BACK TO WORK: LESSONS FROM NINE COUNTRY CASE STUDIES OF POLICIES TO ASSIST DISPLACED WORKERS

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Worker displacement quite frequent

Large earnings losses

Substantial costs to individuals and society

But with considerable country differences

9 country case studies with a focus on income support & re-employment assistance (AUS, CAN, DNK, FIN, KOR, JPN, NZL, SWE, USA)
### Prevention

- Tax layoffs (e.g. experience rating of UI/UB and EPL)
- Subsidise job retention (e.g. short-time work schemes)

### Early intervention

- Re-employment assistance often begins during notice period
- Rapid response measures, e.g. temporary PES office on site
- 2 challenges:
  - Uneven access (mostly mass layoffs with adequate advance notice)
  - Obtaining constructive employer engagement

- Sharp HQ in Nara Prefecture in Japan (PES in the lead)
- Job Security Councils in Sweden (social partners in the lead)
### Policy response (2:4)

**Re-employment assistance and retraining**

<table>
<thead>
<tr>
<th>Activation</th>
<th>Tailoring assistance</th>
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<tbody>
<tr>
<td><strong>Displaced workers (DWs) face:</strong></td>
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<tr>
<td>• Particular employment barriers</td>
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<td>• Particular advantages</td>
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<td><strong>Activation</strong></td>
<td><strong>Tailoring assistance</strong></td>
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<td>• <strong>Skills audits</strong> + gap training (counselling, flexible VET curricula and economic support to retrain), e.g. closing of large Bridgestone Tire factory near Adelaide in 2010</td>
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<td>• <strong>Scaling up</strong> to meet mass layoffs, e.g. automatic increase in ALMP budget in DNK</td>
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<td>• <strong>Connecting early</strong> with DWs who face delay in qualifying for UBs, e.g. mandatory registration in DEU and CHE</td>
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<td>• Great diversity among DWs, but how to take this into account?</td>
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<td>• Unjustified differences in access to services is common for DWs</td>
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Policy response (3:4)
Re-employment assistance and retraining (cont.)

General versus targeted measures

Key benefits are tailoring to specific needs of DWs, specialised staff and positive peer effects

Key costs are program duplication and extra administrative costs

Programmes targeted on a subset of DWs are problematic
- Inefficiencies and inequities often result
- May have a political rationale

E.g. special programs for trade displaced workers (TAA & EGF)

A pragmatic mix appears best
Policy response (4:4)
Income support for displaced workers

<table>
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<tr>
<th>UI/UB programs</th>
<th>Wage insurance</th>
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<tbody>
<tr>
<td>• DWs are usually well-served by UI-type programs (i.e. qualify for initially quite high benefits), except in countries where UBs are means tested.</td>
<td>• Rationale for wage insurance is that it can:</td>
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<td>• High risk of benefit exhaustion which can lead to poverty.</td>
<td>✓ Compensate DWs for re-employment at a lower earnings level</td>
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<td>• Difficult trade-offs arise between income support adequacy and re-employment incentives.</td>
<td>✓ Encourage more rapid re-employment</td>
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<td>• Severance pay plays this role to some extent.</td>
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<td>• Limited policy experience suggests wage insurance can compensate for wage loss, but has little impact in speeding up re-employment.</td>
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</tbody>
</table>
Helping DWs within a broader strategy to facilitate LM adjustment

- Anticipating skill needs
- Effective adult learning policies
- Local development policies
- Better framework policies for mobility
- Fostering innovation
- More "social" trade policies
For further information:

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OECD Directorate for Employment, Labour and Social Affairs: www.oecd.org/els
OECD work on displaced workers: http://www.oecd.org/els/emp/displaced-workers.htm
OECD Employment Outlook: www.oecd.org/employment/outlook