to various characteristics in order to ensure the minimal subsample size for comparing subgroups with other groups, whereas proportionate stratification was not used. To ensure valid conclusions across the sample, post-stratification (data weighting) was conducted during data processing, synchronising the sample structure with the population structure according to relevant characteristics.

From a sample framework, and in line with stratification, a sample was randomly selected which exceeded the target sample size two to four times, depending on the sample. Aided by a recruitment application, CES staff contacted respondents in order to offer information on the goals of the research and propose participation in the research. The respondents who agreed to participate were then contacted by Ipsos agency.

The research was conducted on a sample of 3432 respondents via online and computer-assisted field surveys (CAPI, face-to-face). Surveys including unemployed persons – participants in workplace training without employment (WT), and employers were conducted exclusively online. Participants in start-up and employment incentives were covered partly in online and partly in field surveys. Co-financed and financed persons, and participants in public works and labour market-oriented training measures were covered in field surveys exclusively. Table 1 presents the data on the number of conducted surveys according to particular sample and research method.

Online research was conducted as follows: after initial recruitment by the CES, the respondents who agreed to participate in the research via e-mail were contacted by Ipsos agency and asked to complete an online questionnaire (online research). Thus, the respondents filled out a questionnaire independently online. After the initial contact, the respondents who did not complete the questionnaire were reminded and prompted to do so on several occasions until the target sample size was achieved. Prompting respondents to complete the online questionnaire was conducted via e-mail, by sending three reminders. Groups who even after three prompts failed to complete the questionnaire (and questionnaire realisation was low in these groups), were reminded once more that they had agreed to participate in the research, via telephone by the CES if they failed to mark the link to the online questionnaire, or via telephone by Ipsos agency if they did mark the link, but failed to fully complete the questionnaire. Six questionnaires were designed, adjusted for various target groups and participants in various ALMP measures.

<table>
<thead>
<tr>
<th>Co-financed and financed unemployed persons</th>
<th>Realised online</th>
<th>Realised in field survey</th>
<th>Realised total</th>
</tr>
</thead>
<tbody>
<tr>
<td>WT</td>
<td>550</td>
<td>0</td>
<td>550</td>
</tr>
<tr>
<td>Start-up incentives</td>
<td>194</td>
<td>80</td>
<td>274</td>
</tr>
<tr>
<td>Employment incentives</td>
<td>220</td>
<td>408</td>
<td>628</td>
</tr>
<tr>
<td>Public works</td>
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<td>566</td>
</tr>
<tr>
<td>Labour market-oriented training</td>
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<td>393</td>
</tr>
<tr>
<td>Co-financed and financed unemployed persons total</td>
<td>964</td>
<td>1447</td>
<td>2411</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employers</th>
<th>Realised online</th>
<th>Realised in field survey</th>
<th>Realised total</th>
</tr>
</thead>
<tbody>
<tr>
<td>WT</td>
<td>522</td>
<td>4</td>
<td>526</td>
</tr>
<tr>
<td>Public works</td>
<td>278</td>
<td>2</td>
<td>280</td>
</tr>
<tr>
<td>Employment incentives</td>
<td>213</td>
<td>2</td>
<td>215</td>
</tr>
<tr>
<td>Employers total</td>
<td>1013</td>
<td>8</td>
<td>1021</td>
</tr>
</tbody>
</table>
6.2.3. Quasi-experimental design – PSM

The evaluation of ALMP measures in the reference period was based on the microeconometric approach of the analysis of counterfactual states. This entails conducting a quasi-experiment involving the experimental (treated) group all of the measure participants in the evaluation reference period for whom we were able to produce a matching control group of non-participants. Unlike a real experiment, where all candidates for measure participation would be divided into treated and control groups whose labour-market outcomes would then be longitudinally monitored, we have applied the method which enables us a subsequent (post-hoc) evaluation of measure effects using propensity score matching – PSM. The general logic of the method comes down to identifying sets of variables for persons who have participated in ALMP measures, that affect the propensity (and possibility) of participating in CES measures. Data matching is based on the assumption that, at the time when co-financed and financed persons began participating in particular ALMP measures, it was possible to identify a set of their counterparts who, according to selected characteristics available in CES’s database, were eligible for participating in the analysed ALMP measure based on their features, but failed to do so. Based on the characteristics available in the CES database, we determined a set of variables believed to be the predictors for the participation in the programme, including: gender, age, education level, reason for registering with CES, previous work experience, industry sector of previous employment, disability, war veteran status, unemployment benefits receivers. Furthermore, dataset preparation for the selection of the control group was conducted according to the following logic: separate datasets were constructed for each month from January 2010 to December 2013 (48 months). For each month the people selected included only those who were unemployed on the first day of a given month and had been unemployed for at least 30 days, as of that day. This was followed by the estimation of propensity scores of programme participation for participants and selected non-participants for the given analyses. The propensity score was estimated on the basis of logistic regression models for each of the selected predictors for measure participation. For the final selection of the control group, the technique used was nearest neighbour 1:5 with calliper, where for each programme participant up to five (similar/close) non-participants were selected from the control-group reservoir. Calliper is used for controlling the tolerance of possible matching. These operations result in output datasets containing equal propensity-score values of the selected set of predictors for participants and matched non-participants, based on the criterion which does not allow average differences across variables to exceed 6%. The obtained data was then merged with the data from the CPII register by merging the data for participants and matched non-participants with unemployment and employment results. Thus, the net effect of the programme is the result of the differences between the labour market outcome according to the CPII records between the group of programme participants and similar non-participants. It is important to note that analysis included only the measures that the (co)financed person began participating in while unemployed. The analysis excluded the participants who received (co)financing for job retention and/or preparation for labour market during notice period, as it was impossible to identify an adequate control group. Likewise, it excluded vulnerable groups for which we were unable to find adequate counterparts in the CES output database, as the persons who begin their participation under these conditions are identified as members of a separate group upon entry, whereas there is no such data for other registered unemployed persons. Therefore, the analysed ALMP measures include:

- Public works
- Labour market-oriented training
- Start-up incentives
- Employment incentives
- Workplace training without employment.

As different types of interventions were applied in different measures, and measures were directed towards different target groups, separate PSM analyses were conducted for each measure. For public works, employment incentives, and workplace training without employment separate models were created to include different target populations. Thus, public works were divided according to (co)financing levels (75/85% and 100%) and the duration of previous unemployment episode as a condition for participating in the measure (12 to 35 months, and 36 months or longer). Workplace training was divided into two models based on the legal requirement for participating in the measure which analytically separates target groups, as explained in the measure evaluation. Employment incentives are divided into three models by large separable target groups, generating separate employment-incentive models for employing young people without work experience, the long-term unemployed, and persons over 50 years of age. The measure effects for employment incentives shall be presented separately, whereas for public works and workplace training the data shall be presented in tables and accompanied by interpretations of differences between separate models, while the overall effects of the measure shall be presented collectively. Thus, the PSM method has created 9 models in total. Some models present the differences between different analytical sub-models generated by separating measure participants and their matched non-participants on the basis of the month (and year) of participation initiation, enabling a comparison of both the measure effects for particular years, and the effects after changes to the measure design. The
net effect of measures is defined by observing the differences in employment status (and for public works, the sum of employment and unemployment) of participants and matched non-participants in available time points (6 to 30 months maximum) after the nominal measure termination.

6.3. Measure awareness and ease of access

6.3.1. Measure awareness

During the evaluation period between 2010 and 2013 changes occurred in the number of ALMP measures, measure packages, terms of use, names, target groups, etc. Likewise, measure participants’ involvement differs when it comes to unemployed persons and employers. Among the unemployed population, measure participants who are well or excellently acquainted with the measures include participants in start-up incentives (29%) and WT (27%); less acquainted persons include participants in labour market-oriented training and employment incentives (23%), whereas the least acquainted are the participants of public works (15%). Among the employers, those best acquainted with the measures implemented by the CES include employers who have participated in public works (60%), whereas participants in WT and employment incentives are acquainted to a lesser degree (48%). Employers prove to be better acquainted with CES measures than unemployed persons who participated in the measures, which is logical considering, that employers are more involved in the overall process of applying for and participating in particular measures.

A vast majority of unemployed persons who have participated in WT (90%) believe to be sufficiently informed on the measure in question. Employers who participated in WT exhibit identical levels of knowledge on this measure. Likewise, a high degree of knowledge is present among unemployed persons who have participated in the start-up incentives measure (75%), and to a lesser degree participants in public works (58%). Half of the respondents are well or excellently acquainted with labour market-oriented education, whereas less than a third are acquainted with employment incentives. Employers who participated in WT (90%) and public works (80%) prove to be excellently acquainted with the measures, whereas just under half of those who have participated in employment incentives perceive themselves as well or excellently acquainted with the measure. The high degree of knowledge on WT and start-up incentives indicates the respondents’ involvement in the measures, as well as good media coverage, whereas poorer knowledge on employment incentives indicates a routine treatment of the measure as a “tax relief”, as well as a stronger influence of the accounting department when it comes to informing the employer and preparing documentation.

6.3.2. Information channels – measure participants sample (co-financed and financed unemployed persons)

Unemployed co-financed and financed persons used various sources to gather information on implemented measures. The most frequently used sources include CES counsellors, CES website, family members, friends and acquaintances, and the media. The CES website is most frequently used by WT participants; CES counsellors are most significant to participants in public works, whereas participants in labour market-oriented training and employment and start-up incentives find the two sources equally important. Employers as a source of information are important when it comes to WT (33%), employment incentives (25%), and public works (14%). The use of social networks is most prominent among WT participants, coinciding with the target age group which is prone to more frequent use of social networks as a place for exchanging experiences. The least frequent source includes CES leaflets, brochures, and presentations - only 1/10 of participants use these sources to gather information on the measures. WT and start-up incentives participants frequently used multiple information sources, whereas public works participants used the least amount of sources. When it comes to independently seeking information on the measures, participants in WT and start-up incentives are more proactive than other participants, especially those participating in public works. Participants in WT simultaneously use personal contact as well as electronic media as a source of information. For those participating in public works the primary source of information included counsellors, family members, acquaintances and friends, whereas other sources were less prominent, indicating that the primary information sources revolve around social networks and personal contact. Participants in employment incentives fairly equally use the CES website for contacting their counsellors or
communicating with their own social networks. The media and current/future employer are a significant source of information. To those participating in start-up incentives, the CES is the main source of information, via website and counsellors. To those participating in labour market-oriented training the primary source was their counsellor (73%), whereas 1/3 also frequently referred to CES website and social networks. Unemployed persons sought information on other CES measures to a lesser degree. Their most frequently used information sources included the CES website, social networks (family members, friends, acquaintances), and the media.

The information provided by the CES website gained average scores for intelligibility, completeness, and usefulness, yet it was considered the least detailed, precise, or interesting. Received information is on average scored higher by employers than unemployed persons. Among unemployed persons, the participants in WT and start-up incentives were more critical towards received information when compared to participants in other measures, especially when scoring whether information was: detailed, clear, intelligible, complete, or interesting. Participants in public works and adult education on average give higher scores than other groups. Information received from CES counsellors is perceived as intelligible, complete, useful, and simple, but also the least unambiguous, detailed, precise, or clear. Information precision and clarity received the lowest scores of all the attributes for both CES website and counsellors, indicating a need for further improvements and systematisation of contents provided at the website, as well as the need for a more systematic and consistent engagement from CES staff.

Approximately 1/3 of unemployed participants believe there are plenty of available measures, although they find it difficult to decide which measures are appropriate for them. On average, information regarding the rights and obligations received the lowest scores from participants in WT, and the highest from participants in public works and labour market-oriented training. WT participants are also more critical of the information received from counsellors, and most (58%) report having to turn to acquaintances, the internet, and other sources for additional information. Although a quarter of respondents find particular measures interesting, they also believe the conditions for participation are too strict. This is particularly true of participants in start-up incentives, as 36% of them find the conditions too strict. The conditions generally thought to be too strict relate to age, duration of registration in unemployment register, and qualifications.

6.3.3. Information channels – employer sample

The most frequent methods of gathering information used by the employers include previous experience, CES website, information received from counsellors and the media or family members. Most employers have already participated in the measures and were therefore well-informed – it was also the most frequently used source of information for participants in public works (55%) and WT (42%), and the third most frequent source for participants in employment incentives. For those participating in employment incentives the main source of information on the measures was provided by the CES website (39%). If we disregard previous experiences with measure participation as the main source of information, the CES website emerges as a frequent information source for both public works participants (42%) and WT participants (39%). The role of CES counsellors and other institutions is more prominent for public works measures, whereas family members, friends and acquaintances are a more frequent source of information for employers who participated in employment incentives. When compared to other measures, accountants more frequently provided information and proposed the measures related to employment incentives (24%).

In order to participate in the measures related to employment incentives, over 4/5 of employers independently gather documentation and get involved in the necessary procedures. In addition to independent involvement in the process, employers are often assisted by other employees, internal or external accounting services, and the like. Employers who participated in WT use the help of others in equal measure; those participating in employment incentives rely more on accounting services, whereas those participating in public works make use of the broader institutional organisation (other employees, assistants, internal accounting services, etc.).

When seeking information on the procedures necessary to employ persons via a particular measure, employers mostly engaged in telephone or personal contact with CES counsellors, and website search, whereas telephone contact was used more frequently than personal contact. However, the employers who participated in employment incentives more
frequently sought information from their accountants than other employer groups, confirming yet again the significance of accounting services as important factors in providing information on this particular measure.

Employers mostly believe that the documentation for participating in measures is easily obtainable, especially employers participating in public works, who also believe that the information provided on the rights and obligations is intelligible and unambiguous. Furthermore, participants in public works and WT on average give higher scores to counsellors’ knowledge than the participants in employment incentives, whereas approximately half of all three groups of employers find the measures appropriate for their scope of activity. Approximately 1/3 of employers believe participation conditions were too strict, whereas 1/5 believe that the information they were provided was incomplete i.e. that they were forced to gather important information by personal contact or online. Furthermore, 1/5 of employers find it difficult to assess the adequacy of measures in their organisation, whereas under 1/5 believe there are too many measures. Unlike other participants, employers who have participated in public works mostly believe that obtaining necessary documentation is simpler, that the information provided is intelligible and unambiguous, and that counsellors are more acquainted with their specific needs.

By examining perceived obstacles caused by strict conditions, we observe differences between employers with respect to measure participation. Employers who participated in WT list as obstacles the condition of retaining employees and the maximum number of employees, documentation problems, non-existent debts, required qualifications, and duration of registration in unemployment register. The majority – 1/3 – of the employers who participated in employment incentives list as the biggest problems employee retention, application documentation, required minimum wages, and time necessary for application approval. Employers who participated in public works list as the biggest obstacles the duration of registration in unemployment register, amount of subsidy, age of participants, and documentation. A detailed insight into the experience with measure participation indicates that most of the problems are reported by less than 1/5 of employers. The condition of maintaining a certain number of employees is more frequently perceived as an obstacle for measure participation in almost a quarter of employers, and is especially prominent in employers who participated in employment incentives.

The problem with obtaining incentives for an intended number of persons is more prominent in employers who participated in public works. Furthermore, the majority of this group of employers faced difficulties due to the inability to employ certain groups of the unemployed, especially with respect to inadequate qualifications. Although more than half of the employers are satisfied with the amount of incentives and payment dynamics covered by the CES, those who participated in employment incentives tend to give lower scores, which coincides with their increased expenses. Employers mostly believe that conditions for participating in measures have not changed frequently, although the employers who participated in public works more frequently believe the conditions have changed more often (33%), as opposed to those who participated in WT (22%), and employment incentives (24%). Generally, employers prefer models that do not undergo frequent changes – six out of ten employers find this model acceptable, whereas four out of ten believe conditions should change as needed.

6.3.4. Perception of procedures for measure implementation

Ease of access to measure participation is primarily measured by satisfaction, as well as a lack of extreme procedural or process-related obstacles preventing or obstructing measure participation. Procedure satisfaction is most prominent in employers and those who participated in public works, whereas unemployed persons who participated in WT and start-up incentives are the least satisfied, which is reflected in their dissatisfaction with the promptness of application processing expressed by 1/3 of WT participants, and 1/5 of start-up incentives participants. Generally, unemployed persons who participated in WT and start-up incentives are on average less satisfied than participants in other measures across all measured indicators, whereas the most satisfied are those who participated in public works and labour market-oriented training. The employers who participated in public works demonstrate a somewhat higher average satisfaction with measured indicators than other employers.

Average satisfaction with application processing promptness is highest in participants in public works and labour market-oriented training, and the lowest in WT participants. The scores given to CES employees are higher in employers than unemployed persons and correspond to the previously stated distribution of average scores given by unemployed
persons. Helpfulness of CES staff is on average scored higher than their level of knowledge or expertise. Participants in public works and labour market-oriented training are more satisfied with the completeness and precision of information on the procedures and necessary documentation than participants in employment incentives, and especially WT participants. Additionally, participants in WT and start-up incentives were asked whether they were satisfied with the duration of the time span between applying and receiving their first payment, and whether they received their payments on time. Participants in start-up incentives are somewhat more satisfied with payments than WT participants. Likewise, the participants least and most satisfied with the amount of payment/salary during measure participation include participants in start-up incentives and labour market-oriented training, respectively.

On average, employers are most satisfied with the CES-proposed candidates for measure participation, as well as the staff's efforts and commitment while providing information on the measures and processing applications. Furthermore, employers who participated in public works on average express significantly higher satisfaction with the procedure, than other employers, except when it comes to candidates proposed by the CES. The lowest degree of satisfaction relates to documentation i.e. complicated preparation and gathering of documentation, as well its sheer volume. One other indicator of process satisfaction is the time it takes for the measure participation to begin. Public works, labour market-oriented training, and employment incentives are initiated more quickly than WT and self-employment incentives. Due to their greater involvement in the preparations and search for adequate candidates, employers perceive the procedure of measure initiation and of application approval as somewhat longer than unemployed persons do, as these are familiar with only one part of the process.

More than half of participants believe that employers should be controlled and monitored by the CES, whereas only a quarter of those participating in start-up incentives share this opinion. Most participants did not complain nor did they inquire any further with the CES. However, those participating in start-up incentives (17%) and WT (12%) complained or inquired more frequently than other participants, which coincides with their proactive nature demonstrated in other areas. Aside from a few isolated cases, participants rarely complained or contacted other institutions during their participation in the measures.

### 6.3.5. Job-seeking intensity before measure participation and method of entering participation

In order to examine the job-seeking intensity among the participants, we constructed an index for measuring the participants' proactivity related to active job seeking, number of answered job advertisements, and job-seeking methods. The data indicates that WT participants are the most proactive with respect to job seeking (43%), with a very low proportion of inactive or low-intensity participants. A higher job-seeking intensity is present among the long-term unemployed participants, as well as university-educated persons. These are followed by participants in labour market-oriented training (29%) and employment incentives (26%), with over a quarter of proactive participants. Nearly half of participants in start-up incentives were not active job seekers before participating, with only 1/5 of proactive job seekers. These results corroborate the findings of the evaluation indicating that a substantial proportion of the participants in this measure are persons who did not use the received funds as the only remaining way of terminating unemployment and the only way of activation, but rather persons who were registered with the CES for a brief period (45% of participants registered for 6 months maximum) whose basic motive for receiving incentives was financing their own entrepreneurial ideas and self-employment, and not necessity or their only chance of employment. Public works participants demonstrate a lower job-seeking intensity when compared to other participants.
When it comes to participation initiation for WT, 39% of participants report they had merely informed the employer of the existence of this option, whereas approximately 1/3 were the sole initiators of the measure by proposing the option to the employer. Approximately one half of respondents did not know the employer prior to applying for a job, whereas 1/3 did. Furthermore, 1/3 of respondents were hired before the opening of the competition, yet the employer did propose they participate in the measure. Employment counsellors played a relatively small role in initiating the WT measure, only 25%, while the percentage was higher for other measures, three times higher for public works, for instance.

26% of participants in employment incentives report that their participation began after being notified about a job competition by a CES counsellor. Precisely 33% were hired by their employer even before the job competition was opened by the CES, whereas 17% of future participants informed the employer that they meet the conditions for the measure and had proposed participation. On the other hand, 31% of the time it was the employer who proposed to candidates that they be hired as part of the measure.

71% of respondents report that public works is a measure most frequently initiated by CES counsellors. For 20% of respondents the key role was played by the employer, and 20% of participants report that employers decided to hire them before the CES even opened the job competition. Approximately 7% of participants in public works initiated the measure participation of their own accord. Interestingly enough, when motivation was concerned, some respondents report being "forced" to participate, as approximately half of them report they accepted participating in public works to prevent being removed from CES register for failure to accept employment.

Most participants in labour market-oriented training, 42%, report that the CES counsellors' initiative in the initiation of training programmes played a more important role than their own initiative. A little over 36% of participants report that their own initiative and the initiative of counsellors were equally important for the initiation of training programmes. A little under a quarter of participants (23%) report entering the measure exclusively or predominantly at their own initiative.
6.4. Professional training without employment

This ALMP measure is intended for young unemployed people registered with CES, who have at least one year of recorded work history in the vocation for which they were educated, so that they could get work experience necessary to enter the labour market and/or pass state finals and licensing exams. The target group for applying this measure in 2010 and 2011 was limited to individuals who were, according to Article 41 under the Labour Act (LA), obliged to take the state finals/licensing or master craftsman’s certificate examination until they were 25 (if they had finished secondary education) and 29 years of age (if they had finished higher education) and those who have less than 6 months of work experience. In 2012, after the Employment Promotion Act had been introduced - EPA (NN 57/12 and 120/12) the professional training for workers measure was expanded to all age groups and included unemployed persons registered with the unemployment records for at least 30 days and with no more than 12 months of work history in the vocation for which they were educated, regardless if the obligation of having work experience or taking the licensing exam for employment was prescribed by law or by a statutory provision. The act also provides opportunity for certain vocations to be financed for professional training over a longer period of time, up to 36 months at most, which allows for the conditions for independent work of craftsmen and Chamber-licensed vocations to be met, and the Employment Service has taken over financing of health insurance contributions for people with work history. By changing the design of this measure, introduced in May 2012, this measure’s target group was significantly expanded, which correspondingly expanded this measure’s user coverage. Among this measure’s user population, covered by this evaluation, the majority is comprised of users who had been included in the measure in 2013, as much as 61%, a fact to bear in mind while interpreting these results. Modifications in the user coverage since May 2012 have brought significant changes in the type of employers able to use this measure, since business entities were facilitated in the utilization of this measure by these changes (stock companies, sole proprietors, independent contractors) and non-profit organizations. However, within this evaluation’s reference period the majority of users were still receiving professional training within government administration bodies and local/regional self-government (approximately 1/3 of users) or within public institutions (approximately 40% of users.) In this evaluation, significant attention was given to the analysis of the effect of changes in the measure’s coverage and design, which came into force in May 2012.

As indicated in this measure’s name and the conditions for entering it, specific goals of this measure as well as its role in the overall palette of measures of the active labour market policy are clearly evident. The primary goal of this measure is to enable unemployed individuals, lacking in relevant experience within the area of their education on the labour market, to gain this experience so as to satisfy formal or informal demands of the labour market, whether it meant for them to take a certain licensing exam or state finals, or to gain minimum work experience within their line of work, so that they could equally compete for available positions with unemployed people with previous work experience in a corresponding vocation or line of work. That is why during the evaluation of this measure focus was placed on accomplishing these specific goals - providing opportunities for individuals without adequate work experience in their line of work/occupation to gain such practical experience, improve their knowledge and skills and gain work history so that their competitiveness on the labour market should increase. In accordance with the aforementioned, the measure is primarily intended for younger unemployed persons (individuals aged between 20 and 29 make up approximately 80% of this measure’s user population within the reference period), out of which the majority are people who have recently finished their education, higher education to be precise (only 15% of users have a secondary school education level, while others have levels higher than secondary education).

The evaluation results demonstrate that the described main goal of this measure had been achieved with the majority of users, within the reference period. Specifically, the results have shown that a significant majority of surveyed users estimate that they were truly given an opportunity to gain practical knowledge and skills necessary for working within their line of work. Most of them (85%) have had suitable support from their mentors who had the assignment to practically carry out professional training and most of them (3/4 of those who had a mentor) were satisfied with the way
their mentors performed their duty. During professional training, just over 80% of users have performed a significant share of jobs within their line of work/occupation for which they were educated. Those users who had entered the measure with the goal of achieving prerequisites for taking licensing exams have more often than not achieved that goal upon exiting the measure (9 of 10 users).

However, with a number of users the measure had not completely fulfilled its purpose - providing opportunities for professional training and gaining suitable work experience within their line of work/occupation. Approximately 1/6 of users were dissatisfied with the usefulness of participation in the measure for their professional development. Within the qualitative segment of the research, experiences of this group of users were especially distinctive, and we described them with the term *institutionalized unpleasantness*, which manifests itself in the fact that a part of the users found themselves in positions where they predominantly performed routine, professionally simple, intellectually undemanding jobs, or administrative jobs of lower complexity degree. Working in those kinds of jobs, users often introduce an innovation in the work process itself or in the organization process, or they somehow improve it, or they relay their knowledge and skills to the work force which happens to be there. In other words, users create an additional process or organization value, or transfer a part of their cultural capital into the organization in which they were hired through professional training for workers. Such negative experience more often occurred with users who received professional training in government administration bodies, or bodies of local/regional self-government, and users who received professional training in non-profit organizations. During professional training, approximately half of users have had a negative experience on at least one out of seven indicators of the measure’s efficacy regarding the professional training of users. However, approximately half of them have had a negative experience on only one out of seven indicators, while approximately 1/4 of the total sample have had a negative experience on two out of seven indicators. Approximately 1/10 users have had a somewhat more intense negative experience, which means they have had a negative experience on three or more indicators. Even this criterion demonstrates that users who received professional training in government administration bodies or local/regional self-government bodies and non-profit organizations have had negative experiences more often than not. Therefore, we can overall conclude that for approximately 3/4 of users this measure had mostly achieved its purpose – professional training, while that goal had not been achieved for approximately 1/6 of users. For achieving this measure’s main purpose, CES should pay more attention to the implementation control of the measure within the government administration bodies and local/regional self-government and in non-profit organizations, since these are the types of employers with whom the fundamental purpose of the measure is, on average, more often not achieved. It would be wise to also consider tightening up the request approval procedure for organizations which fall within the two mentioned categories.

As it was previously mentioned, the main goal of this measure is not securing employment for users immediately after this measure expires, as with employment measures, but it definitely includes raising medium-term employability of users through equalizing their position on the labour market with those unemployed persons who have previous work experience within their line of work, that is, those who satisfy formal criteria for employment on certain positions for which a state final or a licensing exam is required. This is exactly why the use of quasi-experimental method of impact assessment for this measure is a sensible and useful procedure in evaluating its results. As mentioned earlier, when applying this method for this measure, special consideration was given to comparing effects between users who have entered the measure according to Labour Act, because their professions require taking specific licensing exams or state finals, and users who have entered the measure according to the provisions under EPA, whose professions normally don’t require such a prerequisite.

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2 Indicators of negative experience: that the user had a pro-forma mentor, that the user was dissatisfied with the mentor, that the user performed mainly menial jobs, that the user mainly didn’t perform jobs within his line of work, that the user believes that for him professional training was a waste of time, that the job was unimportant for gaining necessary or new professional experience and that the user believes that the measure benefited only the employer.
By observing all users of this measure, regardless of year and the criteria for entering the measure, the net effect is at about 16 percentage-points 12 months upon exiting the measure, that is, observing relatively, measure participation had increased employment probability of users for about 1/3, 12 months after leaving the measure. With the users who have entered the measure under EPA, quasi-experimental method of microeconomic impact assessment under this measure gives comparatively positive results. A statistically significant positive net effect of approximately 20 percentage-points had been determined, without significant oscillations with the passage of time, after leaving the measure. As the graph shows, the user employment rate under this measure, 6 months upon exit is approximately 62% and it grows to 69% 12 months after leaving the measure, while at the same time, the employment rate in the control group is at 41%, that is, 47%. Therefore, for those users who entered the measure under EPA participating in this measure increases the medium-term employment probability for approximately 40% in contrast with the comparable group of unemployed persons not participating in this measure. The impact with users who entered the measure under Labour Act is slightly smaller than with users who entered the measure under EPA, and the net effect is approximately 15 percentage-points 12 months after exiting the measure, and this result remains stable on a similar level even 24 months after leaving the measure (if those who entered the measure during 2010 and 2011 are observed). Approximately 43% of this measure's users, who had entered the measure under Labour Act, were employed six months upon exiting the measure, while that percentage rises to approximately 57% 12 months upon leaving the measure, while relevant indicators for the control group are 36%, that is, 42%. Therefore, participating in this measure increases the probability of employment for the person 12 months after leaving the measure for approximately 1/3. As can be seen from Figure 1 the effect is smaller immediately upon leaving the measure and then it increases until the first year has passed after leaving the measure after which it stabilizes. For this subgroup the mentioned pattern is understandable considering the fact that it normally concerns regulated professions/occupations which require taking a suitable licensing exam/state finals to equally compete for available positions, and this in turn requires a certain amount of time after leaving the measure, during which all formal prerequisites for taking the exam have been fulfilled (work experience in the line of work). In comparison with users who entered the measure under the provisions of Labour Act, somewhat greater effect of the measure on the users who entered it under EPA stays even after taking into account the users who entered the measure under Labour Act after May 2012. The mentioned difference can be explained by characteristics of the labour market to which the users aspire, considering the criterion of entry. The users who enter the measure under Labour Act are predominantly professionally trained for occupations and jobs in the public sector (government administration, local/regional self-government, public institutions in health, education and social service), where opening new positions in the last couple of years had been restricted. On the other hand, users who entered the measure under EPA, are a more heterogeneous group and as a population compete for a wider range of positions, out of which a significant portion lies in the private sector or activities in which there are no administrative restrictions on opening new positions. Summarily, we can conclude that this measure achieves a significant positive effect on user employment probability for those who entered this measure, and especially for users who entered the measure under EPA, which confirms that expanding this measure to the new group of users was an efficient decision.
Figure 2. Overview of percentage of employed in time periods after leaving the measure in the group of participants and non-participants in the measure – Professional training without employment, for all years, overall data

Table 6.2 – Net effect of measure on measure’s users regarding employment status, as per analytical models

<table>
<thead>
<tr>
<th>Months after measure’s end</th>
<th>Net effect of measure (employment) – Labour Act till May 2012</th>
<th>Net effect of measure (employment) – Labour Act after May 2012</th>
<th>Net effect of measure (employment) – EPA</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>5%</td>
<td>8%</td>
<td>21%</td>
</tr>
<tr>
<td>12</td>
<td>12%</td>
<td>16%</td>
<td>22%</td>
</tr>
<tr>
<td>18</td>
<td>13%</td>
<td>14%</td>
<td>19%</td>
</tr>
<tr>
<td>24</td>
<td>13%</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Considering the increase in user numbers under this measure during (2012 and 2013) and after the reference period of this evaluation, we believe that the question of this measure’s targeting is becoming irrelevant. If the majority of unemployed individuals from the wider defined category were given an opportunity to enter the measure, then the evaluation of the measure’s targeting becomes unnecessary. However, these questions have also been dealt with within the evaluation. The results of our analysis point to a conclusion that the range of the "dead weight" phenomenon, which implies that the measure includes people who would gain opportunity for employment even if they weren’t users of the measure, is between 1/4 of users who believe that they would gain employment with an employer even without the measure, and approximately three percent, if we take into account only those who received professional training in the private sector and who meet all the requirements to be characterized as dead weight. Since most of the users of this measure were professionally trained in the public sector, and most of them normally don’t have an alternative for professional training outside the public sector (e.g. all users within education professions, healthcare and social services, etc.), we believe that, for this measure, the "dead weight" phenomenon would be more appropriate to discuss primarily within the context of those who received professional training in the private sector. If we stick to this criterion, then the dead weight assessment ranges from 2,5%, with more restrictive criteria for meeting more prerequisites, to 9%, if guided by the most lenient criterion that the users themselves had claimed that they would probably gain employment/professional training even without their participation in the measure. Dead weight for those receiving training in the private sector would range between 13% and 44%.
The second important phenomenon for the evaluation of the user selection process, is the "cream skimming" phenomenon, which assumes that those unemployed people from the measure's target group who are more employable enter the measure more early (the "cream" of unemployed people from the target group). According to available indicators, we can conclude that approximately 1/4 of users covered by this research could be considered as the "cream" in terms of employability, considering that they have met two or more criteria defined as possible indicators of "cream skimming". This data suggests that, up to a certain percentage, the phenomenon does exist, but its importance for the evaluation of this measure had been significantly reduced after the increase of this measure's coverage, by the end of the reference period of this evaluation (in 2013), considering that the coverage had significantly increased and that this measure covered a high percentage of unemployed people from the target group (even after it had been expanded in May 2013). Since the coverage of this measure continued to expand even after 2013, we believe that "cream skimming" phenomenon does not belong within the primary problem under this measure. Also, another reason why this phenomenon is not the WT problem, is that the goal of this measure is gaining practical knowledge and skills which are not acquired in formal education.

However, the high coverage of this measure suggests the existence of another negative effect of this measure, the phenomenon of pushing out other forms of entering the labour market after finishing education, that is, other forms of internship. Approximately 80% of users who were interviewed in this research mentioned that entering this measure was the only way to gain any kind of employment, that is, gain work experience. This finding concurs with the findings of qualitative research which indicated that only users have an impression that it's almost impossible to enter the labour market in any other way except through this measure. The methodology of this analysis does not allow any firm conclusions in this sense, but it nevertheless suggests that on a macro scale this could be a negative effect of some sort. Unwelcome consequences of pushing out other types of internship, which would include entering a contract of employment, which also ensures a more appropriate salary, can manifest in creating unequal terms for approaching the labour market, considering the socio-economic background and the background of young unemployed people. WT as a measure, considering the fee, is appropriate for and acceptable to those unemployed individuals who can rely on financial and material support from members of their family, most often their parents, whether they continue to live with them in the same household or they receive from them material-financial aid during their professional training. The research of Dora Levačić (see Levačić, 2015) has demonstrated that a significant number of users during their participation in this measure needed significant material-financial aid from others and it has confirmed the findings under this evaluation that most of the users have stayed living with their parents during their participation in the measure. Therefore, from a financial perspective, those young unemployed people who live in the same place of residence as their parents and those whose parents (or spouses) have enough funds to cover the users' costs of living can afford to enter this measure. Those unemployed people who don't have the privilege of such support from their relatives, shall not be able to afford entering this measure, and shall have to search for positions outside their line of work/occupation, which aggravates their return in their line of work/occupation in the long run, considering that a large number of their colleagues had gone through WT in the meantime, and are thus more competitive for gaining appropriate positions.

The negative feeling of "being used" experienced by some users, which came to light in the qualitative segment of the research, is a specific negative occurrence with a wide range of unemployed people, especially in government administration bodies and local/regional self-government. Various components of this evaluation clearly indicate that in individual bodies of government administration and local/regional self-government, but also in some public institutions, there is an established practice of regular rotation of a larger number of users through this measure. One "generation" of users is being replaced by another, which results in these users experiencing the mentioned feeling of "being used" because they realize that the chances for gaining employment in this body/institution after the measure's expiry are slim. In a way, this practice creates a structural dependence of individual bodies/institutions on this measure, who, it seems, could not perform regular work without this measure's support. This leads to the hypothesis that in certain cases
this measure in this extent and with the possibility of constant user rotation is actually “eating away” regular work positions in the public sector.

Where the employers and their experiences are concerned, it must be pointed out that a great majority of them are extremely satisfied with this measure, with its design as well as its implementation. Only six employers believe that employers have no use for this measure, and employers from all categories predominantly believe that this measure is especially useful for employers like them. Main advantages for the employers, which arise from this measure, are above all connected to the work force increase in a given period and the possibility of prolongation of the trial period, so as to reduce the risk of wrong choice of future employees. Qualitative research among employers has demonstrated that employers find this measure useful because it enables them to train potential employees during the measure, and to prepare them for potential permanent employment after the measure’s expiry. Further positive effect for employers, but also for the overall economic system, is the effect which we call upwards moving knowledge transfer. This effect is stressed by employers and users alike. Accordingly, employers are predominantly satisfied with the quality of people and their work contribution, which results in the fact that only a smaller number of employers were forced to terminate the agreement before the end of the training due to their dissatisfaction with the quality and work performance of people professionally trained. Approximately 1/3 of employers believe that they have achieved significant financial economies through this measure, however this type of benefit more often happens to micro-employers, which is important for achieving sustainability of small and new companies. Significant financial economies as the benefit under this measure is more often mentioned by employers from private and non-profit sector. This measure was not perceived by the employers as the one which helped them to overcome the economic crisis, but this is understandable since it was not its goal and purpose. Participation in this measure is also experienced by employers as a part of their socially responsible business activity. The employers’ suggestions for improving this measure are primarily concerned with its design, in terms of user fee increase, the prolonging of the training duration or elimination of restrictions for the number of people able to enter the training. The suggestions are concerned with implementation only to a smaller degree, primarily in terms of shortening the request approval deadlines.

The Employment Service staff have an extremely positive attitude about this measure because it enables young people to enter the labour market fairly quickly after finishing their education, and to gradually acquire knowledge and experience which will make finding a position easier for them. The CES staff consider this measure as especially useful for people with finished secondary education who have to take a licensing exam. Also, for specific craftsman occupations the measure is considered extremely useful since it trains this category of users for “real work” which is useful regarding their possibilities to start their own business after the measure, but the number of users in this group is very small. That is why, in a sense, the measure is regarded as an indirect promoter of the development of small entrepreneurship. It is important to note that the Employment Service staff, who have participated in the research, mainly welcomed changes that came into force after May 2012. They believe that there are areas within this measure which could be improved, especially by introducing different levels of fees for different degrees of education; the possibility of prolonging the professional training for those occupations which have a prerequisite of having over a year long work history before taking the licensing exam. Regarding problems in implementation, the staff’s experience confirms the findings of this research according to which it would be useful to check more often whether those employers, who take more users through the measure, really do have enough capacity to provide quality mentorship for the users.
6.5. Employment Incentives

Employment incentives as an ALMP measure are granted to employers if the employment with an incentive leads to net increase in the number of employed compared to the average number of employed within the last 12 months, to employers who haven't had an employment increase in the last 12 months, but who justly fill vacant positions by employing with an incentive, and to employers who don't have employees or who work less than 12 months with only one worker, with a condition that they had employed at least one person within the last 6 months. The main focus of the research was on employment incentives for young people, the long-term unemployed ones, people over 50 years of age, and people with disabilities. Apart from the mentioned target groups, there is a string of other target groups which are, according to criteria of lower employability or vulnerability, implemented within the employment incentive measure: veterans, people of Romany ethnicity, substitute workers, job sharing individuals, workers in tourism, workers after professional training, etc.

Generally speaking, the employment incentives are a measure with two-sided effects.

On the one hand, it’s a measure which gives fairly good results.

From the employers' perspective, it is a fairly attractive measure. Three quarters of interviewed employers didn't agree with the statement that "employers don't benefit from this measure", that is, only 3% of employers agreed with this statement. Half of employers believe that the measure had influence on alleviating the unemployment problem in Croatia. The Employers saw the main motive for utilizing the employment incentives in money economies (because "each Kuna means a lot to them" listed by 66% of them), but the second among the 2 most frequent motives was at the same time pretty drab – taking the funds and utilizing the measure "because it’s on offer" also listed by approximately 66% of employers. Two thirds say they utilized this measure to employ the work force needed to respond to increased demands of the labour market. Also, a bit more than a third of employers believe that without utilizing the measure, they wouldn’t be able to employ and secure the needed work force, which is more noticeable with sole proprietors and micro-employers, than with companies and larger employers. Almost half of employers state that utilizing the measure was necessary to achieve positive financial results in their business activities, although this opinion is more noticeable with employers with less than 10 employees. Furthermore, over 2/3 of employers believe that by utilizing the measure they were able to invest the savings in other business aspects and development, new employments or education, which points to an important influence of the measure on the employer's development and his further progress. Also, employers with less than 10 employees more often believe that with the measure's help they have managed to overcome a crisis in business activities. The results therefore indicate positive financial effects of this measure on employers, and especially on micro-employers and sole-proprietors, since the measure provides them the opportunity to employ needed or necessary work force with lesser costs.

Another important effect of this measure from the employers' perspective is utilizing the measure as a mechanism of potential selection of candidates for long-term employment or a measure of a trial period of some sort, that is, the increase of overall quality of the human capital of the organization. Almost half of interviewees believe that the measure was an important tool for reviewing employee abilities and suitability, through a "trial period" of some sort, lasting one year from the measure's commencement. A very important positive result is connected to the observation of 40% of employers who believe that some of the employees employed owing to the measure are very important for their current business. The data which states that only one third of employers didn't keep the people they employed through the measure, supports, to an extent, the utilization of the measure for long-term employment, especially since only a quarter of employed individuals from that number were dismissed on account of the employers' decision, whereas two thirds of them left by themselves. With companies it was more noticeable that employed people left by themselves (76%), while with sole-proprietorships dismissals were more noticeable on account of lack of financial capabilities to retain the worker (34%) and decrease in the business volume (21%). It is important to note that with employers who decided to retain the individuals, more than three quarters of them have kept the same number of workers they had while entering the measure.
The third important dimension of positive outcomes emphasized in the employers' survey, but which are primarily significant to the users, relates to the contribution to common social goals. Half of employers believe that by utilizing this measure they have done "something useful for the benefit of the community" and this does not vary considering the employers' characteristics. One third of the employers believe that the measure's greatest benefit is that some vulnerable groups of unemployed people were employed owing to it, and they were thus given the opportunity to work. Medium-sized and large-sized employers agree with this significantly more than micro-employers. It is evident that employers see a part of their overall socially responsible business activity in the utilization of this measure.

Regarding the unemployed individuals who entered the measure, from their perspective the measure also generates a string of positive effects. If we begin with the working conditions during the measure, the research results demonstrate high satisfaction with them, that is, as much as 78% of users stated that they were mostly or fully satisfied with the work they performed, and 73% of them have stated that they were satisfied with the atmosphere and human relations, working hours and respectful relationship they had with their employers. The fact that in most cases the users of this measure performed jobs within their line of work surely contributed to their satisfaction. Thus 88% of them stated that they performed professional jobs, of which 47% mainly or most of the time. Additional 67% of the measure's users state that they never performed jobs that had not been stipulated in the description of the position, and 94% of them that their employer didn't treat them differently than employees who were not employed under this measure. More than half (57%) of them were satisfied with the salary, and 47% of them with opportunities for improvement and additional education.

Observing the groups under this measure on the whole, according to the survey research results, 70% of this measure's users have remained with the same employer for at least some time, after the measure's expiry. Approximately 74% of the measure's users has a job for which they receive a salary or a fee even today, of which 45% with the same employer who employed them during the measure, while 29% has a different job. Approximately 1/4 of users within the reference period of this evaluation is out of work today, which is less than in other measures of a larger scope. Amongst those who remained employed with the same employer upon the measure's expiry, but who don't work today, in 63% of cases they had the same salary as during the measure, and 16% even higher than before.

PSM analysis confirms the findings of the poll research, and within this analysis users of three fundamental target subgroups of the measure were analyzed separately: young people without work experience, long-term unemployed and people over 50 years of age, and the measure's effectiveness is demonstrated separately for each analytical model.

The effect of employment incentives for the target group of young people without work experience is as high as 41 percentage-points which means that the participants in the measure have twice as high a chance to be employed compared to non-participants for six months after entering the measure, but it decreases with time as non-participants of the control group gradually find employment. In the 18th month after leaving the measure it decreases by 10 percentage-points, to 31 percentage-points. For approximately one year and a half after users leave the measure they still have 2/3 of a greater probability to be employed than similar non-participants. Considering the target group of the measure the decrease in the net effect is not as surprising, while the percentage of young employed people without work experience between 6 and 24 (in the long-term model - where it again comes to 78%) months after leaving the measure, unlike other target groups, practically doesn't change. This result suggests that a very high proportion of participants in the measure from this target group remains employed with the same employer in the long-term after leaving the measure.

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3 By comparison, 30% of PTW users didn't have a paying job in the moment of research. Where public works are concerned, approximately 80% of this measure's users in the reference period of evaluation don't have a job today.
With employment incentives for continuously unemployed the measure’s effect is, on the level of the overall model, more stable through a year and a half than the effect on young people without work experience. Still, in the long-term model, it also decreases by 10% two years after the measure. The inertia of the control group which in the evaluating period had continuously inferior indicators regarding employment contributed to the stability of the effect. The net medium-term effect one year to year and a half remains 37 percentage-points while in the long term model it drops to 33 percentage-points when a mild growth of control group employment occurs (34%). Therefore, the participants in the measure of this target group have more than twice as high a chance to be employed even after 18 months after exiting the measure.

The impact of employment incentives for people over 50 years of age through the evaluated period has the effect ranging between 42 and 37 percentage-points. For this target group the measure’s effect can be assessed on a wider scale as well, in terms of remaining on the labour market, either employed or unemployed, so as to prevent their succumbing to passivity or early retirement. The results demonstrate that the measure achieved an effect even under this criterion because approximately 17 percentage-points of the participants in the measure stayed active on the labour market than comparable non-participants, that is the quasi-experimental analysis demonstrates that the portion of those who didn’t remain on the labour market in the comparable group of unemployed people who didn’t participate in this measure was 64%, while the portion of users of
the measure active on the labour market, one year to year and a half after exiting the measure, was 81%. At the furthest
covered point in time in the long-term model (24 months after leaving the measure), the measure participants' stay on
the labour market remains at a very high 78% for this target group. We can therefore conclude that, despite the fact
that in the long-term slightly more than half of participants in the measure didn't remain employed, there was no
exodus from the labour market (in the form of retirement) among the (co)funded individuals.

Figure 4. Overview of percentage of employed in time periods after exiting the measure in the group of participants and non-
participants in the measure – Employment incentives – people over 50 years of age, for all years

Regarding the effect of the measure as a decreased risk of unemployment in comparison to the control group (where
the net effect of the measure is expressed by the percentage difference of the unemployed among the groups), the
results of this evaluation are complementary to the effect registered in a previous assessment of ALMP measures by
using the matching technique according to affinity (Matković, Babić, Vuga, 2012). And so, in this analysis the decreased
risk of unemployment in the group of young people without work experience ranges from 22% to 16% (year and a half
after exiting the measure), while thusly defined effect for long-term unemployed ranges from 28% to 23% and for
people over 50 years of age from 25% to 20%. In conclusion, the size and direction of the given effect are very close to
the findings of the previous evaluation.

The results from the PSM analysis give great hope regarding the accomplishment of this measure’s goals, so at this point
it is necessary to stress „the other side of the coin”. Apart from giving good results, this is a measure which generates
great dead weight, that is, a part of this measure’s success which is impossible to ignore, can be explained by the
phenomenon of dead weight. It is primarily evident in a large portion of users who claim that the employer was about
to employ them for that position even before the official announcement for vacancy by CES, and who knew the
employer from before and for whom the counselor from the Employment Service didn’t play any role in informing them
about this position. According to these criteria, dead weight amounts to 17%. It is highest with people over 50 years of
age (21%), and young people without experience (22%) while with the long-term unemployed it is at 12%. Another 3,5%
should be added, for those who used the measure in such a way that they gained employment with the employer by
asking him to employ them since they were entitled to the measure, even though, as they claim, the employer didn’t
plan to employ them at all. More often it involved people over 50 years old, and the findings from the qualitative
research supplement this finding with examples of people who have used the measure in this way to bypass the
necessary work history until retirement (these types of motives indicate that such situations are not necessarily
considered dead weight, even though they are not a primary goal of the measure). Additional validation of the dead
weight indication is represented in the internal data of the Employment Service which shows that 50% of people who
didn’t get the approval for the employment incentive were nevertheless employed for the employer requesting it.

Existing differences in the amount of the net effect itself and the overall proportion of unemployed among the participants
in the measure are explained by the use of varying data while registering the participants' status (in the mentioned evaluation,
exclusively the data from CES records were used).
Another important problem of this measure is that the design of the measure leaves possibilities for specific misuse, which are not that widely spread, but still throw a bad light on the measure among the users. One of such specific misapplications is the so called “forced division of funds”. The misuse refers to forcing the employee to split the money disbursed by the Employment Service with the employer. In other words, the employer conditions the employment by dividing the salary. Even though it is not quantitatively wide spread (1% of users when asked about the salary amount described this situation), we feel that this kind of misuse represents a serious deviation in the measure utilization and it should be taken into account. It is important to note that 18% of users of the measure, when asked whether the employer disbursed them with the stipulated amount, stated that they do not know the amount which the employer arranged with CES. There are indications that these types of situation occur if the prescribed minimum wage by the Employment Service is too high or too low for a specific business sector and leads to problematic relationships within the company if the workers receiving the incentive have greater salary than other workers, only because they were employed with incentive so a minimum amount is guaranteed to them, and it is greater than the salary given to other workers. In this context, it is important to note that almost 40% of employers believe that it isn’t necessary to prescribe the minimum amount of salary for people employed through the measure.

Furthermore, the negativities such as disrespectful conduct by the employer should be mentioned, as perceived by the employees, related to arbitrary reduction of salary after the measure’s expiration. In other words, several participants in the qualitative research have claimed that they had been blackmailed by the employers to accept lesser pay than the one they had during the measure, if they were to remain employed after the measure, which was confirmed in the quantitative research by 1/5 of those who stayed working with the employer for some time after the measure, and who had lower salary in that period than during the measure.

The CES staff believe that the employment incentives improved considering the period before 2010 because of subsidizing 50% of the gross salary, which led to the increase in this measure’s utilization. Nevertheless, the staff believe that WT had pushed aside the utilization of the incentives for employing young people because through WT more and more young people are employed who could else gain employment through the employment incentive measure, and it can be said that some sort of cannibalization occurred on the part of WT. It is more cost effective for the employer to take on someone through WT, since they are "gratis" in comparison to the employment incentive which goes 50%-50%. This eliminates a portion of potential users of the measure for the benefit of WT. On the other hand, using the employment incentive after WT affects the additional stabilization of the employee, but also the employer.

6.6. Start-up Incentives

Start-up incentives for unemployed individuals are intended for people who show interest in self-employment, and at the same time they are provided with professional help from the Employment Service where they can also receive all relevant information on activities connected to the realization of the entrepreneurial idea. CES grants start-up incentives in the amount of 50% of annual cost of work for the individual starting their own business. By the end of 2013 significant changes were introduced in the conditions for entering the mentioned measure where the most important one was removing the condition for the length of registration with the unemployment records, as well as the restriction on activities and jobs for which individuals could register a business and employ themselves. In 2013, the distinguishing of candidates according to their occupation and their qualification had been revoked, and as a condition a completed Business plan was introduced. The Employment Service introduces counselors for self-employment as professional help and support for individuals on their way to entrepreneurship so that they could develop and realize their entrepreneurial idea, and it ensures the support of other participants dealing with entrepreneurship.

According to the research-gathered data, the majority of users of the start-up incentives (67%) in the reference period (2010 - 2013) have entered the measure in 2013. One year earlier, in 2012, the incentives were requested by 19% of users, in 2011 10%, while in 2010 the incentives were requested by 4% of users. Therefore, the majority of users of the start-up incentives in the analyzed period is comprised of individuals who began using the incentives in 2013. In the moment they submitted their request for self-employment, 19% of them were registered for more than two years in the CES records as unemployed individuals. The same number of them were unemployed between one and two years, 17%
between six months and one year. 15% of them were registered in the Employment Service records for less than one month, and 18% between one and three months. The majority of users of this measure in the period of 2010 – 2013 were male, a bit more than 60%, while women were represented with approximately 40%. In terms of age structure of the users of this measure, middle-aged individuals were predominant (between 30 and 50 years of age) who make up more than half of all users of the measures in the reference period (59%). 27% of users of the start-up incentives were under 30 years of age. The fewest were those over 50 years of age – 14%. The largest number (72%) of users of the start-up measures in the period of 2010 – 2013 have finished high school, 24% of them have finished university or post-secondary school, and 4% elementary school. As many as 53% of users of this measure live in households which are extremely materially deprived.

There are three typical ways in which the users of the start-up incentives perceive this measure of active employment policy. First, they perceive it as a support which the state offers to individuals who wish to be entrepreneurs. Second, the measure was perceived by the users as the “starting point” which enables settling some basic costs in the first period of business activity. Therefore, it is perceived as a means which provides opportunity for realizing an entrepreneurial idea. Third, due to the fact that the funds granted are not large, most of the users connect the measure with the measure intended exclusively for small entrepreneurs.

Also, the majority of users of the start-up incentive in the period of 2010 – 2013 had some work experience - for 91% of interviewees the job they founded based on the start-up incentive, wasn't the first paid job in their life. Among them, the largest number (74%) had worked on jobs under contracts of employment or fixed-term contracts (55%). 24% of them had worked under contracts of service, and 17% under their own student contracts.

Even though the willingness or intention to commence legal private entrepreneurial activities can be marked as the general motive for using the start-up incentive, behind this general motive the research found three specific motives for using the incentives. The first specific motive is self-employment, and it implies using the funds granted through incentives in order to start their own entrepreneurial activities. The second motive could be described as accomplishing the entrepreneurial idea / legalization of work. This motive implies using business experience in the line of work, using familiarity with a specific market or legalization of activities the incentive users performed unreported. Therefore, this means that a portion of the research participants believed that they could solve their unemployed status in the long run through a specific business idea for which they assumed had market potential, or they wished to start “privately” doing the job for which they had previous experience, i.e. which they previously performed for an employer or they have “set the ground” in some other way for a job they planned to do. The third motive concerns the activation, i.e. it describes the motivation for using the incentive as a fund for business and life activation, i.e. as the only remaining means to leave unemployment. This motive actually implies using the incentives for the purpose of self-employment out of necessity. It is typical for individuals who spent a long time with the Employment Service, and who, during a longer period, actively searched for work but couldn’t find any.

Results from qualitative and quantitative research indicate, that, in a way, a significant prerequisite for successful utilization of the start-up funds is connected with having one's own financial means. Specifically, those users of the measure who had additional financial resources, had a greater chance for survival of the business which they started through incentives, i.e. the additional financial means represent a significant guarantee for a successful result in using start-up incentives. In this context, it’s important to note one significant reflection of the research participants regarding the measure itself. It concerns the fact that a large number of "successful" users of the measure have stated in the research that this active employment policy measure is inappropriate for the "average" unemployed individual, i.e. that the successful outcome of the measure demands that the users of the start-up incentives have certain qualities. These qualities were apostrophized as a string of specific personal qualities such as "responsibility", "organization", "diligence", but also "market experience", "market or line of work familiarity". In other words, among the successful users of the measure there is an awareness of the need that users should possess a certain string of values or professional traits necessary for the successful utilization of the measure, i.e. that the measure itself is no warranty for business success but an "initial cap" / a "nudge" which enables the initial acceleration of the entrepreneurial idea, but does not represent a warranty of its success.

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The largest number of interviewees (32%) believed that without receiving the incentive they surely would not start a business, 21% of them believed that the incentive was a significant support in starting their business, and 22% believe it was fairly helpful. Specifically, apart from 7% of the interviewees who believed that the incentive didn’t help them at all or helped them only a little in starting their business, for other users the incentives could be nominated as a, more or less, significant mechanism necessary for starting one’s own business. This is especially important because as much as 95% of incentive users interviewed did not use any other form of state incentives/crediting during the utilization of the start-up incentive.

Unlike other analyzed active employment policy measures which can result in a wide spread of various effects (e.g. various socio-psychological effects), the effect of the start-up incentive measures can exclusively be evaluated based on the criterion whether the user successfully continued his business activities even after the measure had expired. In the conducted research, a major number of criteria which indicated the outcome of business activities after the measure had expired was analyzed. As the first, most general, indicator, a question was used on whether the measure’s users would, if they could return to the time they first decided to use the measure, again submit a request to CES to be granted the start-up incentive. 80% of them would do it again. A poll question was used as the second indicator for the success of the measure’s result, on whether the users had continued, at least for some time, with independent business activity of their business entity after the measure had expired, and to what extent. Most of them (39%) continued their business with the same amount of work after the measure had expired, 35% continued with increased amount of work, while 14% continued with decreased amount of work. Slightly less of them (8%) had closed their business and are currently in the process of liquidation. Therefore, three quarters of interviewees (74%) have continued their business with the same or increased amount of work after the measure had expired. This data speaks of a relatively high rate of short-term (at least for some time after the measure had expired) survival of business entities founded through incentives after the end of their use. The third important indicator of the success of the measure’s result is related to whether the business entity which the incentive users started is still active. This indicator also demonstrates that the start-up incentive resulted in an acceptable success. Specifically, in 76% of cases the business entity was still active and owned by the founder, in 3% it wasn’t owned by the founder. In the group of still active users, the predominant ones are those who consider their current business situation to be mediocre or good, and there are slightly more of those who consider it to be very good and excellent as compared to those who consider it to be bad or very bad.

Therefore, the research collected data show that the start-up incentive, which had been utilized by the majority of interviewees within the reference period, was used purposefully: the majority of them (74%) have continued with the same or increased amount of work after the measure expired. In 79% of cases the business entity is still active (in 76% of cases it’s owned by the founder, in 3% it isn’t owned by the founder). In the group of still active users, the predominant ones are those who consider their current business situation to be mediocre or good, and there are slightly more of those who consider it to be very good and excellent as compared to those who consider it to be bad or very bad.

Even though the mentioned data leaves the impression of measure’s efficiency, it’s important to point out the problems as well, and one of the basic ones is vaguely defined measure targeting. It’s not perfectly clear for whom the measure is intended, i.e. a possible problem is observed in which the measure is becoming a means to finance entrepreneurship, and not a measure of active employment policy. Motives for entering the measure such as realization of a good entrepreneurial idea and the desire to work for oneself both point to that. Furthermore, one third of the measure’s users prior to being granted the incentive had been registered with the Employment Service records less than 3 months, and 45% of them were registered with the Employment Service records for less than 6 months before entering the measure. Also, it is important to point out that one portion of this incentive’s users, one quarter of them, have entered the measure so as to “legalize” the work they already perform or to institutionalize their own hobby. Also, the estimated dead weight is about 20% of users of the measure, and there is that much of those stating they would start their business even without the measure, which only encouraged them further. This data is in accordance with internal
analyses from the Employment Service which show that even 27% of those whose request for the start-up incentive was denied or they cancelled it themselves, had ended up self-employed. Therefore, this measure has a serious incompleteness regarding its basic targeting which begs the question whether it serves as an active employment policy measure or as an entrepreneurship incentive.

As with other analyzed measures, the start-up incentive's effects were also analyzed by using the PSM method. Even though this method demonstrated that the estimated net effect of the start-up measure was very high (it ranges between 46 percentage-points 6 months after exiting the measure, and 38 percentage-points one year to year and a half after leaving the measure)\(^5\) the problem of suitability of using this method for this measure should be apostrophized, and thus it should be cautiously taken into account. The predictive set used in the evaluation doesn't cover perhaps the most important distinction between the groups of participants and non-participants, the decision to venture into independent business, which includes the necessary motivation and the structure of the funds needed to start the business without the Employment Service incentive, which could not be covered by the analysis due to the small coverage of that group.

\[\text{Figure 5 – Overview of percentage of employed in time periods after exiting the measure in the group of participants and non-participants in the measure – Start-up incentive, for all years}\]

\[\text{With all presented indicators for assessing the success of the outcome of the start-up incentive utilization, it is necessary to point out the subjective perception of the change in the standard of living or the quality of life in the case of those incentive users whose business entities were still active and with which the users were still employed. The research-gathered data indicate that a larger number of incentive users whose business entities were still active, rate the current financial situation of their household as better than it had been before they founded their business entity. Therefore, it can be said that the improvement in the general socio-economic situation in the households of the users of the AP measures, and the growth of their standard of living was a direct consequence of their employment.}\]

The main proposition of the research participants regarding the start-up incentive’s improvement is not related to some specific provision of the measure, but primarily on advisory support for the users after they started their business activity. During group discussions and focus groups, the research participants often mentioned the need for different types of advice, consultations and business knowledge which could facilitate the development of their business. A large number of them have mentioned lack of business skills and specific business knowledge as the main hurdle toward a successful commercialization of the business idea with which they went into business. Since they were deficient in this knowledge, they often argued for establishing a certain type of institutional support for their business activity. That type\(^5\) It is important to note, that the net effect refers to employment in the general sense and that it doesn't say whether the participant in the measure continued his independent work with the business entity for which he was granted the right for a wage subsidy

\[^5\text{It is important to note, that the net effect refers to employment in the general sense and that it doesn't say whether the participant in the measure continued his independent work with the business entity for which he was granted the right for a wage subsidy}\]
of institutional support shouldn’t necessarily be under CES, but they suggest that it should be organized on the level of other relevant state institutions. This is exactly where the main area of improvement of the start-up incentives lies. It will be more successfully utilized, i.e. it will have a positive outcome more often, if certain workshops, lectures or courses intended for the users of the measures are organized on the level of other state institutions, and which would aim to familiarize them with business skills and knowledge needed for sustainable business activity in the long run.
6.7 Public works

A public work is a work for the public benefit performed for a limited period and offering co-financing and financing of the employment of unemployed persons from target groups. The public works programme is based on work for the public benefit which is initiated by local communities, civil society organizations and other entities. Public work is always not-for-profit and non-competitive to the existing economy in a given area. The objectives of launching public works are affirmation, social inclusion and mitigation of social consequences of unemployment. Public works programmes encompass the long-term unemployed older people (women over 45 and men over 50 years of age), the long-term unemployed young people who did not continue their education after primary school or who have not completed secondary education and are therefore without an occupation, the long-term unemployed recipients of unemployment benefit, beneficiaries under the Social Welfare Act, women victims of violence, victims of trafficking, asylum seekers, rehabilitated addicts, former prisoners and parents with four or more underage children.

Public works have a very specific role in active labour market policy measures and should be evaluated and observed primarily from that perspective. This specific role is twofold. First of all, their task is to "create" jobs that would probably not have been created without one of these measures, and to secure funds for the implementation of the measure. Of course, these are specific jobs which, as a rule, are not long-lasting and sustainable, but their implementation achieves goals and effects that primarily benefit the society, in other words, the emphasis is primarily on the work for the public benefit. These jobs are intended for the most vulnerable group of the unemployed, i.e. the long-term unemployed and hard-to-employ. Without creating such jobs these people would probably not be given an opportunity to gain work experience in the regular labour market, but primarily for earning some income. Another specific feature of these measures is that they are used to increase and maintain a certain level of activation of those unemployed who are long-term unemployed, that is, who have not worked for a prolonged period. Increasing and maintaining the activation of this group is very important - the longer the unemployed remain unemployed, the more their self-confidence and motivation to seek work decrease, but work as well, and most importantly, their specific and generic skills, including work habits, necessary for effective performance at work should they finding adequate employment. This measure helps the long-term unemployed and the hard-to-employ to maintain a certain level of self-confidence, motivation and skills, until the situation on the general labour market does not change in the direction of creating job opportunities for them as well.

If we assume the main purpose of these measures is to activate the long-term unemployed, the results of this study show it has mostly successfully fulfilled this purpose. The results show that participants in this measure during the reference period were primarily people who were not particularly active in the labour market before entering the measure, especially when compared with participants in other measures. Over 60% of participants in this measure showed a low intensity of job search before entering the measure, indicating their demotivation. Compared to participants in other measures, most participants of this measure are relatively passive in terms of the intensity of job search and "conservative" in terms of job-search methods. Unlike participants in other measures, e.g. workplace training without employment, participants in this measure use far less channels to obtain information about job offers and use "traditional" channels, primarily related to job offers through CES. The level of passivity of these participants is best illustrated by the fact that their most important channel of information on job offers is their employment counsellor at CES. Compared with participants in other measures, these participants stand out both in terms of past activity in the labour market and with regard to paid work in the month preceding the entrance into the measure, in that only four percent of them had certain income in that month. All this suggests that this measure was well designed and implemented from this perspective.

Furthermore, participants’ motivation to enter into this measure is another indicator of how well targeted this measure is in terms of participants’ profiles. In fact, the vast majority of participants in this measure stated motives related to activation as their motives for entering into the measure. These are, at the same time, the elements of the measure with which participants are the most satisfied after leaving the measure, because they were given a chance to be included in the labour market and to “get out of the house”. One of the typical associative blocks detected in the study emphasizes the social impact of public works, that is, the fact that for most participants public works represent a
new life routine marked by "getting out of the house" and more intensive communication with other people. This is a significant transformation of their everyday life and the majority of respondents regard it as a positive life change and an aspect of life fulfillment. Participants in public works stated, inter alia, that their participation is important to them also because it creates a feeling that they are not alone, that the society has not abandoned them, but rather that it cares about them, which had a positive impact on their self-confidence. In terms of social inclusion of the long-term unemployed, public works have achieved considerable success. Socialization benefits from public works are manifested as specific emotional fulfillment. Some participants in the qualitative research emphasized precisely the "positive emotional effect" as the main positive effect of public works participation. It is also linked to the effect of a job well done, i.e. the sense of pride in participating in the works they did, and the effects of that work. In this context it should be noted that nearly ¾ of participants stated the desire to "help their community, i.e. to do something useful" as one of the motives for getting involved in public works, and nearly 90% of them evaluate the work they did as useful. In some cases this was emphasized as important because, in a way, it neutralizes the feeling of shame and embarrassment which occurs in a smaller segment of participants in the measure due to the fact that they do jobs associated with a lower social status and socially less valued, jobs which from the perspective of some participants in public works have a socially stigmatizing, i.e. "humiliating character" for those who participate in them. However, it should be noted that only a small segment of participants has negative associations of this type with public works as only 16% of them indicated that they felt "as social cases" in these jobs, 13% that their work in public work was humiliating, and 12% that their work in this job caused them to feel uneasy.

Both the unemployed and other stakeholders in this process, tend to characterize public works in general as socially stigmatizing for those who participate in them. However, the results of this study suggest that only a minority of participants (1/6 or less) in the measure in the reference period had a feeling of social stigmatization while doing public works. This fact should be kept in mind and should be appropriately communicated to the unemployed who are potential candidates for inclusion in this measure.

Besides the activation of the role, this measure also has a very important financial aspect for participants. One of the most pronounced positive benefits for participants in this measure is income ensured by participation in this measure. Given that participants are people who live in materially deprived households, each cash income is important so participants emphasize the importance of regular income from public works and its importance for guaranteeing a minimum of livelihood security because to many of them public works are the only source of income. About 90% of them say that a public works job enabled them to improve their situation at the time. A total of 83% participants expressed satisfaction with the amount of money they got for the job, and 57% of them are mostly or completely satisfied with that amount.

Participation in public works has only slightly reduced the proportion of households which can barely make ends meet (before entering such a measure their proportion was 47% and today it is 40%). The fact that financial benefits from these measures, along with the activation ones, are very important to participants should, therefore, be taken seriously in any possible revision of its design, but also in its implementation. It should be taken into account that this measure is not only a part of labour market policies, but also of social protection policies. However, there are discrepancies and obstacles to be solved, such as the problem of cost-effectiveness of working, i.e. the fear of losing a variety of social welfare benefits if one find employment through measures such as public works. CES employees have had cases of people registered in the CES’ records as unemployed who refused to participate in public works because they would lose other social welfare benefits to which they were entitled on the basis of unemployment and which were financially more generous than the wage for a public works job.

Another proof that this measure was relatively well targeted and that it accomplishes the goal of activations is the fact that approximately half of the participants who participated in the quantitative research (51%) said they were in a way forced to participate in this measure because of the "threat" of being deleted from the CES records if they refused to participate in the measure of entry into the measure. Moreover, some of the participants in the qualitative research consider public works a "subtle coercion", a measure forcing them to accept the job that was offered, which, in their opinion, is used to "dress up the statistics", i.e. to administratively reduce unemployment. What is important to emphasize is that these participants statistically do not differ significantly by any of the indicators of overall experience and benefits from this measure when compared to participants who did not participate in the measure because of the "threat", i.e. a possible fear of being deleted from the CES register. If they could chose again, a roughly equal
percentage of them would accept participation in the measure; they as often report financial and activation benefits from participation in this measure and state as often that they would like to participate in this measure again if given a chance. The fact that the unemployed who became so passive regarding the labour market that their employment counsellor had to “coerce” them to participate in this measure in the end had as positive experiences and benefits from the measure as those who participated without “coercion” suggests that the measure is properly meeting its goals. In fact, this finding suggests that CES should not refrain from using this kind of “coercion” on the most passive unemployed persons because, judging by these results, it is a good mechanism to activate them. According to the Social Welfare Act, inter alia, recipients of the guaranteed minimum unemployment benefit are obliged to participate in the work for the public benefit, and those who fail to accept the invitation of the local government to participate in public works lose the right to a guaranteed minimum unemployment benefit (Article 39, paragraph 9).

Generally speaking, public works participants did not have high expectations from public works jobs before participating in the measure; on contrary, compared with participants in other evaluated measures, they had the lowest expectations. Therefore, participants generally perceive the measure as “short-term financial assistance”, a certain short-term entry into the world of work, as an opportunity to “get out of the house”, widen a circle of acquaintances and have a more intensive communication with other people, but not as a very good opportunity for a permanent solution of their unemployment. However, some of them (25%) did say they seriously expected to become employed by their employer under that measure. A small number of them was employed by the employer (3%), so such expectations are not completely unrealistic, although they are not necessarily based on the measure design. On the other hand, given that one of the research findings is that public works (along with workplace training without employment) have also substituted regular job offers and are the only way to enter the world of work (91% of respondents stated that they participated in the measure because it was the only way to start working, because they could not find a job otherwise), then expectations of remaining in employment with the employer are understandable.

When it comes to the long-term impact of this measure on enhancing the employability of participants who participated in it during the reference period, it seems to be relatively small. According to evaluation findings - survey results, which have been confirmed in the quasi-experimental (PSM) analysis, approximately ⅕ of participants in this measure in the reference evaluation period now has a job. This share is slightly higher among participants in non-municipal, i.e. social public works, or those whose public works involved working in public services (schools, homes, cultural institutions) - 29% of employed in this group and in associations - 32% of employed. Compared with the control group, the average effect of the measure on employment slightly increases over time; a positive average effect of 4 percentage points was recorded in the period covered between the participants in the measure and the comparable group of the unemployed who did not participate in this measure and whose employment rate was 16%. Comparison with the evaluation of AEP measures, which also used the method of pairing according to preferences (Matkovic, Babic, Vuga, 2012), shows a similar risk of unemployment, which is 5-8 percentage points higher in public works participants than in paired non-participants.

On the other hand, when the primary goal of this measure is considered in the context of public works, i.e. to maintain a certain level of activation of the long-term unemployed, the effect of the measure is slightly higher. Therefore, since the primary goal of this measure is not direct employment but activation of the participant in the labour market, the effect should be considered with regard to registered unemployment, which in the context of public works is considered as a positive outcome, i.e. to remain active. In this context, evaluation findings show that about 80% of those who took part in public works do not have a job today. While about 64% of participants in the measure is unemployed, 16% of participants in the reference evaluation period is no longer active today, that is, they are no longer present in the labour market. Since the quasi-experimental (PSM) analysis shows that 27% of people from the comparable group of the unemployed who did not participate in this measure did not remain in the labour market, we conclude that the measure has an average impact of 11 percentage points when it comes to remaining active. The effect of the measure is only slightly higher in the case of the most vulnerable group of the long-term unemployed, those registered with CES for more than 36 months, in which 12 percentage points more participants in the measure are still active, i.e. they have not left the labour market.

6 Such efforts are an integral part of the previously described workfare policies, in which supporters of public works as a form of workfare list reciprocity as one of the workfare’s strengths, that is, in accordance with the view that welfare benefits are conditioned by an obligation to work, i.e. that mandatory participation in public works is the basis for exercising the right to financial compensation and other benefits during unemployment financed from public sources.
These evaluation findings clearly demonstrate that activation alone is not sufficient for the employment of the most vulnerable long-term unemployed. Without a more dynamic labour market and the creation of appropriate jobs for which this group of the unemployed can compete, it is not realistic to expect that they will become more employable. Thus, activation alone is not the only prerequisite for the employment of the unemployed in this group, it is just an auxiliary element. However, although auxiliary, it is an important element for maintaining sufficient quality of this human capital until enough appropriate jobs open up for them in the labour market. Given that this is a slow process, there is a danger that the long-term unemployed will not be sufficiently capable of taking up these job openings and that there will be a simultaneous shortage of workforce and high unemployment, which is why it is extremely necessary to have in place measures aimed at preserving the work potential of this group of the unemployed.

Following this logic, it should be noted that the possibility and the practice of using this measure by the same person over and over again is commendable, as pointed out by participants themselves. During the evaluation reference period 30% of participants in the measure took part in public works more than once. However, results at the same time indicate a risk of one negative effect, the possibility for participants to use this measure multiple times. The data show that a significant number of participants in this measure want it to last longer so that they could participate in it several times within a shorter time span. One the one hand, this is an indicator of their satisfaction with this measure, but on the other hand it indicates that some of the participants see it as a potential long-term solution for their participation in the labor market. In fact, it seems that for some of the participants taking part in this measure, combined with other activities, would represent an "ideal" life strategy which would enable them to be free part of the year to take care of their "private" business (e.g. working on their farm, caring for the family and dependant family members), but also to have an occasional source of income through participation in this measure. Therefore, it seems that some of the participants tend to see public works as a sort of seasonal job to which they can return every year for a limited period. As this is not and should not be the purpose of this measure, when determining the length of time after which an unemployed person can participate again in public works, care should be given not to allow its "abuse" as a sort of seasonal employment. This corrective is already included in the design of the measure in a way that, although public works jobs are of temporary nature and short in duration, participants are no longer considered as the long-term unemployed, i.e. when the measure ends, returnees to the register of the unemployed are considered unemployed only as of the date they left the measure and not for the length of total days out of work. Participants in this research are dissatisfied with this provision, but it is a necessary corrective which also serves the purpose of wider coverage of the unemployed, otherwise some participants would take part several times at the expense of others. In any case, the measure should retain the possibility of multiple participation with a control mechanism for "abuse", such as, e.g., the so-called "carousel" or "circulation" (cycling), that is, the tendency to abuse public finances by using them only to achieve some other benefit (e.g. financial assistance).
When it comes to the phenomenon of "dead weight", we believe it is not overly applicable to this measure with regard to the profile of the unemployed it is intended for. Any long-term unemployed person or a person over 50 years of age who finds employment with or without the aid of this measure is a socially beneficial achievement. Even if we accept the concept of "dead weight" as applicable to this measure, and if we look at it as including in the measure those the employer would employ anyway, according to the collected data it occurs in a small number of cases. Only a few percents of participants say they previously worked for the employer (2%) or had such contact with the employer that they could expect to be employed even without this measure (4%).

When it comes to the phenomenon of dead weight, we believe it not to be an overly applicable concept for this measure with regard to the profile of the unemployed it is intended for. Any long-term unemployed person or a person over 50 years of age who finds employment with or without the aid of this measure is a socially beneficial achievement. Even if we accept the concept of dead weight as applicable to this measure, and if we look at it as including in the measure those the employer would employ anyway, according to the collected data it occurs in a small number of cases. Only a few percents of participants say they previously worked for the employer (2%) or had such contact with the employer that they could expect to be employed even without this measure (4%).

If we look at this phenomenon from the perspective of the intervention logic, i.e. whether the measure included only those who had problems to make ends meet, research results indicate that such public works participants account for slightly less than a half (47%). However, given the fact that respondents to a survey sometimes try to leave a better impression, this figure can be increased by the 39% of participants who indicated having occasional financial difficulties before participating in public works. Thus we came to the figure of only 13% of participants in public works who lived in households with enough money to meet their expenses, and which we could nominate dead weight.

The phenomenon of "cream skimming" should be mentioned in this context as well, which, in our judgment, could be operationalized in a way to associate it with the participation in the measure by those who in fact do not necessarily need activation since they themselves are active enough in the labour market. If we accept these criteria, then we can conclude that around ⅕ public works participants in the reference period can be classified as the "cream" of the unemployed with regard to their previous level of activity in the labour market. These are, therefore, those who intensively searched for a job in the month prior to participating in public works. In this respect, it seems that the phenomenon of "cream skimming" is more common among participants with a high level of education and those who participate in public works in non-profit organizations; this information may be useful in the future for increasing the targeting of the measure, or for reducing the effects of cream skimming. A something stricter criterion assesses this effect to 10% of participants, if we take into account those who themselves initiated participation in the measure. However, on the other hand, if we do not look at public works exclusively through the prism of just one of its specific objectives, i.e. exclusively through the prism of activation of the long-term unemployed, the phenomenon of "cream skimming" in this measure is harder to detect. The second important specific objective of public works is creation of jobs for achieving goals and effects for the benefit of the society. Given the broadly defined area for public works programs, it is unrealistic to carry out public works for the benefit of the society in some of these areas without involving those employable people who do not necessarily require activation in the labour market. That is, when it comes to social (rather than municipal) public works, one can not expect "cream skimming".

Among the employers who organize such jobs, public works are generally associated with "socially positive and useful work". The employers' expectations from them are not high. What matters to them is that a sufficient number of candidates applies and that among them there is a sufficient number of people willing to work on a continuous basis. Employers are generally aware of the fact that some of the people they employ for public works were not active for a long time and that continued work activity may represent a psychological and physical difficulty to them, and solving this difficulty is a major challenge to employers. This being a specific measure, i.e. these works mostly do not have to achieve particular financial, organizational or personnel benefits, the most important goal of public works as seen by employers is work that is well and correctly done. In addition to the fact that public works generally result in a satisfactory effect, i.e. fulfill the purpose for which they were established, public works organizers also emphasized the moment of coercion as one of their specific positive features. Some of the employers also mentioned the need for a sort of certification and better records keeping of public works participants. This could help to mitigate the effect of unmotivated participants, while employers would have transparent insight into individual characteristics of potential
participants. This would help them find reliable employees, motivated and willing to participate in public works, rather than people who participate in public works because of normative coercion.

However, unlike the unemployed, for whom evaluation findings show that they fulfill the objectives of the measure, when it comes to employers, evaluation findings suggest that employers take a number of approaches which are not, or should not be, part of the intervention logic of the measure. Generally speaking, employers, organizers of public works, are predominantly satisfied with this measure, but a significant number of them have specific suggestions for its improvement. These suggestions are primarily related to changes in the design of the measure in terms of allowing the measure to be used more often, include more participants, run for a longer period and with a higher share of co-funding and be accessible to other groups of employers as well. The employers' satisfaction with this measure is predominantly based on the fact that they, thanks to the measure, at little or no cost dispose of a significant workforce, given the large average number of participants per employer, and of workforce of sufficient quality for jobs intended for them. Direct financial benefit for employers is secondary, although there are groups of employers (public utility companies and non-profit organizations) which also make significant direct financial savings. Slightly more than half of employers (54%) stated seizing an opportunity as their motive: "... we wanted to take advantage of incentives since they were offered." A similar percentage of employers stated saving money as their motive: "The main motive was to save money, every cent makes a difference." Some employers use this measure also to enhance workforce recruitment (⅙ employers), and ⅔ them stated that their motive was to use this measure to "circumvent" the prohibition of new hires at a given time, i.e. this measure was in a way used as a substitute for regular job openings.

Around ⅗ of employers said they made significant cost savings with this measure, and a similar percentage of employers stated that the use of this measure enabled them to invest the money saved into business development, new employment, training etc. A slightly higher percentage, around 40% of surveyed employers, said that the use of this measure was necessary to achieve positive financial effects.

These results suggest that employers are essentially satisfied with the design and implementation of the measure. All of their suggestions for improving the design of the measure may, in fact, be summarized as "we want more of this measure". The main benefits primarily include securing the necessary workforce for certain jobs which would otherwise not have been carried out (or at least would have been significantly delayed) or would bring higher costs to employers. For companies and nonprofit organizations direct financial effects of this measure are also significant, while for public institutions and public authorities direct financial effects are less significant, but there are certainly also significant indirect financial effects because sooner or later they would have to reach into the budget and pay for works that were carried out through public works or would have to give up some aspects of fulfilling their mission because of a lack of funds.

Generally speaking, employers are aware of the purpose of public works, i.e. about 90% of employers point out that by using this measure they did a useful thing for the benefit of the community, and 75% of them consider hiring some vulnerable groups of the unemployed, whom they wanted to give a chance to work, as the greatest benefit from this measure.

What all of the above data actually say is that what employers see as the objectives of the measure is contrary to the nominal design of public works - which should not interfere with the existing, regular activities or substitute regular expenses or enable making profit / achieving positive financial results (freeing resources for investment or achieving positive business results). This may weaken the effect of an automatic stabilizer of local economy because it does not create "new" jobs, instead the existing activities for which money dries up are transferred to public work ("public services welfare"). In this sense, the estimated dead weight could be attributed to as many as half of the employers, public works organizers, who stated saving money as their main motive for using the measure7.

This problem is indicated also in the part of the evaluation involving CES employees who, as a significant procedural problem, see the evaluation of social usefulness of work as the criteria of social usefulness of work, they claim, are not clearly defined. They claim it is very difficult to refuse a public work on reasonable grounds, and employees often in advance justifiably assume that a public work is going to be inadequately performed. Sometimes the Central Office approves of a program proposal which meets formal requirements, although it was negatively assessed by a regional office, which was also highlighted as a problem of insufficient autonomy of regional offices regarding the assessment of public works programmes. Failure to meet the goals of the measure is also reflected in the fact that CES employees have recognized the use of public works for political purposes by local authorities and self-governments who use these

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7 On the other hand, in a situation of local budget consolidation, public works may become a "survival strategy" to maintain the existing level of services.
measures to "obtain political points / voters", i.e. the fact is that there is a custom at local levels of hiring too many participants for a public work for the purpose of political propaganda.

Therefore, steps should be taken in the implementation of the measure to avoid such unwanted side effects as the substitution of activities, and potentially also the substitution of workers. In this context, some CES employees state that utility companies sometimes use public works only as a supplement to regular activities, so that there is usually no replacement effect (substitution).

Generally speaking, employees say there is increased interest for participating in this measure, and see the activation of recipients of various forms of welfare assistance as a positive side to the measure. CES employees also often mention emotional benefits as a very important consequence of participating in public works: self-esteem, self-confidence due to the reactivation and temporary business activity. Public works are always interesting because many associations, as non-profit organizations, do not have another option for hiring. As a rule, these are organizations who care for certain groups of people (elderly, disabled) or centers which also care for people with diseases. Public works also opened employment opportunities for the disabled as some organizations employed their members who thus socialized and joined the world of work.

One of the prominent problems is the problem of controlling public works, that is, checking whether all workers indeed participate in them, whether they do the prescribed tasks and whether they carry them out in accordance with the business plan. CES employees propose that the terms and length of public works be modified, i.e. divided into municipal and public social work, and that inconsistencies and obstacles be removed, such as the problem of cost effectiveness of working, i.e. the fear that if someone is hired through a measure such as public works, one loses various social welfare benefits.

**Participation of Roma in public works**

This evaluation also included part of the "Decade of Roma" programme. Decade of Roma (2005 - - 2015) is a process of social inclusion and improving the status of Roma in Europe, with the goal to significantly and truly integrate the Roma people in local societies. The idea is, through the decade of Roma, to impact the participation of Roma in all relevant intergovernmental affairs, increase their employability and integration, share experiences of good practice within and between countries. CES is included in the "Decade of Roma" through special interventions intended for the Roma community with a focus on strengthening education and employability, as well as integration into the labour market. Other measures, in particular public works, strengthen Roma communities, but also open and integrate the Roma minority into local communities. Public works are carried out through local self-governments (associated utility companies organize municipal public works), but also through Roma associations and cooperatives which organize both communal and social public works.

Roma participants significantly more often participate in public works repeatedly compared to other participants (50% of them participated in public works more than once), but most of these works are organized by the same company. They mostly participate in municipal public works (cleaning, maintenance of public areas), but also in the non-profit sector, mainly in Roma associations.

As to how they get to participate in the measure, their CES counsellor played a significant role in informing and applying the respondents for the measure, with more than half of the respondents having high expectations from the measure they participated in (in the population of public works participants who are not Roma 29% had such expectations). The main motives for participating in the measure are financial gains, it being the only option for getting a job and getting out of passivity (not to sit at home) or abandoning work "under the table". Other very important motives include helping their own community, learning new skills and making new acquaintances. To half of the respondents one of the motives was the possibility of being deleted from CES records if they refuse public works and the possibility of being employed by the employer after the measure ends. Participation in the measure (procedures) was assessed as satisfactory and there were no significant barriers. The kindness and professionalism of CES employees were assessed as the most positive of all the measured characteristics of the participation procedure. All participants assessed the measure in line with or above their initial expectations before participating in the measure, which testifies to their positive experiences.

The greatest pleasure with the public work itself and participation in the measure includes the atmosphere and interpersonal relations, working hours, good relationship with the employer and the work done, whereas they are least satisfied with the duration of the measure because they want it to last longer. They think the employer used the measure primarily to contribute to the welfare of the community, to provide services it would otherwise not have been able to provide and to obtain workforce at a lower cost. The measure has had positive impact on participants because most of them say that, in addition to financial benefits, it helped increase their self-confidence in looking for another
job. It is worth noting that the majority of respondents disagree with the views that the measure stigmatizes, that it is useless, intended for social cases or does not contribute to the Roma community.

Findings from the qualitative part of the research offer more detailed insights into this group of participants. Within this community there is an evident importance of primary social groups, and research participants pointed out that **dominant individuals** play an important role within the community, taking care of many aspects of everyday life. In particular, in the context of this evaluation, these dominant individuals organize and advocate the inclusion of as many Roma as possible in the public works measure. These are individuals with high school education which makes them more educated by qualitative criteria within the Roma community, they are considered to be leaders and thus seen as more capable and the Roma consider them trustworthy. These same individuals (leaders, with high school education) are also employed in organizations thanks to the public works measure. Others are mostly people who have not completed primary school and only basically literate. As with the general population, the Roma's motivation for participating in public works is financial gain. Since life expectancy of Roma is shorter than of the general population (e.g. women give birth very young), just as important to them as financial gains (if not more important) is health care, which is a right that comes with the participation in public works. The third motivating factor is a sense of social usefulness - Roma are proud of the renovation cities and and parks in which they participate and they know that other people it was them who participated in these renovations. Roma are highly motivated for participating in public works and often express a desire for more frequent participation and shorter time between the two opportunities to participate in public works or at least to be able to participate in public works for a longer time (more than three or six months). Unlike the experience with some other populations which participated in the public works measure, the Roma do not find participation in the measure as a burden, but use the financial gain obtained through the measure to prepare for the winter (e.g. to buy firewood) and to stock up (e.g. on food).

6.8 Labour market-oriented training

Labour market-oriented training is a measure conducted by the CES aimed at enhancing previous knowledge or skills, as well as adopting new ones, in order to encourage lifelong education, generate a qualified labour force, and decrease the disparity between supply and demand on all levels of the labour market. Labour market-oriented training incentives is aimed at unemployed persons registered in CES's official register in order to make them more employable and competitive on the labour market. An unemployed person may be included in this training programme if it corresponds to the established demands of the labour market, as well as the candidate's psychological and physical abilities. Until 2013 the measure was intended for practically everyone in the unemployment register, with emphasis on special "vulnerable" groups which were expanded in 2012, although the coverage of the measure in 2012 and 2013 was small. From 2013 onward the basic target group included all unemployed persons in the register. In 2013 new target groups were introduced related to age and education criteria.

The evaluation findings suggest that this measure is in need of **substantial redesigning** i.e. re-examining of goals, as **well as a significant change in its implementation method**. The problems with this measure are present in all three levels of participants (the CES, educational institutions, unemployed persons) who are all aware of them and have no trouble reporting them.

Labour-market demands, the fluctuation of the employed and unemployed, trends in the everyday circumstances of the labour market (e.g. demand for service-industry workers due to increased tourist demand), as well as the statistical analyses produced by the Croatian Employment Service and/or the Croatian Bureau of Statistics are the primary instigators and indicators of the required direction for educational programmes, retraining programmes, additional-education programmes and training for the unemployed. In addition to the mentioned statistical indicators and labour-market demands, educational institutions also take into account the demands i.e. interest expressed by individuals in particular training programmes, as well as employer enquiries, in an attempt to anticipate future labour-market demands. However, educational institutions are facing an obstacle disabling them to make long-term plans for adult education: the lack of a national strategy for economy development, and the inability to predict development trends for the primary, secondary, and tertiary sector. For instance, if there were a national five-year strategy for the development of ecological farming, educational institutions could engage in retraining and training of the unemployed, as well as any other group interested in working in this particular sector, ensuring continued employment for the participants, and presumably generating long-term effects on the economy and employment. Likewise, another obstacle for effective adult education partly lies in the unstable and unpredictable nature of the labour market, especially now when the Croatian labour market has opened up to EU countries; for example, due to the labour market opening up and Croatia's membership in the EU, particular jobs that had been previously "non-existent" now became interesting to the local population, whereas education acquired in Croatia "left" the country in pursuit of a job (e.g. care-takers who speak German leave for Germany or Austria). In order to avoid the volatile nature of labour-market
demands, educational institutions implement various verified training programmes which are activated or deactivated as needed (according to existence or lack of interest) (e.g., depending on the size of educational institution, and the stability of the labour market, public, private, and other educational institutions offer from five to as many as two hundred training programmes). One example of a well-executed planned strategy for adult education of unemployed persons is the programme of retraining unemployed persons for gas fitters, as there was a systematic introduction of gas-supply systems in certain parts of Croatia.

Cooperation and information exchange related to labour-market demands is a two-way process, whereas institutions for adult education maintain communication with the Croatian Employment Service even when there are no direct demands for education at a given time. The flow of the information exchange and cooperation are open and clear, both formally and informally. The CES’s system related to the organisation and implementation of education of unemployed persons for labour-market demands is defined by internal instructions, and consists of six key activities. The first key activity relates to the analysis of education demands, and is based on the analysis of statistical indicators of supply and demand for workers on county level, unified opinions of employment counsellors on occupation demands and demands for additional knowledge and skills, employer surveys, as well as county-level development programmes. However, there is the impression that the criteria for monitoring labour-market demands are frequently insufficiently clear, precise, or substantiated, while the CES has the capacity to meet the demands i.e. provide adequately trained labour force. One gets the impression that CES staff tasked with assessing labour-market demands do not always have at their disposal all of the information and information sources necessary to produce a realistic labour-market assessment for a particular regional office. In fact, there is a discrepancy between regional offices with respect to efforts put in producing adequate assessments of labour-market demands, as some offices are trying their hardest to include in the process all of the local participants (employers, educational institutions), whereas some produce merely provisional assessments which have proven inadequate for the local community. Therefore, the aim of the programme is unclear and the CES relies on unsubstantiated assessments of in-demand occupations in the county/region.

Another problem facing the implementation of this measure is "pushing the unemployed" into "in-demand" occupations or qualifications i.e. counsellors recruiting participants merely to sustain the programme, despite the fact that a substantial number of candidates had no actual desire or interest to participate. The highest number of participants in this measure, 42%, report that the initiative or role of their CES counsellor for participating in an educational programme exceeded their own. Interestingly enough, a quarter of participants joined a programme they had no desire of completing. Joining unwanted programmes is more typical of the long-term unemployed. This is particularly true for 34% of those who were registered with the CES longer than 12 months before joining the programme. Over 1/3 (35%) of participants report they had no intention of exploiting the newly-acquired skills/qualifications, as they joined the programme simply because it was offered. Almost 1/5 of participants, 19%, agreed they participated in the measure in order to avoid being penalized i.e. removed from the CES register of unemployed persons. A little over 1/3 of participants, 36%, report that their decision to participate in the training measure was equally influenced by the counsellor and their own initiative. Just under a quarter of participants (23%) report joining the programme exclusively or predominantly of their own accord.

Private and public institutions for adult education participate in the measure via public procurement. Aside from being a legal requirement, public procurement is the best method of selecting educational institutions as this is a process that must be transparent and competitive on the market, as well as ensure quality education. In order for educational institutions to even participate in public procurement, they must meet the conditions set by the CES, although it is stressed that the only crucial factor in the selection process is the lowest price offered (emphasised by both CES staff and educational institutions). The educational institutions’ claim that the crucial criteria is the offered price of educational programmes raises the issues of unfair competition, dumping and questionable education quality (quality of learning materials, professional lecturers, ability to provide practical study, certification, etc.), as well as the quality of training or retraining outcomes.

Although we are not directly dealing with procedural or process-related inefficiency, when aiming to participate in this measure one faces yet another major problem, namely the fact that the public procurement process is long-lasting due to legally required procedures, causing a months-long gap between the opening of public procurement, the beginning of class, and ultimately, the participant’s completion of the education programme. This problem is

particularly prominent in counties with developed coastal tourism in the spring, when the tourist season begins. The problem itself may not be the lengthiness (as some education programmes last between three and six months), but the fact that public procurement competitions are opened at the end of the calendar year. Although not explicitly related to public procurement, the belief that it takes too long and is conducted at the "wrong time" has negative effects on unemployed persons' motivation when it comes to education (training, retraining), rendering them reluctant to participate in this measure for existential reasons, as they feel education is not worth the trouble because it would prevent them from doing seasonal work which would ensure their livelihood, if only temporary. This coincides with CES's reports that certain programmes never see the light of day due to the chaotic process of public procurement, as well as specific circumstances present in some regions.

Interestingly enough, despite organisational problems related to educational programmes, and the fact that educational institutions and staff are aware that bidders with dumping prices offer lower-quality programmes (which the CES cannot prevent, as they are obliged to accept the lowest price), participants in this measure are very satisfied with the quality of educational programmes. The participants who participated in the programme are extremely satisfied. Over a half (54%) were completely satisfied, whereas almost a third were mostly satisfied. The average score of educational programmes on a scale of 1 to 5 was 4.33. Satisfaction with various aspects of educational programmes was also high, as at least half of the participants were completely satisfied with all of the measured aspects. Although satisfaction is high for all aspects, those with the highest scores include lecturers and atmosphere and, to a lesser degree, the overall duration of the programme. Most activities also received good scores.

For one fifth of the participants (21%) the measure did not increase the chances of finding a job, whereas for 18% the chances were only slightly higher. More than half of participants, 54%, have never worked at a job that required the qualifications they were trained for. On the other hand, 23% started a job requiring the qualifications they were trained for and have continued to work there to this day. Approximately 1/5 (21%) had worked at a job requiring the qualifications they were trained for as part of this measure, but have since left that job. 2% of participants participated in a programme not aimed at acquiring an occupation, like language courses, etc. Approximately 42% of participants in this programme are now unemployed, and while 92% of those who remained at the jobs they were trained for would participate in the measure again, 1/3 of those currently unemployed would not, illustrating a clear disadvantage of insisting on education programmes that are difficult to sustain and "forcing" people to participate in them.

The microeconometric part of the evaluation confirmed education programmes' failure to achieve their purpose. All of the matched data indicates that 41% of participants are unemployed two years after participating in this measure. The measure effect is significantly influenced by the year of entry. Analytical models based on years of entry (jointly for 2010 and 2011, and 2012 and 2013) exhibit quite different net effects related to employment after terminating the measure. 2011 yielded the worst results related to labour market-oriented training, as a year with the largest coverage (10 301 participants) and the net effect of 5 percentage points maximum, 30 months after terminating the measure. The net effect of 2010 was improved by merely 1-2 percentage points. The overall influence of the measure on remaining on the labour market declines in time, and stops at 5% in the analytical model, two years after measure termination. Seeing as how one of the intended purposes of the measure was to maintain the participants' status in the labour market, as a result of extra investments in human capital, both results are disappointing.
The effect is somewhat better in the second analytical model (years of entry 2012 and 2013), when there was a significant decrease of covered persons. Thus, the employment-related net effect in the covered time points amounts to 12%, with less than 8% of unemployed participants. However, the measure’s influence on a person’s remaining on the labour market is even lower than in the first analytical model. 2013 stands out as the most successful year, with the employment-related net effect increasing from 17 to 23 percentage points, a year and a half after measure termination.  

It is important to note that analyses were not conducted for specific target groups for which we were unable to find non-participants (e.g. Romani population), due to which the potential percentage of employed persons (for 2012 and, more prominently, 2013) was overrated in our model, although the net effect itself was controlled.
6.9 Job retention incentives

Between 2010 and 2013, 73 participants participated in job-retention incentives, 22 of which participated in in-depth interviews. The purpose of this measure is to retain workers for which the employer can ensure full time work under 40 hours a week (non-working Friday), and to motivate employers to increase the number of permanent seasonal workers, thus ensuring better management of human resources (permanent seasonal worker). The measure coverage indicates that employers have not yet fully embraced the measures, and that they should be enhanced and adapted to suit the groups they were intended for. According to employers, the positive effects of both measures refer to increased job security and establishing an emotional connection between employee and employer. The important outcome includes stabilisation on the labour market and overcoming the crisis i.e. the period when employees are not needed. On the other hand, the negative perception in measure participants is reflected in their belief that the measures play into the hands of large stable companies which have sufficient operational resources to go through the procedure, as well as better financial benefits due to the number of employees.

Permanent seasonal worker is a measure that is constantly evolving as a shared experience between employers and the CES, while the employers who have been using it continuously notice improvements. Its positive effects include retaining quality labour force, showing concern for employees, creating a safe working environment, and continued employment over seasons. This measure enables more stable business activities and a safer position on the market due to retaining of some employees, particularly the best ones, for next season. The purpose of this measure has been achieved because employees have exercised all of their rights, they have a secure job over a particular time period, and the number of unemployed persons in the register has decreased due to the workers’ stable, seasonal work. Likewise, workers feel rewarded for being able to participate in the measure, and by their new status, which affects a healthy competitiveness and increased productivity and professionalism. CES staff believe this measure is attractive to employers due to low costs, which helps retain seasonal workers and enables participation in all of the related benefits. Low participation in the measure was also examined in the qualitative research with CES employees. Employers' reluctance to participate in the measure is somewhat of a mystery because they can benefit from lower expenses, as the CES covers the extended insurance costs for permanent seasonal workers in full for the first three months, and 50% in the next three months. The experience of both employers and the CES has shown that this measure is usually chosen by larger entities with operational resources and knowledge necessary for participation and realisation of rights. The limitations with respect to the number of allowed permanent seasonal workers in relation to the number of regular employees is another reason why smaller businesses do not participate, due to the discrepancy between the effort put in and the results gained. There have been proposals for redefining the quotas for the allowed number of permanent seasonal workers with respect to company size.

Non-working Friday is a programme not many participants are aware of and employers are reluctant to participate, due to the complicated procedure and potential risks. Likewise, they doubt that they would be able to retain the necessary number of employees, thus jeopardizing the implementation of the measure, and risking increased loss and being forced to relinquish the received incentives. Those that did participate, report positive effects, e.g. a new atmosphere of security and trust. Likewise, another intended effect is the ability to overcome business crises and maintain work continuity during such times. Experience has shown that this measure helps companies during the transitional period by retaining the trained labour force who are prepared to continue working full time when the need occurs. Thus, the measure prevents lay-offs and re-entry to the labour market, as well as long-term damage for the employer. The harshest criticism relates to exhaustive documentation and insufficient funds available to the employers. There is a discrepancy between the obligations and risks faced by employers with business problems who are participating in the measure. Likewise, the set conditions narrow the choice of employers, as those who are facing production problems are forced to lay off employees or cut work hours, yet if they wish to participate in the measure, they are not allowed to have tax debts, financial difficulties, or hand out redundancies. The rigid design prevents the employers who might benefit from the measure to actually use it.

In order to improve job-retention incentives, the rights and obligations of employers and permanent seasonal workers must be more detailed and further adapted for the practice and experiences of the seasonal labour market. The criteria for Non-working Friday should be more lenient to allow the companies which are facing problems, including possible lay-offs, and/or insolvency to participate in the measure for the purpose of long-term recovery. Likewise, the condition forbidding

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10 Job-retention and training incentives have improved significantly since 2013, whereas reports refer to the evaluated period between 2010 and 2013, not the current situation.
redundancies across the company should also be taken under advisement, as there is a big problem with labour force fluctuation in certain sectors, whereas larger companies operating on county or regional levels have trouble adhering to the no-lay-off rule.

6.10 Training incentives

Out of 75 participants who participated in this measure between 2010 and 2013, we have conducted 21 in-depth interviewees with employers. The purpose of this measure is to enable additional training for several groups of employees: employed persons over 50 aiming to retain their job, newly-employed persons at jobs for which there are no qualified workers on the labour market, and persons employed in companies which are introducing new technologies, higher standards, or changes to their production programme. Training incentives are allocated for general training (professional training) and specific training (acquiring new knowledge and skills related to profession/occupation).

The reasons why employers participate in this measure coincide with its purpose. Therefore, the measure fulfils its function. Estimated positive effects of the measure are related to higher-quality employee training, as well as companies' improved business activities due to financial benefits provided by the measure. Training and retraining are an important part of modern business and would exist without the help of the CES, but it is important to stress that this measure enables a more systematic training, especially because the CES covers the costs of employees absent due to training. CES staff believe this measure is well-designed and useful, as it meets the current needs of employers and the market in general by focusing training on specific needs of specific employers, and at the same time reducing unemployment for the participants. The positive influence and significance of this measure is particularly evident in the retraining of persons over 50 or unemployed women entering predominantly “male” areas, like manufacturing, due to new technologies, automatization and robotization.

According to participants, this measure is characterised by low awareness i.e. employers describe the conditions for entry unclear, and the necessary documentation which must accompany the reports as too exhaustive and complicated. Employers are not particularly interested in this measure, probably because of its complexity; the report they submit must include detailed cost justification, work hours, and amortization. Cost justification mostly falls to the CES staff who must be acquainted with all business aspects of the employer who applied for the measure. They are not always acquainted with all of the necessary terminology and skills i.e. they do not always know to what amortization, rejects, machine hours, etc. refer to. Thus, the communication relating to cost justification between the CES and the employers is difficult, as neither are sure of the correct way of accounting for costs. At the same time, the conditions demanding profitable business and maintaining of a certain level of employment may not be sufficiently flexible to employers who could benefit the most from this measure. Ultimately, it is unclear for whom this measure is actually intended: for employers or the unemployed? One might assume that this measure is an incentive for better employers who are able to provide necessary training and, subsequently, jobs for their employees, while “bad” employers cannot. Does this measure aim at excluding problematic employers, or supporting the good ones in maintaining employment?

Training incentives have a more specific and applicable function which labour market-oriented training lacks, and refer to ad hoc application to concrete local labour-market demands and current employer needs. A more comprehensive application of this measure, especially relating to newly-employed persons at jobs for which there are no qualified workers, would solve certain problems on the labour market caused by labour migrations, as well as scarce occupations and technologies, that the current education system is unable to tackle. According to CES staff, this measure can be improved by a more detailed design, a simplified application process, and comprehensive explanations to facilitate the decision process. Additional improvements would include shorter application and reporting procedures, ultimately enabling a wider outreach of the measure, as well as a useful supplement to labour market-oriented training, especially in the aspects proven inadequate in this evaluation.

6.11. Cost benefit analysis of Active Labour Market Policies

Cost-benefit analysis includes consideration of all positive and negative impacts that arise during implementation or changes of some public policies. It enables determining the efficiency and effectiveness of each project and policies. The rating of the project in principle requires comparison of costs and benefits at different time periods. For example, a programme of Active Labour Market Policies (ALMPs) requires considerable current expenditure, while the potential return is realised only in the future. Usually, this analysis is based out on recalculation of future costs and benefits to the
present value, while a specific project is acceptable only if the benefits outweigh the cost. In the analysis of ALMPs from the economic viewpoint the attention can be put either to increased job opportunities or obtained higher incomes of participants or even to both these aspects. At the same time, we should not neglect the evaluation of intangible effects, as it is quite hard to precisely estimate certain costs and benefit exactly: for example, social inclusion of unemployed persons, their exit from inactivity and/or possibility of their better self-reliance. In the absence of longitudinal studies and reliable data the exact number of participants employed due to a certain measure, the duration of their employment and their exact incomes, we will have to make some ad hoc assumptions. As the assumption of their employment in these estimates, the data are obtained by PSM method, while the costs are assessed from the available financial figures and depending on the nature of a particular measure. Also, the assumption is that the effect is stabilised between 12th and 18th month after the exit from the measure.

We pay special to the cost per employed participants, i.e. to the exact unit cost per beneficiary that should be spent so as to hire a single participant in 12 months after his or her exit from the measure. To begin, we scrutinised the costs of Workplace training without a work contract (WTWWC). Here we separately considered persons who participated in accordance with Article 41 of the Labour Act (LA) and those that have done training in accordance with the Law on the Promotion of Employment (LPE). Thereafter, the employment incentives for the three groups of the unemployed: subventions for young people, subventions for long-term unemployed and subventions for people older than 50 years are considered. Next is self-employment, followed by public works where the programmes with 75% co-financing of and that of 100% have been separately analysed. Finally, we present the benefits of subventions for the training of the unemployed.

Table 6.3 shows the average outlays per participant in WTWWC according to the LA column 2), the number of participants is (column 3), and the average expenditures per participant (column 4). Column 5 represents the difference between the total percentage of employed participant in the measures (in the registry of the Croatian Institute for Pension Insurance) and matched non-participants in the measure. When the number of users is multiplied by the average effect of PSM measure, the absolute net is obtained (column 6). Column 7 shows the measure unit costs by actual performance in HRK, i.e. per employed participant - which is calculated by dividing the total money spent with the multiplication of the number of participant and the average PSM's effect of the measure. The cost rate per employed participant (the exact unit cost per beneficiary that should be spent so as to hire a single participant in 12 months after his or her exit from the measure) is displayed in the column 8.

The number of participants in WTWWC according to the LA increased significantly in 2013, more than 3.5 times. In 2012 and 2013 there were 7767 participants in total, and the total expenditure on them accounted for more than HRK 275 million, or around HRK 35.4 thousand in average per participant (Table 6.3). Unit costs in HRK by actual performance decreased slightly in 2012 and amounted to HRK 148 thousand. Around 4.5 unit costs had to be spent in order to hire one participant.

<table>
<thead>
<tr>
<th>Year</th>
<th>WTWWC according to the LPE, total amount of expenditures, HRK</th>
<th>Number of participants</th>
<th>The average expenditures per participant, HRK</th>
<th>Average PSM effect 12 months after exit from the measure (Difference between the total percentage of employed participant and matched non-participants)</th>
<th>Absolute net (The number of participants multiplied by the average effect of PSM measure)</th>
<th>Measure unit costs by actual performance, i.e. per employed participant - which is calculated by dividing the total expenditure by the product of the number of participants and the average PSM's effect of the measure.), HRK</th>
<th>The cost rate per employed participant (the exact unit cost per beneficiary should be spent so as to hire a single participant in 12 months after his or her exit from the measure)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>53,318,835</td>
<td>1627</td>
<td>32,771</td>
<td>0.22</td>
<td>358</td>
<td>148,960</td>
<td>4.55</td>
</tr>
<tr>
<td>2013</td>
<td>221,807,971</td>
<td>6140</td>
<td>36,125</td>
<td>0.22</td>
<td>1351</td>
<td>164,205</td>
<td>4.55</td>
</tr>
<tr>
<td>Total</td>
<td>275,126,806</td>
<td>7767</td>
<td>35,423</td>
<td>0.22</td>
<td>854</td>
<td>156,586</td>
<td>4.55</td>
</tr>
</tbody>
</table>
A significant number of persons participated in Workplace training without a work contract in accordance with the Labour Act (LA) during the four observed years (Table 6.4)\(^\text{11}\). Due to the large increase in the number of participants, annual expenditures for this measure at the end of the study period were more than 20 times higher than those at the initial stage, while the average expenditure per participant amounted to slightly less than HRK 27 thousand. It should be noted that this is the cost before the amount of compensation for training was increased in 2014 (from HRK 1.600 to HRK 2.400), and one should also bear in mind that travel expenses have been included since mid-2013. In the first year of the measure implementation, the unit costs per participants (necessary to hire a single participant) were high, but in later years a constant decrease is noticeable. In 2013 it was necessary to allocate funds for the 6 participants so that one really get a job.

Table 6.4 Cost rate per employed participants in WTWWC according to the Labour Act

<table>
<thead>
<tr>
<th>Year</th>
<th>WTWWC according to the LA, total amount of expenditures, HRK</th>
<th>Number of participants</th>
<th>The average expenditures per participant, HRK</th>
<th>Average PSM effect 12 months after exit from the measure (Difference between the total percentage of employed participant and matched non-participants)</th>
<th>Absolute net (The number of participants multiplied by the average effect of PSM measure)</th>
<th>Measure unit costs by actual performance, i.e. per employed participant - which is calculated by dividing the total expenditure by the product of the number of participants and the average PSM's effect of the measure), HRK</th>
<th>The cost rate per employed participant (the exact unit cost per beneficiary that should be spent so as to hire a single participant in 12 months after his or her exit from the measure)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>11,043,526</td>
<td>454</td>
<td>24,325</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>116,918,052</td>
<td>5110</td>
<td>22,880</td>
<td>0.12</td>
<td>591</td>
<td>197,884</td>
<td>8.6</td>
</tr>
<tr>
<td>2012</td>
<td>88,919,314</td>
<td>3564</td>
<td>24,949</td>
<td>0.12</td>
<td>428</td>
<td>207,911</td>
<td>8.3</td>
</tr>
<tr>
<td>2013</td>
<td>279,601,839</td>
<td>9197</td>
<td>30,401</td>
<td>0.17</td>
<td>1563</td>
<td>178,832</td>
<td>5.9</td>
</tr>
<tr>
<td>Total</td>
<td>496,482,731</td>
<td>18325</td>
<td>27,093</td>
<td>0.11</td>
<td>650</td>
<td>292,463</td>
<td>11.7</td>
</tr>
</tbody>
</table>

Long-term unemployment has had particularly adverse effects on young people in terms of loss of faith in their own abilities and skills, employability, the likelihood of finding and retaining jobs and the level of potential income. Undoubtedly, many of the young long-term unemployed face numerous complex obstacles in their attempt to find a job, and therefore a special attention should be dedicated to the employability effects of subventions for **young people without working experience**.

\(^{11}\) Due to small number of participants in 2010 and significant seasonality that is not fully controlled, the cost rate is not presented for this year.
Table 6.5 Cost rate per employed participants by Subventions for young people without work experience

<table>
<thead>
<tr>
<th>Year</th>
<th>Total amount of expenditures, HRK</th>
<th>Number of participants</th>
<th>Average expenditure per participant, HRK</th>
<th>Average PSM effect 12 months after exit from the measure (Difference between the total percentage of employed participants and matched non-participants)</th>
<th>Absolute net (The number of participants multiplied by the average effect of PSM measure)</th>
<th>The measure unit costs by actual performance (divided the total money spent with the multiplication of the number of participant and the average PSM’s effect of the measure), HRK</th>
<th>The cost rate per employed participant (the exact unit cost per beneficiary should be spent so as to hire a single participant in 12 months after his or her exit from the measure)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>20,458,514</td>
<td>842</td>
<td>24,298</td>
<td>0.36</td>
<td>303</td>
<td>67,493</td>
<td>2.8</td>
</tr>
<tr>
<td>2011</td>
<td>29,794,421</td>
<td>1336</td>
<td>22,301</td>
<td>0.34</td>
<td>454</td>
<td>65,592</td>
<td>2.9</td>
</tr>
<tr>
<td>2012</td>
<td>35,032,461</td>
<td>1347</td>
<td>26,008</td>
<td>0.39</td>
<td>525</td>
<td>66,687</td>
<td>2.6</td>
</tr>
<tr>
<td>2013</td>
<td>50,199,960</td>
<td>1884</td>
<td>26,645</td>
<td>0.32</td>
<td>603</td>
<td>83,267</td>
<td>3.1</td>
</tr>
<tr>
<td>Total</td>
<td>135,485,357</td>
<td>5409</td>
<td>25,048</td>
<td>0.3525</td>
<td>471</td>
<td>70,760</td>
<td>2.9</td>
</tr>
</tbody>
</table>

Table 6.5 shows that HRK 135.5 million for about 5.4 thousand participants has been spent from 2010 to 2013 through Subventions for young people without work experience. The average expenditures per participant were HRK 25 thousand. The employment effects of this subvention are very positive so it was necessary to spend for around 3 participants so as to ensure a job for a single participant in 12 months after his or her exit from the measure.

Croatia has serious problems with long-term unemployment. Even before the economic crisis, about a half of the unemployed persons waited for a job for more than a year, while a third waited for more than two years. A certain lower share of long-term unemployment does not mean a real improvement in the Croatian labour market but it is caused by the increase in overall unemployment. Therefore, the commitment to prevent the fall in long-term unemployment is one of the most important tasks of active labour market policy.

Table 6.6 presents the cost efficiency for subventions for long-term unemployed. HRK 181.5 million were spent for almost 7000 participants during the four-year period, and almost one half was earmarked in the last observed year. The average expenditures per participant were almost HRK 26 thousand. It seems that the subventions for the long-term unemployed are also effective and it is necessary to spend for around 3 participants that a single participant really gets a job. The situation had improved at the beginning of the observed period, but it deteriorated in 2012 and 2013.
### Table 6.6 Cost rate per employed participants by Subventions for long-term unemployed

<table>
<thead>
<tr>
<th>Year</th>
<th>Subventions for long-term unemployed, total amount of expenditures, HRK</th>
<th>Number of participants</th>
<th>The average expenditure per participant, HRK</th>
<th>Average PSM effect 12 months after exit from the measure (Difference between the total percentage of employed participant and matched non-participants)</th>
<th>Absolute net (The number of participants multiplied by the average effect of PSM measure)</th>
<th>The measure unit costs by actual performance (divided the total money spent with the multiplication of the number of participant and the average PSM’s effect of the measure), HRK</th>
<th>The cost rate per employed participant (the exact unit cost per beneficiary should be spent so as to hire a single participant in 12 months after his or her exit from the measure)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>27,223,179</td>
<td>1070</td>
<td>25,442</td>
<td>0.33</td>
<td>353</td>
<td>77,098</td>
<td>3.0</td>
</tr>
<tr>
<td>2011</td>
<td>30,635,882</td>
<td>1367</td>
<td>22,411</td>
<td>0.42</td>
<td>574</td>
<td>53,360</td>
<td>2.4</td>
</tr>
<tr>
<td>2012</td>
<td>39,941,867</td>
<td>1460</td>
<td>27,357</td>
<td>0.4</td>
<td>584</td>
<td>68,394</td>
<td>2.5</td>
</tr>
<tr>
<td>2013</td>
<td>83,698,062</td>
<td>3102</td>
<td>26,982</td>
<td>0.35</td>
<td>1086</td>
<td>77,091</td>
<td>2.9</td>
</tr>
<tr>
<td>Total</td>
<td>181,498,990</td>
<td>6999</td>
<td>25,932</td>
<td>0.37</td>
<td>649</td>
<td>68,986</td>
<td>2.7</td>
</tr>
</tbody>
</table>

The last analysis is focused on Subventions for unemployed older than 50 years of age, who are a particularly vulnerable group in the Croatian labour market. If an elderly person becomes unemployed, likelihood of her employment is very low. Table 6.7 reveals very good results of this measure. Approximately HRK 44.5 million were allocated for 1,650 elderly people who have used the support during the four observed years. By far the largest number of persons and allocated funds were in 2013. Average cost per person was slightly less than HRK 27 thousand. Regarding subventions for unemployed older than 50 years of age, it was necessary to finance three participants in order for one to be actually hired.

### Table 6.7 Cost rate per employed participants by Subventions for unemployed older than 50 years of age

<table>
<thead>
<tr>
<th>Year</th>
<th>Subventions for unemployed older than 50 years, total amount of expenditures, HRK</th>
<th>Number of participants</th>
<th>The average expenditure per participant, HRK</th>
<th>Average PSM effect 12 months after exit from the measure (Difference between the total percentage of employed participant and matched non-participants)</th>
<th>Absolute net (The number of participants multiplied by the average effect of PSM measure)</th>
<th>The measure unit costs by actual performance. (divided the total money spent with the multiplication of the number of participant and the average PSM’s effect of the measure), HRK</th>
<th>The cost rate per employed participant (the exact unit cost per beneficiary that should be spent so as to hire a single participant in 12 months after his or her exit from the measure)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>8,607,640</td>
<td>312</td>
<td>27,589</td>
<td>0.34</td>
<td>106</td>
<td>81,143</td>
<td>2.9</td>
</tr>
<tr>
<td>2011</td>
<td>7,115,218</td>
<td>304</td>
<td>23,405</td>
<td>0.33</td>
<td>100</td>
<td>70,925</td>
<td>3.0</td>
</tr>
<tr>
<td>2012</td>
<td>10,065,908</td>
<td>351</td>
<td>28,678</td>
<td>0.47</td>
<td>165</td>
<td>61,017</td>
<td>2.1</td>
</tr>
<tr>
<td>2013</td>
<td>18,732,926</td>
<td>687</td>
<td>27,268</td>
<td>0.35</td>
<td>240</td>
<td>77,908</td>
<td>2.9</td>
</tr>
<tr>
<td>Total</td>
<td>44,521,692</td>
<td>1654</td>
<td>26,918</td>
<td>0.37</td>
<td>153</td>
<td>72,748</td>
<td>2.7</td>
</tr>
</tbody>
</table>

The next table provides a comparative overview of the cost rates per employed participant in Subventions for self-employment, or expenditures that are needed that a single participant can be hired 12 months after his or her exit from the measure.
Table 6.8 Cost rate per employed participants by Subventions for self-employment

<table>
<thead>
<tr>
<th>Subventions for self-employment, total amount of expenditures, HRK</th>
<th>The number of participants</th>
<th>The average expenditure per participant, HRK</th>
<th>Average PSM effect 12 months after exit from the measure (Difference between the total percentage of employed participant and matched non-participants)</th>
<th>Absolute net (The number of participants multiplied by the average effect of PSM measure)</th>
<th>The measure unit costs by actual performance (divided the total money spent with the multiplication of the number of participant and the average PSM’s effect of the measure), HRK</th>
<th>The cost rate per employed participant (the exact unit cost per beneficiary that should be spent so as to hire a single participant in 12 months after his or her exit from the measure)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>2010</td>
<td>8,516,860</td>
<td>283</td>
<td>30,095</td>
<td>0.44</td>
<td>125</td>
<td>68,398</td>
</tr>
<tr>
<td>2011</td>
<td>22,397,195</td>
<td>861</td>
<td>26,013</td>
<td>0.43</td>
<td>370</td>
<td>60,495</td>
</tr>
<tr>
<td>2012</td>
<td>16,767,852</td>
<td>864</td>
<td>19,407</td>
<td>0.44</td>
<td>380</td>
<td>44,107</td>
</tr>
<tr>
<td>2013</td>
<td>120,497,413</td>
<td>5009</td>
<td>24,056</td>
<td>0.4</td>
<td>2004</td>
<td>60,140</td>
</tr>
<tr>
<td>Total</td>
<td>168,179,319</td>
<td>7017</td>
<td>23,967</td>
<td>0.4275</td>
<td>3000</td>
<td>56,064</td>
</tr>
</tbody>
</table>

Number of users at the beginning of the observed period was very small, but it has more than tripled in 2011 compared to 2010, and again it was almost 6 times higher in 2013 compared to 2012. This trend, of course, was accompanied with the increase in the total incurred expenditure, but the average cost per person decreased from HRK 30 thousand in 2010 to about 24 thousand in 2013. To support self-employment for about 7,000 users between 2010 and 2013, a total of HRK 168 million was spent. Average expenditures per user amounted to somewhat less than 24 thousand. The results are generally quite uniform and show that it was necessary to spend for around 2.5 users to have one hired.

In contrast to the calculation of costs and benefits for other measures (where the average impact of employment was multiplied by the coverage), in the case of Public Works a success was defined by the difference between the total sum of employed and unemployed (active on the labour market) by participants in the measure and paired non-participants 12 months after the end of the measure. Therefore, under the success of the measures in the case of public works shall be deemed to remain in the labour market, as in the following table.

Table 6.9 Calculation of success by public works

| Months after the end of the measure | Average effects of measure Total data | Total percentage registered on the labour market |
|---|---|---|---|---|---|
| | Employed | Unemployed | Participants in the measure | Paired non-participant | Difference |
| 1 | 2 | 3 | 4 | 5 | 6 |
| 6 | 2% | 5% | 91% | 83% | 8% |
| 12 | 1% | 8% | 88% | 79% | 9% |
| 18 | 4% | 7% | 86% | 76% | 10% |
| 24 | 3% | 8% | 84% | 73% | 11% |

From Table 6.9 it can be concluded that the total percentage of active (employed and registered as unemployed) on the labour market was always higher by participants in the measure in compared to paired non-participants, and mentioned difference increases with time. Table 6.10 shows that almost HRK 133.6 million has been spent on public works co-financed with 75%/85%, while the average expenditure per participant were HRK 12.5 thousand. While in 2010 it was necessary to spend for 9 participants to hire one, at the end of the observed period it was necessary to spend for more than 14 participants so that one finds a job. The unit costs per actual performance, or one employed person, on average accounted for HRK 151.4 thousand during the whole observed period. This amount was lowest in 2010 when it was necessary to spend HRK 105 thousand, and highest in 2013 with the amount of HRK 263 thousand.
Table 6.10. Cost rate per employed participants by public works co-financed with 75%/85%

<table>
<thead>
<tr>
<th>Number of participants</th>
<th>The average expenditure per participant, HRK</th>
<th>Average PSM effect 12 months after exit from the measure</th>
<th>Absolute net (The number of participants multiplied by the average effect of PSM measure)</th>
<th>The measure unit costs by actual performance (divided the total money spent with the multiplication of the number of participant and the average PSM’s effect of the measure), HRK</th>
<th>The cost rate per employed participant (the exact unit cost per beneficiary that should be spent so as to hire a single participant in 12 months after his or her exit from the measure)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4 0.11</td>
<td>219 122.253</td>
<td>9.1</td>
</tr>
<tr>
<td>2010</td>
<td>11,928.042</td>
<td>13,448</td>
<td>0.11</td>
<td>219 122.253</td>
<td>9.1</td>
</tr>
<tr>
<td>2011</td>
<td>31,293.035</td>
<td>9,440</td>
<td>0.09</td>
<td>298 104.887</td>
<td>11.1</td>
</tr>
<tr>
<td>2012</td>
<td>24,438.430</td>
<td>9,239</td>
<td>0.08</td>
<td>212 115.494</td>
<td>12.5</td>
</tr>
<tr>
<td>2013</td>
<td>51,148.030</td>
<td>18,418</td>
<td>0.07</td>
<td>194 263.121</td>
<td>14.3</td>
</tr>
<tr>
<td>Total</td>
<td>133,667.537</td>
<td>12,459</td>
<td>0.09</td>
<td>231 151.439</td>
<td>11.7</td>
</tr>
</tbody>
</table>

Almost HRK 473.5 million has been spent on public works fully financed by the Croatian Employment Service (CES) during the whole observed period, while for 34 thousand participants the average expenditure per participant was almost HRK 14 thousand (Table 6.11). While in 2010 it was necessary to spend for around 7 participants so that one finds a job, the situation deteriorated in the subsequent years, so in 2012 it was necessary to spend for around 13 participants so as one to have hired.

Table 6.11 Cost rate per employed participants by public works fully financed by CES

<table>
<thead>
<tr>
<th>Public works fully financed by CES, total amount of expenditures, HRK</th>
<th>Number of participants</th>
<th>The average expenditure per participant, HRK</th>
<th>Average PSM effect 12 months after exit from the measure</th>
<th>Absolute net (The number of participants multiplied by the average effect of PSM measure)</th>
<th>The measure unit costs by actual performance (divided the total money spent with the multiplication of the number of participant and the average PSM’s effect of the measure), HRK</th>
<th>The cost rate per employed participant (the exact unit cost per beneficiary that should be spent so as to hire a single participant in 12 months after his or her exit from the measure)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4 0.14</td>
<td>507 128.437</td>
<td>7.1</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>65,055.915</td>
<td>3618</td>
<td>17.981</td>
<td>0.14</td>
<td>507 128.437</td>
<td>7.1</td>
</tr>
<tr>
<td>2011</td>
<td>85,388.646</td>
<td>7463</td>
<td>11.442</td>
<td>0.11</td>
<td>821 104.015</td>
<td>9.1</td>
</tr>
<tr>
<td>2012</td>
<td>145,259.828</td>
<td>12679</td>
<td>11.457</td>
<td>0.08</td>
<td>1014 143.209</td>
<td>12.5</td>
</tr>
<tr>
<td>2013</td>
<td>177,831.282</td>
<td>10493</td>
<td>16.948</td>
<td>0.10</td>
<td>1049 169.476</td>
<td>10.0</td>
</tr>
<tr>
<td>Total</td>
<td>473,535.671</td>
<td>34253</td>
<td>13.825</td>
<td>0.11</td>
<td>3682 128.601</td>
<td>9.3</td>
</tr>
</tbody>
</table>

One should not be too strict when analysing the cost of public works as return and fully inclusion of participants in regular employment is not their central purpose, but rather participants’ activation and some financial assistance to persons involved in public works.
Table 6.12 Cost rate per employed participants by subventions for the training of the unemployed

<table>
<thead>
<tr>
<th>Measure</th>
<th>Number of participants</th>
<th>The average expenditure per participant, HRK</th>
<th>Average PSM effect 12 months after exit from the measure</th>
<th>Absolute net (The number of participants multiplied by the average effect of PSM measure)</th>
<th>The measure unit costs by actual performance, i.e. per employed participant - which is calculated by dividing the total expenditure by the product of the number of participants and the average PSM's effect of the measure, HRK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public works fully financed by CES, total amount of expenditures, HRK</td>
<td>5446</td>
<td>9.497</td>
<td>0.06</td>
<td>349</td>
<td>148.167</td>
</tr>
<tr>
<td>Public works with 75%/85% co-financing</td>
<td>15778</td>
<td>9.189</td>
<td>0.04</td>
<td>665</td>
<td>217.918</td>
</tr>
<tr>
<td>Public works with 100% co-financing</td>
<td>2361</td>
<td>11.019</td>
<td>0.10</td>
<td>246</td>
<td>105.844</td>
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<tr>
<td>Subventions for the training of the unemployed</td>
<td>1758</td>
<td>9.075</td>
<td>0.20</td>
<td>351</td>
<td>45.508</td>
</tr>
<tr>
<td>Subventions for self-employment</td>
<td>25343</td>
<td>9.418</td>
<td>0.10</td>
<td>403</td>
<td>129.359</td>
</tr>
<tr>
<td>Workplacetraining without a work contract according to the LA</td>
<td>238.675.247</td>
<td>25343</td>
<td>9.418</td>
<td>403</td>
<td>129.359</td>
</tr>
<tr>
<td>Workplace training without a work contract according to the LPE</td>
<td>238.675.247</td>
<td>25343</td>
<td>9.418</td>
<td>403</td>
<td>129.359</td>
</tr>
</tbody>
</table>

A bit more than HRK 239 million has been spent on subventions for the training of the unemployed from 2010 to 2013, while the total number of participants was 25.3 thousand. Thus the average expenditure per participant was HRK 9.4 thousand. The measure unit costs per actual performance, or one employed person, were highest in 2011 when they were HRK 218 thousand or it was necessary to spend for 24 participants that one really gets a job. The best results were accomplished in 2013 when it was necessary to spend for 5 participants so that one has hired.

The next table shows the comparative overview of the cost rates per employed participant, or how much unit cost per participant should be spent to hire a single participant 12 months after his or her exit from the measure.

Table 6.13 The effects of all measures

<table>
<thead>
<tr>
<th>Measure</th>
<th>The cost rate per employed participant (the exact unit cost per beneficiary that should be spent so as to hire a single participant in 12 months after his or her exit from the measure)</th>
<th>Measure unit costs by actual performance, i.e. per employed participant - which is calculated by dividing the total expenditure by the product of the number of participants and the average PSM's effect of the measure, HRK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public works with 75%/85% co-financing</td>
<td>11.75</td>
<td>151,439</td>
</tr>
<tr>
<td>Public works with 100% co-financing</td>
<td>9.68</td>
<td>128,601</td>
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<td>Subventions for the training of the unemployed</td>
<td>13.48</td>
<td>129,359</td>
</tr>
<tr>
<td>Subventions for self-employment</td>
<td>2.34</td>
<td>56,064</td>
</tr>
<tr>
<td>Workplace training without a work contract according to the LA</td>
<td>11.73</td>
<td>292,463</td>
</tr>
<tr>
<td>Workplace training without a work contract according to the LPE</td>
<td>4.55</td>
<td>156,586</td>
</tr>
<tr>
<td>Subventions for young people without working experience</td>
<td>2.85</td>
<td>70,760</td>
</tr>
<tr>
<td>Subventions for long-term unemployed</td>
<td>2.69</td>
<td>68,986</td>
</tr>
<tr>
<td>Subventions for people older than 50 years</td>
<td>2.74</td>
<td>72,748</td>
</tr>
</tbody>
</table>

If the results are analysed according to the average cost per employed participant, the best effects are obtained in Subventions for self-employment and in Subventions for employment (for all three dominant target groups) with the lowest cost rates. The highest rates of unit costs have Subventions for education, Co-financed public works and Workplace training without a work contract according to the Labour Act. This view ignores that the unit costs are quite different in various measures, so low-cost measures with a higher rate of cost per employed participant can be more cost effective than a set of measures with a lower cost rate. Therefore, the measure’s unit costs according to actual performance are displayed what shows the total required funds that are needed so one person can get a job. This indicator shows that in the evaluation reference period, the most expensive measure was the Workplace training.
without a work contract in accordance with the Labour Act, where the unit costs were HRK 292,463 per employed person. It is followed by Workplace training without a work contract according to the LPE and co-financed Public works, while in the case of Subventions for the training of the unemployed and fully financed Public works average costs are around HRK 150 thousand per employed participant. Subventions for employment according to this calculation also demonstrate efficiency, as the unit costs are about HRK 70 thousand and there is not significant difference with respect to the target groups. Subventions for self-employment have the lowest cost due to the effect, so it is necessary to spend a little more than HRK 50 thousand in order to achieve retention of a person in employment.

It has already been stated that the design and implementation of ALMP measures are demanding and it is equally difficult to evaluate them. Sometimes ignored and/or unintended consequences may have serious adverse effects. For example, measures intended to improve the situation of certain groups in the labour market, can easily have a negative effect on another groups. In doing so with all restrictions, the cost-benefit analysis is an extremely useful tool of summarizing the information. It also forces the analysts to have clear assumptions that there would be no doubt in the reasons for their final recommendations. Although the obtained results and the accompanying conclusions sometimes may not be completely accurate because some assumptions are questionable, it is still a very valuable attempt as it sets a rational framework for future discussions on the observed phenomena.

Successful inclusion of unemployed persons in the labour market through ALMPs has multiple positive effects. This will maximize human resources in the society because it improves individual well-being and increases national product. In addition to income, employment provides personal and social benefits, and thus, also promotes human dignity and social cohesion. All persons should have the possibility of free choice regarding personal development and full utilisation of their own abilities and talents. Due to the aging of the population and prolonged life expectancy and a simultaneous lack of workers, there is a need to increase the employment rate in Croatia primarily through inclusion of those who are currently unemployed and inactive.

With proper training and skilling and other ALMP measures, many unemployed people can successfully enter and remain in the labour market. The realisation of the right to work has multiple positive influences on the unemployed persons: it allows them full integration into the society by showing and using their own skills, and improves their financial and social status (which is often a serious problem for the unemployed). Their work and activity has positive effect on society because they produce, pay public obligations like taxes and social security contributions and simultaneously reduce expenditure of social security and welfare. Active labour market policy measures can significantly help unemployed people in the stable integration into the world of work and obtaining income, because in most cases the people who participated in the various ALMP measures are more likely to be employed and less likely to be unemployed in comparison to the non-participants in the programmes. Public investment in ALMP measures can achieve significant tangible and intangible benefits, but it is crucial that participants do not lose the link with the labour market. Of course, it is necessary to bear in mind the cost-effectiveness of these measures.

7. Final Considerations and Propositions for Improvement

The labour market in most cases isn’t perfect and unemployment coexists along with an unfulfilled demand for workers. Despite high unemployment in Croatia, there is an area for improving the function of the labour market and it is done through active employment policy. Its most important instruments are training and development, informing, (co)financing and counseling. Active labour market policy is not a set of universal employment measures intended for everyone. Sometimes, it seems that unemployment could be solved instantly, if only there were enough available funds for implementation of measures. However, it is more useful to invest in “quality” than in quantity of active measures, that is, to offer suitable focus on the long-term unemployed and those with a low level of employability. A coherent framework of measures is needed with clearly defined components which empower each other in soothing long-term unemployment and helping people on the verge of long-term unemployment. To improve the design and implementation of the active labour market policy, the evaluation of effects of performed measures can be of great benefit, so that available funds are focused on those participants and programs where there is the biggest benefit and the largest investment return. The most common approach to measure efficiency analysis is based on micro-economic
approach during which the effect of the measures on the participants is observed, that is, their work status or income within shorter or longer periods in comparison with the group of individuals with the same traits who didn’t participate in the program. Even though the implementation of the active labour market policy shows positive results, overall provable effects on the users of the measures across the world are generally modest. Usually, the mentioned effects are somewhat more expressed in the short run (which is included in most analyses) and more discreet in the long run, but there are also examples of counterproductive effects of some measures. The results also depend on the movement of the business cycle so basically the measures give better results during general employment growth. Evaluation of individual measures can also be met with neglect of the law of diminishing returns, that is, often the measures applied on a small target group are analyzed, but if they were to be implemented on a larger share of unemployed individuals, their effect would necessarily diminish. That way, for example, the employment subsidy would increase the chances of one unemployed over the others, but if others also have the right to a subsidy, the total value for employment, with the same costs per user, will not increase in the same amount for all users, as it did when it was applied on only one or a smaller number of unemployed. Also, in society and in related discussions on labour market, it is important to realize that ALMP measures are a good initiator, but cannot solve the labour market problems regarding employment increase or a more permanent and significant unemployment decrease.

It seems, as stated, that the measures of ALMP in Croatia are fairly efficient, and for the purpose of their improvement, we’re outlining proposals in order to enhance them.

When general design and the implementation of the ALMP measures are in question, as well as current work organization of the Employment Service, the most significant propositions for improving the measure implementation are:

- To try to secure financial sustainability of the measure on the basis of previous experience, so that their interruption on account of lack of funds doesn’t occur, which often happened before.
- To unite the measures and revoke those for which there is little interest; to simplify the measure structure because it is difficult to find one’s way through a thicket of sub-options and sub-measures for the unemployed, the employers, and for the Employment Service staff as well.
- To rename the measures so that it would be clearer from their name what they are all about, especially those which imply false information in their name (e.g. measure „Fifty-Fifty“, where the subsidy ratio in the case of the highly-educated changed to 70:30, so the name of the measure leads the employers to wrong conclusions).
- To stabilize the design and the conditions of the majority of measures in the long-term or at least medium-term.
- Not to change the contents and the criteria of measures (for example, supplementing documentation) during one cycle of implementation; prepare the instructions on time.
- To improve the integrity and unambiguity of the provided information so as to avoid the risk of false, incorrect and incomplete information because for all the participants in the process (staff, unemployed individuals, the employers) a lot of it remains unclear. For example, the implementation instructions should be placed on the web site of the Employment Service. It’s important that complete information is constantly available on the internet, but also that all staff handling the measures have printed brochures available, containing complete information, which can be given to clients during the meeting.
- To constantly and comprehensively synchronize and simplify the regulations and remove illogicalities (e.g. person who is starting a sole-proprietorship for babysitting was given the interpretation that before commencing business activities, she should (not) buy children’s cots and miniature washbasins; a school is obliged according to the agreement prescribed by CES to cover the costs of a participant’s taking of the licensing exam for the first time, and the authorized Ministry failed to secure the funds; a car mechanic can
enter professional training only with the employer who already has a master mechanic and a master auto-electrician, and if he employs only a car mechanic, he cannot take this person for WT).

- To consider the possibility of simplifying the overall procedure for submitting documentation, especially through developing a system of electronic certificates from authorized bodies, such as, for example, the Tax Administration.

- To automate control processes, e.g. through an application which sends reminders on regularly submitting the documentation during the measure.

- To empower the users of the measures to report misuse: to inform them on employers’ obligations which have to be fulfilled; to provide protection in that case from negative consequences of reporting misuse (e.g. getting a dismissal), or compensation for the unemployed individual – e.g. possibility to enter another measure or gaining compensation, etc.

- To disencumber the staff in the departments for mediation and active policy measures from simultaneously performing their regular work and constant communication with clients, to limit their work with clients to a specific period or only to specific staff where possible; to empower the staff to communicate more adequately and efficiently in problem situations with clients.

- To enhance the internal organization of the CES by improving vertical and horizontal cooperation between various departments and by improving cooperation of local offices and services; for example, to introduce the possibility of mutual visitations and evaluating procedures between individual employment offices, to balance regulation interpretation and the application of criteria and develop the interchange of good practice.

- To start a call centre and/or information line which would only provide information, or to centrally organize providing information.

- To enable online request application.

- To prepare a navigation table and/or a flow-chart for a better layout of implementation directions, that is, to develop the necessary computer application which would give information to the unemployed individuals according to their traits, about the measures available to use, and which will be of use for all participants of the process, the staff, the unemployed individuals, and the employers.

- To increase the amount of standardized information which the Employment Service gathers on the users so as to increase the precision in measure targeting, that is, user selection, in order to reduce the effect of “cream skimming”; e.g. psychological testing of unemployed individuals which are systematically implemented on all unemployed, the results of which enter the trait base of unemployed person, which can then systematically be utilized for candidate selection for individual measures of ALMP.

- To follow the overall career of unemployed individuals and include the entire career in determining target groups for individual measures.

- To develop trust between different levels of decision making in the system of employment.

- To constantly, consistently and clearly alert the employers and familiarize them with benefits available to them if they employ someone from the unemployment records, and work on measure promotion; at the same time, it is necessary to inform the employers and motivate them to generally use the incentives more often.

- To achieve more focus on using the measures in the private sector.

- To motivate the employers to advertise vacancies through CES since by doing so it is easier to learn the number, structure and the qualifications of the needed workers.

- To systematically and clearly communicate the importance, role and mission of CES and improve the public image of CES.
• To consider introducing a course and/or workshop on the employment agency, for the media or a selection of journalists of the year, which covers the area - the workshop could demonstrate the most important tasks, problems and improvements achieved, and as a part of that activity, to organize public presentations on the meaning, possibilities and effects of ALMP measures.

Possibilities for improving **professional training without employment** are as follows:

• To consider limiting and reducing the volume of this measure so as to reduce negative macro-effects (pushing out other forms of entering the labour market and internship, pushing those young individuals who can't afford to work for a year for HRK 2400 a month out of their professions, etc.).

• To consider stricter restrictions on number of users per one employer, especially when state administration bodies are in question as well as local/regional self-government bodies.

• To consider introducing the retaining condition for employers from the public sector also.

• To increase supervision of mentoring processes and content of work, especially with those employers who have a larger number of users in the measure, and especially with state administration bodies and non-profit organizations.

• To consider introducing different fees according to education level.

• To synchronize regulations for some professions which are conditioned with training in the duration of 2 or 3 years before taking the licensing exam, which is longer than the duration of WT.

• To define more clearly what occupational work history means, especially for those educated in social studies and humanities, to make bringing decisions/assessments more easy for the Employment Service staff.

• To notify users more efficiently about the goals of the measure so as to coordinate their expectations with realistic outcomes of the measure, since a large number of users expect to be employed by the same employer after the measure expires, where a part of the responsibility for such high expectations lies in the media and politics, who especially for this measure played a generally significant role in informing potential users and probably in raising their unrealistic expectations.

We see the following possibilities for improvement with **employment incentives**:

• To consider introducing additional criteria for determining minimum wage given the employer's activity and region, along with existing criteria.

• To loosen the criteria on which employers can use this measure, so as to additionally enable the measure's utilization for employers who in the long run have a stable business activity, but are suffering from short term business problems. This way the effect of *mrтvog tereta* would be reduced.

• **Dead weight** can be reduced in this measure if the Employment Service were to have a greater role in the selection of unemployed individuals among whom the employer chooses his future employee.

• To consider introducing a condition of being registered with the unemployment records for at least three months with the group of individuals over 50 years of age, to reduce the effect of *dead weight*.

• To coordinate the measure for youth with the fact that WT had developed in the meantime. It becomes less attractive for employers when there is WT, and it literally turns into **dead weight**. Possibly to convert it only for individuals with secondary education who don't have the condition of taking the licensing exam, and cannot enter WT. To consider conversion of the measure for young people who don't have the prerequisites for entering WT, e.g. long-term unemployed young people with some experience in their line of work.
To inform the users on the rights and obligations of employers (e.g. minimum amount of stipulated wages, etc.) so as to reduce the possibility of misuse.

With start-up incentives we suggest the following:

- Concerning the recorded problem of this measure existing also as entrepreneurship funding, and not just as a ALMP measure, one should pay attention so that it predominantly remains an ALMP measure, and not to become a general measure for the development of entrepreneurship. In that respect, it is recommended that, for example, some conditions related to the duration of waiting for employment should exist (e.g. that the person was not employed according to the CPII records, regardless of the registration with CES).

- Implementation should include activities oriented to empowering unemployed individuals who have certain resources for entering entrepreneurship, but are lacking in a portion of funds, knowledge and skills, and should not come down to mere entrepreneurship funding.

- To emphasize other support activities apart from financing - the support in the spirit of education, empowerment and similar programs is needed, and attending them during implementation should be mandatory.

- Networking with other institutions (relevant ministry, chambers, etc.) in charge of entrepreneurship development is necessary – this measure should be implemented in cooperation with them.

- More clearly and precisely stress to the users which obligations they assume while entering the measure and all related risks. It is recommended to introduce an obligatory information leaflet which contains information and clearly and unambiguously emphasizes risks with which the counsellor should familiarize the user.

- The regulations for this measure should be stabilized and retrograde application of new regulations should be avoided.

As far as possibilities for improvement of public works are concerned we suggest the following:

- To more clearly and concretely define the criteria which jobs can be accepted as appropriate work for organization of public works – necessary standardization and codification of the assessment practice.

- To supervise which jobs are actually performed through public works, especially with social public works.

- To pay greater attention to avoidance of undesirable effects with approving public works, such as substitution employer’s regular activity with public work.

- With individual types of public works (e.g. assistant in class), the public work duration should be synchronized with the duration of the cycle of the associated job (e.g. school year).

- While defining criteria for entering other measures (e.g. for employment incentives), participating in public work should not be treated as unemployment interruption. If activation is the goal, it should be utilized when achieved through public work.

- To observe profitability of work with public work users, that is, the consequence of utilizing other social service rights – horizontal connection and coordination with other departments.

- The Employment Service should continue to include "under duress" the most passive portion of unemployed individuals.

The following propositions are considered with training for the unemployed:
• Reestablishing the measure training for the unemployed for the known employer is recommended, as well as placing greater emphasis on this form of training for the unemployed individuals.

• It is recommended that the training be arranged based on medium-term assessments of the labour market demands, which would be performed on a regional level for the period of approximately three years, to avoid burdening the Employment Service staff with performing short-term assessments. Medium-term assessments should be based on more complex and more systematic methodology.

• To cross over from common public procurements of education services which are conducted annually, to general long-term agreements in order to increase flexibility of procuring educational programs and facilitate the educational programs, as well as their better seasonal distribution. It would solve the problem of filling stipulated quotas per individual program and allow greater flexibility in allocating unemployed individuals in those programs for which they show more interest.

• During arrangement of training for unemployed individuals the suppliers should be selected according to the criterion of economically most viable offer according to the Public Procurement Act, and not according to the lowest offer.

• Not to use the measure as an activation measure, because then it brings about a weak effect. To include in the programs those unemployed individuals who are truly motivated in retraining for certain occupations, that is, for professional education or training.

• To increase/return education aiming at strengthening generic competence (language skills, IT skills, etc.).

**With employment maintenance incentives** we suggest to consider the following:

• To arrange the rights and obligations of employers in greater detail and adjust the measure to the practice and experience of the market.

• To allow smaller employers a greater range of seasonal workers in relation to the unemployed so as to reduce the gap between large and small employers.

• To allow employers with certain difficulties in their business activities to use the measure “Free Friday” so that the measure could aim at retaining employees even in those companies which are dealing with problems.

• To enable the measure utilization for employers who have a fluctuation in the workforce in certain departments, especially if these employers operate on a wider geographical area or have a widely spread business structure.

**Training incentives** could be improved by applying the following recommendations:

• To increase the usage and the coverage of the measure, especially as a quick and flexible ad hoc complement to labour-market oriented training which proves to be inflexible and noneffective in certain aspects.

• To simplify and work out the process of creating a cost estimate, as well as give more elaborate explanations and enable training for the CES staff in order to help them with more adequate decision making on the legitimacy of the costs for this type of education.

• To additionally work out communication tools with the employers and educational institutions for the purpose of faster and more effective monitoring of the labour market demands, so as to better respond to the educational needs of the unemployed, but also the employed at risk of unemployment.

• To reduce the duration of the application procedure in order to speed up and coordinate the education of the workforce on local labour markets.
The stated cost-benefit analysis, due to lack of more precise data, can serve as an indication of individual measure functioning and the basis for discussion more than a starting point for political action and/or possible cancellation and restriction of individual measures of ALMP. Also, the ALMP measures should not be considered only from a relatively short-term financial viewpoint, but it is necessary to cover also their meaning in improving the social engagement of the participants, long-term improvement of their employability due to adopting new knowledge and abilities and thereby raising the competitiveness of the overall national economy. In other words, this measure is a form of social investment, which helps the users in improving productivity and with this probably also the possibility of achieving greater income in the future.

If we try to sum up the most important messages from all interviewed participants, we can repeat that the propositions for the measures are focused on the need of improving transparency and their best possible targeting, that is, adapting to a single group of unemployed individuals. Furthermore, one should strive to securing long-term financial sustainability of the measures, simplification of the overall procedure for submitting documentation and reporting and avoiding constant adjustments of the conditions and attributes of the measures. Measures should be adjusted to changed circumstances, but in so doing one should aim at their stability and longevity so that potential users and the CES staff aren't faced with a dilemma. Finally, it is important to improve measure informing as well as reporting on their effects, so as to improve the image which the general public perceives on the meaning and activities of the Croatian Employment Service.

And, in the end, we provide a proposition for future evaluations. In future evaluations, except in the quasi-experimental section, both the qualitative and the quantitative research should also encompass comparable unemployed individuals who didn’t enter the measure in the reference period. This way even more reliable data could be obtained, regarding the influence of awareness and activities of the counsellors in CES in entering the measure and also the measure’s targeting. Questioning the employers who don’t implement the measures, as well as those who planned to use them but were rejected or they gave up on them themselves, could also prove to be relevant. General recommendation would be that the Employment Service should record a wider set of traits of unemployed individuals (which it would collect, for example, through psychological testing) which could prove to be useful in developing a draft of methodology of future evaluations. An important assumption for successful future evaluations is consistent record keeping for measures during one implementation period, and conducting evaluation for exclusively one consistent period within which there wasn’t a great number of changes in the measure implementation method. Conducting future research would certainly be helped with the information which the Employment Service could record in the records of unemployed individuals with whom it is in contact minimally once per month, and it is about the consent of the person for participating in the research which the Employment Service conducts and the consent for giving over the contact data to the third party who conducts the evaluation. As far as micro-econometric methodology is concerned, the propositions for further evaluations are as follows:

- To try forming the control group in a way to cover potential participants who gave up/didn’t manage to enter a certain type of intervention.
- To cover a long-term time period (36 months after the intervention ends).
- For specific measures, such as the start-up incentive, to form a more adequate control group defined as unemployed individuals who leave the records of the Employment Service to enter ‘self-employment’. Regarding self-employment, it would also be wise to compare the participants in the measure, after the intervention, with other "brand-new" entrepreneurs and thereby compare the ‘deterioration rate’ of the sole-proprietorship/company.
- Concerning the result of the participants and matching non-participants one should try to secure the possibility of using the data on the amount of income and the type/class of occupation so that a more detailed insight in the structure of the employees after the intervention period is achieved (for example, to secure data on type and class of occupation of employed attendees of the training program).
To define a set of personal traits essential for finding employment/remaining on the labour market, and in cooperation with the Employment Service staff implement a method of data gathering for the purpose of registering traits which will be found in the Employment Service database and which could enrich future micro-econometric evaluations.
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