

## Report on the Study Visit to Belgium, Denmark and Poland

From 19 to 28 September 2018, a delegation of high-level NDRC officials led by Mr. Li Kang, Director General, department of Employment and Income distribution, has visited Belgium, Denmark and Poland to get better acquainted with the relations between economic development and active labour market policies supported by social protection reform.

In Belgium, the delegation had a working session with the European Commission Directorate General for Employment, Social Affairs and Inclusion. It also took part in the International Workshop on High-Quality Development and Workforce Quality Improvement where some 25 participants attended. The meeting first discussed employment and social security issues under the background of population movement with keynote addresses on the situation in China, and on Active labour market policies (Obstacles to mobility) in OECD countries. It then turned to reviewing income distribution in its relations with and influence on the functioning of the labour market on the basis of key note addresses on the situation in Europe and in China respectively. Finally, the meeting discussed Methods and experiences for achieving quality development on the labour market for which the situation in China and in selected European countries (Belgium, France, Italy, Poland and the United Kingdom) was introduced through national monographs presented by their authors.

In Denmark, the Delegation had bilateral discussions with the Ministry of Employment on Danish Active Labour Market Policies. It also had a working session with the Danish Confederation of Trade Unions L.O.

In Poland, the delegation met in Warsaw with the Ministry of Family, Labour and Social Affairs to discuss relevant policy issues. It also visited a number of ground institutions active in the implementation of Polish labour market policies in Krakow and in Warsaw.



*Krakow, meeting with local authorities*



*Opening, Brussels Workshop*

According to the work plan of China-EU Social Protection Reform Project (hereinafter refer to SPRP), the Department of Employment and Income Distribution of National Development and Reform Commission (NDRC) carried out a study visit to Belgium, Denmark and Poland from the 20th to 29th, September. During the study visit, the Chinese delegation had in-depth communication and discussion around the theme of “high quality development and workforce quality improvement” with the governmental officials, experts and scholars from various organizations, including the Directorate-General of Employment, Social Affairs and Inclusion of the European Commission (DG Employment), the Polish Ministry of Family, Labour and Social Policies, the Voluntary Labour Corps of Poland and etc. In general, the countries of the European Union are facing the challenges of increasing non-standard employment and mismatch of skills, however, the competences of labours are improved and the employment is increased by implementing the “flexicure” labour market policies, strengthening the public employment services in a comprehensive way, and enhancing trainings. Some of these experiences are worthy for us to learn and take as references.

### **1. Challenges faced by the labour markets of the EU countries**

Due to the impact of 2008 international financial crisis and the influence brought by scientific and technical revolution and industrial changes, the labour markets of EU countries are experiencing rapid changes and facing some striking problems and challenges.

#### **1.1 Severe segmentation of labour market and increasing of non-standard employment**

There exist the barriers for the mobility within the European labour markets as well as the severe segmentation of secure works and insecure works, among which, a special form is the segmentation of long-term employment contract and temporary employment contract. The labours of these two categories are different to transit from one to another, with the scale of using non standard form of employment and temporary contract is enlarging and the non-voluntary part-time workers are increasing, the younger age group has particularly more severe problem of segmentation. In 2014, the share of temporary contract workers in EU-28 was averaged on 14%, among which, Croatia, Sweden, Cyprus, Portugal, the Netherlands, Spain, Poland are above the average level with the highest reaching 28%. The young people get deeper influence due to lacking of experiences or skills. The percentage of using temporary contract for young people reaches 40% and even higher in countries like Croatia, France, Italy, the Netherlands, Poland, Slovenia, Portugal and Spain, and this percentage in some countries even exceeds 50%, seeing a significant increase compared to that of previous years and a decade ago.

#### **1.2 Rapid changing of labour market and challenges put forward to the skill**

With a new round of scientific and technical revolution and industrial change on the rise, as well as the continuing increasing of the level of informatization, automation and

intelligentization, the labour market is also experiencing profound changes. The jobs of some traditional industries are vanishing, while the job demand for emerging industries is increasing. The mismatch between skills and the demands of job markets becomes a striking problem, and the skills are in urgent need of improving and updating. Currently, EU is in shortage of 1 million IT experts, yet this gap could not be filled within a short period of time. Denmark has the highest level of electronization in Europe, and its traditional sectors like post office and printing house are either shrinking or vanishing, and the employees of these sectors anticipate updating their skills so as to adapt to the changes of labour market. Meanwhile some sectors are short of labours with qualifications. From 2011 to 2014, the demand for high skilled workers in Belgium was increased by 40,000 and more, while the need for low-skilled was decreased by more than 30,000.

## 2. Main approaches adopted by the EU countries

The labour market policies implemented in Denmark is featured by “flexicure”. Poland strenghtens its employment strategy plan and comprehensively provides public employment services, which effectively improve the competences of labours and promote employment.

### 2.1 The “flexicure” labour market policy in Denmark

Denmark implements the labour market policies featured by “flexicure”, which is supported by three major systems, namely, the flexible labour market arrangements, the high level of welfare, and the active labour market policies. These three systems complemente each other, and the flexibility and security are compatible, enabling the workers to switch the jobs without concern. At the same time, the trade union plays an important role in terms of providing strong support to policies implementation through collective negotiation.

First is the flexible labour market arrangement. In Denmark, the law and regulations have a few limitations on companies’ behaviours of dismissing and hiring employees. The companies could hire or dismiss the workers in a flexible way, with the rate of job turnover reaches 20%-25%. However, the company must have justified reasons when firing the employee, such as insufficient qualification and skills, non-cooperative, etc.

Second is the high level of welfare. Denmark has a solid safety net with comprehensive social protection systems in the place, including unemployment, occupational injury, health, basic living allowance, etc. 70% of employed is covered by unployment insurance. The unemployed could apply the unemployment benefit as long as he/she worked for 52 weeks in the past 3 years. The unemployed, however, must search for work actively, or the entitlement for unemployment benefit would be cancelled. The amount of benefit is generous which is calculated based on the wage level before getting unemployed. The highest is 2,469 euros per year with maximal 2 years, and could be extended to 3 years under special circumstances. The government finance covers the majority of the spending for unemployment benefit. If the unemployed could not find

a job after 2 year of getting unemployed, then he/she could receive a basic living allowance of at least 800 euros.

Third is the active labour market policy. This mainly includes three kinds of measures. The first kind is education, training and guidance; the second kind is the internship in public entities or private companies; and the third kind is the subsidy to the wage spendings of the public and private employers provided by the government finance. The financial expenditure of these kinds of measures accounts for 2% of GDP. Denmark also implements lifelong learning strategy. Denmark's strategy for lifelong learning-education and lifelong skills upgrading for all and National Qualifications Framework for Lifelong Learning are developed to advance the lifelong upgrading of skills of all citizens through the enhancing of top-level design. Adult education and training is an important part of Denmark's lifelong learning strategy, which is organized for people with different education levels. Various kinds of training funds or training programmes are also set up to provide greater support. In 2016, 27.7% of people aged 25 to 64 participated in formal or non-formal education.

Fourth is the collective negotiation led by the trade union. "Flexicure" is the model of Denmark's labor market, which is based on the autonomy among social members, quite different from the requirements by the law in other most countries, thus the trade union plays an important role. The responsibility of the trade union is to safeguard the interests of its members and the workers, ensure that they get better wage and working condition, and provide various kinds of skill trainings and employment guidance so as to help them to improve their skills and better adapt to the changing labour market. Some core areas of labour market are not regulated by the law including payment of wage, working hours and right of rest, instead, these are confirmed by the collective negotiation led by the trade union, and get further standardized through the collective agreement between employers and employees. 70% of the labours in Denmark join the trade union and are protected by the collective agreement.

## 2.2 The active labour market policy of Poland

Through strengthening the employment strategic plan at top level, the labour-related organizations of Poland provides public employment service in an all-around way, pay high attention to the vocational training of young people, and focus on improving the competence of labour and promoting employment.

First is to strengthen the employment strategic plan at the top level. On one hand, annual development plan is formulated. According to the regulation of employment promotion and labour market, the Polish Ministry of Family, Labour and Social Policy is responsible for formulating the annual National Employment Action Plan, in which the indicators are set up including employment rate, regional employment rate, unemployment rate, registered unemployment rate, rate of continued learning for people aged 25-64, rate of receiving vocational training for young people between 20-24 yrs old, etc. Through increasing the efficiency of labour market and the support to

employability-related programmes, the unemployment rate is dropped, the scale of employment is extended, the level of social development measured by employment and unemployment rate in different regions is improved, and the economic cohesion based on per capita GDP in different regions is raised as well. The governmental organizations respectively responsible for labour, education, economy and social security are working together in a coordinated way; they implement a series of measures in their respective sector and jointly ensure to achieve the planned indicators. On the other hand, the mid and long term development strategy is formulated. The Human Capital Development Strategy was formulated in 2013, in which, the analyses on human capital and social cohesion of Poland are provided so as to identify the development goal, direction, measures and programmes, improve the quality of human capital development, enable different groups to fully participate in social, political and economic activities in different stage of life, and increase social cohesion. The key policies include: to promote employment and activate the human capital reservoir of different groups including young people, women, disabled, old-age workers, elders and long-term unemployed through active labour market policies; to coordinate with the labour market and reform the institutions of higher-level education, vocational education and training, and lifelong learning; to implement active family and social protection policies through financial, legal and institutional guarantees.

### 2.2.1 Job mediation

Based on the principal of “free, accessible, optional, equal and open”, the labour-related organizations actively mediate jobs for the unemployed and job seekers. Career counselors use questionnaires to deeply analyze their information and personality and further divide them into three categories (the first is those with higher education background and actively search for the jobs; the second is those with moderate qualifications but have some problems or search for jobs not in an active way; the third is the people who have many problems or do not actively search for jobs at all). The personal account is set up accordingly, the customized action plan is developed by targeting each individual, and different services and measures are adopted to help different individual to get employed.

### 2.2.2 Career counseling

The 2,144 career counselors provide counseling services for the unemployed and job seekers. The career counselors use two tools, namely, questionnaire of asking job interests and occupational capacity test, to deeply analyze the interests and capacities of the unemployed and job seekers. Based on the analyses, the career counselors provide them with the labour market information and personalized advice and suggestion, help them identify their career development plan and choose the appropriate occupation and job. There were 250,000 in total received career counseling in 2017.

### 2.2.3 Vocational training

The labour market in Poland faces several challenges like skills are mismatched, skills are out-dated, and the development of new technologies put forward higher requirement

to workforce competences. For this purpose, through the investment to support skills and lifelong learning, Poland develops and implements several policy measures such as National Training Fund, tripartite training agreement, training for the unemployed, adult apprenticeship, internship, and so on. National Training Fund was created in 2014 by using 2% of the Labour Fund and the amount reached 45 million euros in 2017. The focus is to support on-the-job trainings for the employees, and cover 100% training costs for small-scaled companies, 80% training costs for middle and large-scaled companies. Tripartite training agreement is signed between the labour-related governmental organizations, companies and training providers. The training programmes are designed based on the skill demands, and the companies promise to hire the trainees (registered unemployed) after the training. If the companies eventually hire the trainees, the training expenses would be remitted. Intensive trainings are provided to the unemployed on the basis of the training agreement between labour-related governmental organizations and training providers, as well as the analysis of skill demands of labour market and the needs of the unemployed. Adult apprenticeship is the skill training lasted for 6-12 months or the skill updating training lasted for 3-6 months that are provided to the registered unemployed based on the agreement signed between the labour-related governmental organizations and training providers. Internship is the support to the registered unemployed to take an internship in the companies based on the agreement signed between the labour-related governmental organizations and the companies, so as to gain practical working experience and enhance employability.

Third is to attach high importance to the vocational training for young people. There are many real factors for young people as lacking of experiences and facing more difficulties than other groups in the labour market, the Polish government then attaches high importance to the promotion of employment for young people through strengthening vocational training and skill updating. On one hand, Poland actively participates in the Youth Guarantee Scheme of the European Commission, and uses EU funds to support the young people aged under 25 who are not engaged in employment, education or training, so as to enhance their employabilities and increase the chances to get employed. On the other hand, Poland sets up Voluntary Labour Corps , which is under the administration of the Ministry of Family, Labour and Social Policies, and dedicates to provide vocational trainings for the young people aged between 14 to 25 who drop out of schools due to various reasons or suffer from social marginalization or exclusion. Voluntary Labour Corps has many vocational training centers nationwide, as well as the counseling bases, activity bases and agents, which provide intensive education and training (completely free and lasts for 3 years), professional coach, career counseling and job mediation to support this group to acquire necessary social and occupational skills, and to facilitate their social integration, promote employment and entrepreneurship. Special attention is given to the targeting and effectiveness, and to analyze the supply-demand and understand the needs of the companies through the occupational barometer. Based on all of these, the in-classroom training and practical

training are organized through the way the government purchases services. Meanwhile, they also collaborate with the employers to provide paid internship for the students, and the public finance provides subsidies to the employers for the wage costs and social security contributions. Around 0.3 billion PLN is used to subsidize more than 40,000 employers and support the internship of 140,000 young people.

### 2.3 The vocational training in other countries

First is to promote lifelong training and learning by taking the law as the guarantee. The law on lifelong learning was published in France in 2004, which identified the individual rights of receiving training; every employee has the right to receive training for 20 hours every year, and will not exceed 120 hours in 6 years. The law for vocational training, employment and social democracy was published in 2014, which regulates to set up the individual training account; the employers provide findings for the training, and each employee could receive 24 hours of training every year, and will not exceed 150 hours after 7 years. The law for flexible working hours was published in Belgium in 2017, regulating that the workers are provided with 5 days for vocational training every year, and individual vocational training account is set up. While Italy pays attention to continued vocational training with the employers and trainees participated are increasing during recent years.

Second is to improve the training quality and effectiveness by taking the demands as the orientation. The vocational trainings in Italy are organized in its 140 industrial districts nationwide, and the labours could receive the training in the industrial district according to its specific production and sector, so that the production and training are closely connected. Belgium provides financial incentives to the employers and thus facilitates more employers to provide work-related trainings, and as a result, the employers which have the facilities for work-related training have been increasing in recent years. The Adult Vocational Training Association of France is responsible for the vocational training of the whole country, focusing on the systematic analysis of the local economic and industrial development environment, as well as the employment situation. The training courses are formulated based on the analysis to deal with the local needs.

Third is to strengthen the supply capacity by taking the trainings for trainers as the support. The Adult Vocational Training Association of France focuses on the training to vocational trainers by providing them with special training courses, and constantly enhances the capacity of trainers. The vocational schools in the UK have “teachers development week”, during which the teachers will receive professional training and education either at school or at the companies. In addition, the schools will also send teachers to the companies to learn and acquire information.

The EU countries have recently suffered from painful experiences of increased unemployment rate brought by the economic crisis. With the gradual economic recovery and a series of active labour market policies adopted, particularly with the

support of public employment service as the vocational training the main content, the unemployment rate began to drop in a steady pace, and the employment level began to improve. In August 2018, the unemployment rate of EU-28 was 6.8%, a decrease of 0.7% on year-on-year basis, a record-low since April 2008. The unemployment rate in Denmark was 3.9%, 2.3 points lower than the highest level in 2012 after the financial crisis. The unemployment rate in Poland was 5.8%, a record low since 1990, and a drop of 7.6 points than the highest level in 2013 after the financial crisis, and even 3.7 points lower than the pre-crisis level.

### **3. Inspirations and recommendations**

The economic growth in China has transited from high speed growth to high quality development, which requires the efficient support of massive labour force with qualities and competences. Challenged by the weakening of demographic dividend and the emerging of structural employment problems, there still exist the difficulties and pressures of total employment and the employment of targeted groups. We need to fully use the international experiences as references to accelerate the improvement of relevant policies and institutions as well as the competences of labour force, so as to achieve high-quality and sufficient employment.

3.1 To strengthen top-level design and improve the policies and institutions of labour market.

On one hand, we need to focus on the problems and institutional weakness of the labour market, and strengthen the design of relevant policies and institutions. Recently, we must accelerate the improvement of labour contracts and social security schemes so as to adapt to the new forms of employment, and standardize the behaviors of platform companies and their employers and employees so as to protect the rights of part-time workers and non-formal employees. At the same time, we could use the “flexicure” labour market policies of Denmark to further strengthen the coordination and balance between employment promotion policies, labour contracts and social security schemes to increase the flexibility and security in a paralleled way in China’s labour market. On the other hand, we need to enhance the legal guarantee by learning the approaches of France and Belgium, and to integrate the lifelong learning into the legal framework so as to enhance the obligations of the labour-related governmental organizations, workers and employers.

3.2 To increase investment and constantly strengthen the capacity of providing vocational training

We need to continue to increase the spending of budgetary funds at central level, absorb the investment of private capital, accelerate the pace of deploying and building a batch of public practical training centers at regional level with clear positions, improved functions and distinctive features, and enhance the capacity of providing vocational trainings by the public sector. We also need to carry out government purchasing services, increase the amount of subsidy, boost the initiatives of the market-based training providers and employers, develop more training programmes, and increase the supply

of vocational trainings by various means. More focuses need to be put on the capacity building of the teachers and trainers so as to enhance their professional abilities.

### 3.3 To put emphasis on demand-driven and improve the quality of public employment service

The adjustment mechanism needs to be established by pinning the trainings and the changes of market needs. Such scientific approaches and tools as big data monitoring, questionnaire, occupational capacity test are in need for the purpose of enhancing the analysis and prediction of the changes of demands of labour market and industrial development, evaluating the personalities, capacities and needs of the unemployed and job seekers, and providing customized services of job mediation, career guidance and vocational training, so as to promote the provision of targeted and efficient services. We also need to further explore the integration of industries and education, and the cooperation between schools and companies, enhance the trainings based on the orders, products and job positions, and facilitate the higher matchness between labour force and employers.

### 3.4 To focus on the targeted groups and let the policy to fully play its effects

For such groups as the young people lacking enough experiences, low-skilled migrant workers, old-age workforce, long-term unemployed having difficulties of getting employed again, their employabilities are weak and thus become the key targets of public employment services. For these different groups, we need to insist on taking differentiated policies with the practical efficiencies as the core, and enhance the targeted and precise assistance and support. Through the three nets of employment information, vocational training and social security, we need to promote the employment or update the skills for the re-employment of these targeted groups, and guarantee the basic living standard for those having difficulties to work.