An examination of the flexibility demands towards the unemployed

Sarah Vansteenkiste
Wim Herremans

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Steunpunt Werk en Sociale Economie
Parkstraat 45 bus 5303 - 3000 Leuven
T:+32 (0)16 32 32 39
steunpuntwse@kuleuven.be
www.steunpuntwse.be

KU LEUVEN

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Vansteenkiste, Sarah
Herremans, Wim
KU Leuven, Steunpunt Werk en Sociale Economie

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Steunpunt Werk en Sociale Economie
Parkstraat 45 bus 5303 – B-3000 Leuven
T:32(0)16 32 32 39 - F:32(0)16 32 32 40
steunpuntwse@econ.kuleuven.be
www.steunpuntwse.be

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1. Introduction

Up to now, in policy-oriented unemployment research, most attention has gone to studying the generosity of unemployment benefit systems and linking this generosity to macro-economic outcomes, like duration of the unemployment spell and the aggregate level of unemployment (e.g., OECD, 2006; Mortensen, 1977 & 1990). So far, much less attention has been paid to the obligations unemployed face to obtain these unemployment benefits (Kvist, 1998; Venn, 2012). Since the introduction of the social security system however, unemployed are required to meet certain demands in order to receive unemployment benefits (Grubb, 2001; Hasselpflug, 2005; Kvist, 1998; Venn, 2012). These demands include searching for jobs, attending interviews and accepting "suitable" job offers, i.e. job offers that may differ on certain aspects from previously held jobs or educational background, but which are deemed suitable by the public employment agency.

In this study we discuss the job search flexibility that is demanded from unemployed in policy legislation in different OECD countries. OECD countries – and thus also Belgium – have legislation on three types of flexibility demands: occupational, geographical and wage flexibility demands (Hasselpflug, 2005; Grubb, 2001; Venn, 2012). Firstly, the demands on *occupational* flexibility imply that an unemployed must to some degree accept job offers in other occupational areas than that of his previous job(s) or studies. Secondly, *geographical* flexibility implies that an unemployed must to some extent accept job offers which demand a certain predetermined transportation time. Lastly, the *wage* flexibility demands entail that an unemployed must to some extent accept job offers which offer a lower wage than that of the previous job(s) or than that of the usual wage for that occupation. Although all OECD countries have some legislation on these flexibility demands, their interpretation of these demands differ and can be more or less stringent.

We firstly perform a cluster analysis on 25 OECD countries (including Belgium) as to group these countries in regimes with similar approaches to the flexibility demands and corresponding sanctions. In total, our analysis suggests to distinguish six different clusters. We discuss each of these cluster outcomes. Secondly, for each cluster, we take one country as representative. We questioned the Public Employment Services (PES) of these six representative countries regarding the requirements relating to the flexibility demands, the way in which these demands are monitored and inventoried, and the sanctions applied in case of insufficiently flexible behavior. In the second part of this study, we look more closely at the flexibility demands and sanctioning system of each of the six countries. To conclude, we discuss several recommendations based on the results of the cluster analysis and the survey of the six PES.

2. Flexibility demands and sanctions: a cluster analysis of 25 countries

2.1 Categorization of flexibility demands

In order to be entitled to unemployment benefits, unemployed are required to search for and respond to every 'suitable' job offer. The criteria that determine what is a suitable job offer are captured in three specific domains and differ between OECD countries. In general, there are demands on the unemployed' occupational, geographical and wage job search. Every OECD country has legislation on these aspects (Hasselpflug, 2005; Grubb, 2001; Venn, 2012). In this section, we group these countries into different clusters, depending on the strictness or leniency of their policy towards the three different flexibility demands and their sanctioning system. Hasselpflug (2005) and Venn (2012) distinguished five categories of possible policies that occur in OECD countries with respect to the occupational and geographical flexibility demands and sanctions. We apply a similar methodology to make a distinction between five categories of wage flexibility demand policies. In table 1, we summarize each of these five different categories with respect to the flexibility forms and sanctions, with '1' referring to a more tolerant policy towards the unemployed and '5' a more stringent policy.

Table 1. Categorization of the types of policies on the flexibility demands and sanctions based on Venn (2012)

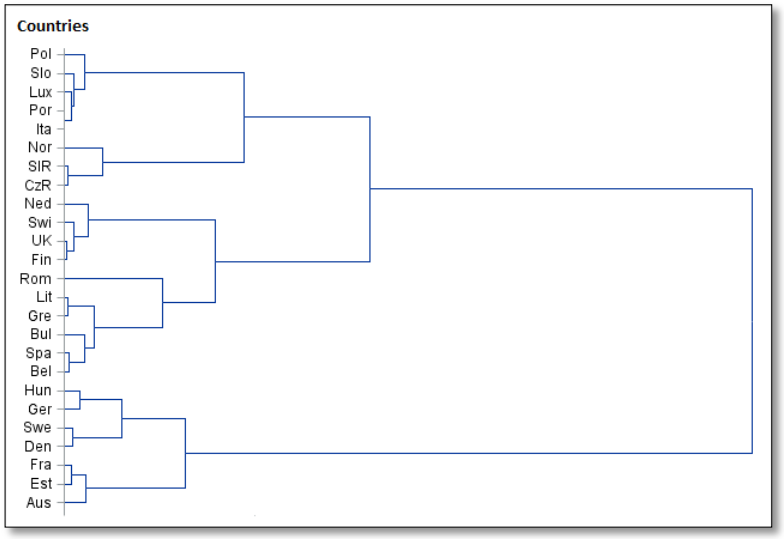
Occupational Mobility	1	The unemployed can refuse job offers in other occupational areas indefinitely
	2	The unemployed can refuse job offers in other occupational areas for a limited period of 6 months or more
	3	The unemployed can refuse job offers in other occupational areas for a period of less than 6 months
	4	No explicit reservations but the unemployed person's qualifications and the length of the unemployment spell are taken into account
	5	The unemployed must accept all job offers that he/she is capable of doing
Geographical Mobility	1	No demands on geographical mobility
	2	The unemployed must accept a daily transportation time of up to 2 hours per day
	3	The unemployed must accept a daily transportation time of up to 4 hours per day
	4	The unemployed must accept a daily transportation time of 4+ hours per day
	5	The unemployed must be willing to move
Wage Mobility	1	The unemployed can refuse jobs with other wages indefinitely
	2	The unemployed can refuse jobs that pay differently for a limited period of 6 months or more
	3	The unemployed can refuse jobs that pay differently for a limited period of less than 6 months
	4	The unemployed can refuse jobs if the pay is not higher than the unemployment benefit or minimum wage (no time instructions)
	5	The unemployed must accept all job offers regardless of pay

Sanctions for refusing job offers	1	0-4 weeks (including benefit reductions)
	2	5-9 weeks
	3	10-14 weeks
	4	More than 14 weeks
	5	Suspension of unemployment benefits

3. Cluster analysis

Based on the categorization of table 1, the strictness of the policy of OECD countries on the job search behavior of unemployed individuals can be screened. Venn (2012) provided a summary of the different flexibility policies OECD countries have. Based on this summary, we give each country a score of one to five on its respective flexibility policy. In a next step, we use hierarchical and non-hierarchical cluster analysis to group the 25 OECD countries that have similar characteristics across the flexibility demands and sanctions. The hierarchical cluster analysis measures the distance between each pair of countries and accordingly divides the countries into specific subgroups. Based on the Root Mean Square Standard Deviation (RMSSTD) values, an optimal cluster solution is obtained. A large leap in the values of the RMSSTD suggests that very different observations are put together and that it is therefore no longer meaningful to take these observations together in one cluster. When we look at the RMSSTD values for the six- and five- clusters solution, there is a relatively large leap in values: from 0,64 (6 clusters) to 0,71 (5 clusters). Therefore, we can presume that reducing the six-clusters solution further, will imply putting together observations with large differences. Therefore, the six-clusters solution seems optimal and we will continue with this number of clusters. The dendogram of this cluster analysis can be found in figure 1.

Figure 1. Dendogram hierarchical cluster analysis (Ward's method)



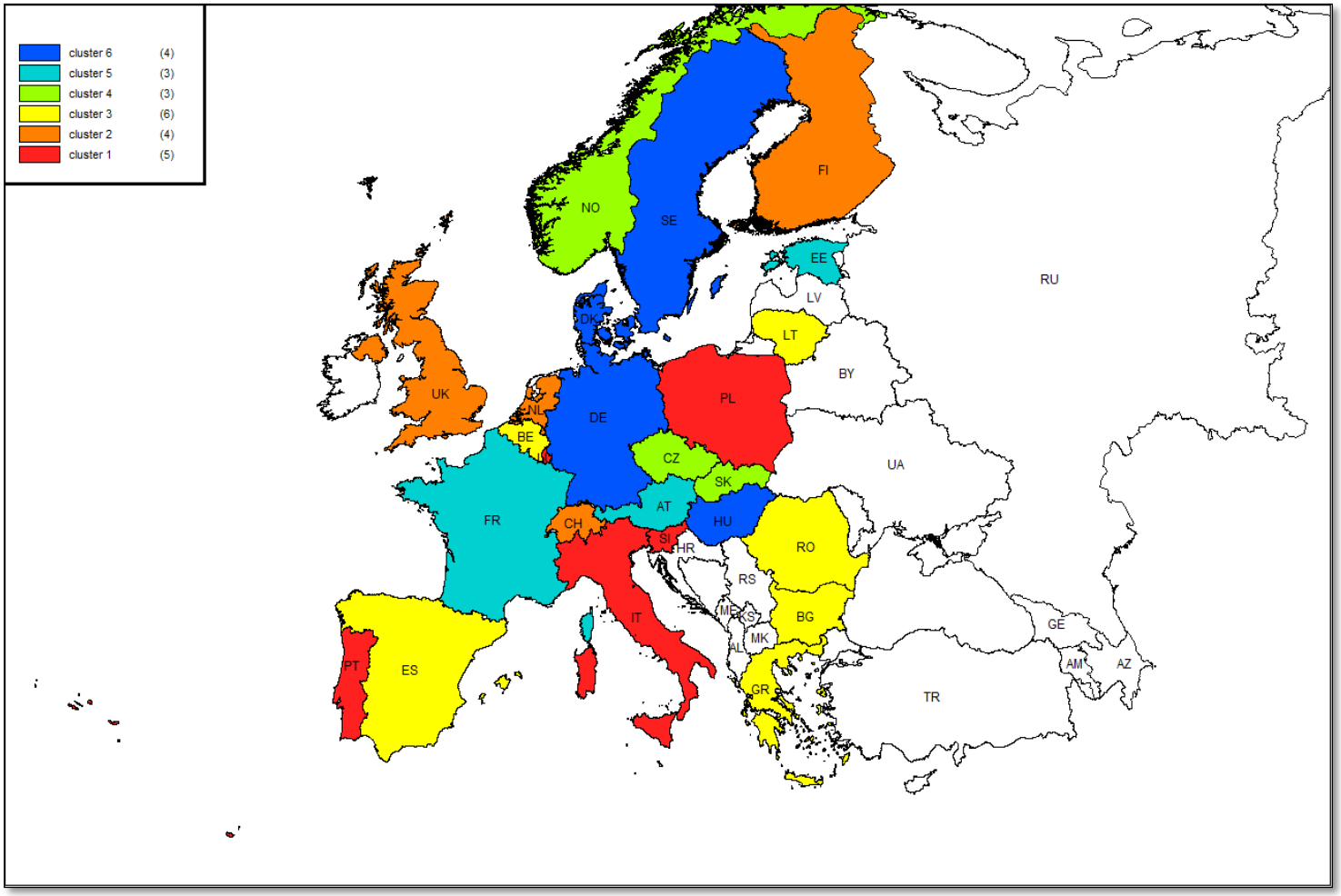
Next, a non-hierarchical cluster analysis is performed on the six-clusters solution. This will assign each country to a cluster on the basis of the distance between the country and the mean value of the cluster. In table 2 each of the 25 OECD countries is assigned to one of the 6 clusters and gives the corresponding country scores on the flexibility demands and sanctions. Figure 2 gives a visual overview of the cluster solution on a map.

Table 2. Scores of the different countries on the flexibility demands and sanctions

		Occupational Mobility	Geographical Mobility	Wage Mobility	Sanctions
cluster 1	Italy (IT)	4	3	5	5
	Luxembourg (LU)	4	3	4	5
	Poland (PL)	5	3	5	4
	Portugal (PT)	4	3	5	5
	Slovakia (SI)	3	3	5	5
	Mean	4	3	5	5
cluster 2	Finland (FI)	3	3	5	2
	Netherlands (NL)	2	2,5	5	1
	Switzerland (CH)	4	3	5	2,5
	United Kingdom (UK)	3	2,5	5	2
	Mean	3	3	5	2

cluster 3	Belgium (BE)	2	3	4	3
	Bulgaria (BG)	2	2	5	4
	Greece (GR)	1	3	5	5
	Lithuania (LT)	1	3	5	4
	Romania (RO)	1	5	5	5
	Spain (ES)	2	3	5	3
	Mean	1,5	3	5	4
cluster 4	Czech Republic (CZ)	4	5	5	4
	Norway (NO)	5	5	5	2
	Slovenia (SK)	4	5	5	5
	Mean	4	5	5	4
cluster 5	Austria (AT)	3	2	1,5	2
	Estonia (EE)	3	2	3,5	1
	France (FR)	3	1,5	2,5	1
	Mean	3	2	2,5	1
cluster 6	Denmark (DK)	5	3,5	1	1
	Germany (DE)	5	3	2,5	1
	Hungary (HU)	5	3	4	2
	Sweden (SE)	4	3	1	1
	Mean	5	3	2	1

Figure 2. Solution of the cluster analysis on a map



4. Description of the cluster outcomes

Cluster 1 consists of Italy, Luxembourg, Poland, Portugal and Slovakia. It is characterized by a strict policy on wage and occupational flexibility demands. Most policymakers in this cluster impose that an unemployed accepts all job offers that he/she is capable of doing and accepts jobs that pay at least the minimum wage or unemployment benefit. Furthermore, countries in this cluster have a moderate policy with respect to the geographical flexibility and require a transportation time of up to four hours per day. The flexibility demands are accompanied by severe sanctions, namely a full suspension of unemployment benefits in case of refusing job offers. As such, the countries included in this cluster enforce the most stringent sanctions.

Cluster 2 is composed of Finland, the Netherlands, Switzerland and the United Kingdom. The wage flexibility demands are strictly interpreted, with an unemployed being required to accept all job offers regardless of pay. With respect to job content and commuting time, requirements are moderate. Most countries allow an unemployed to refuse jobs in other occupational areas for a limited period of less than six months and demand a commuting time of up to four hours a day. As opposed to the previous cluster, the sanctions for refusing job offers that are in line with the flexibility demands are relatively soft, with a suspension of benefits for at most five to nine weeks.

Cluster 3 contains Belgium, Bulgaria, Greece, Lithuania, Romania and Spain. As was the case in both of the previous clusters, these countries have a strict policy on wage flexibility, with scores of four or five out of five. This implies that an unemployed can only refuse jobs if the pay is not higher than the unemployment benefit/minimum wage (Belgium) or that he/she has to accept all job offers regardless of pay (Bulgaria, Greece, Lithuania, Romania and Spain). Countries in this cluster are less strict in their geographical demands and even relatively lenient in their occupational flexibility demands. Greece, Lithuania and Romania allow an unemployed to refuse jobs in other occupational areas indefinitely, whereas Belgium, Bulgaria and Spain allow this for a limited period of six months or more. The sanctions imposed in this group of countries vary from being mild (suspension of benefits of ten to fourteen weeks) to severe (indefinite suspension of benefits).

Cluster 4 encloses Czech Republic, Norway and Slovenia. These three countries are typified by a strict policy on all three flexibility demands: an unemployed must not only accept all job offers that he/she is capable of doing, regardless of the pay, but also be willing to move. However, the accompanying sanctions differ in this group of countries, with Czech Republic and Slovenia having a suspension of benefits for more than fourteen weeks or even indefinitely, while in Norway unemployed jobseekers only lose entitlement to benefits for eight weeks.

Cluster 5 is made up of Austria, Estonia and France. The policies in these countries are the least severe. An unemployed is on average allowed to refuse jobs that pay differently for a period of six months and more and that are in other occupational areas for a period of less than six months. The daily transportation time averages to up to two hours a day, as

opposed to four hours and more in most other countries. Moreover, the unemployment benefit penalties applied in these countries are also among the least stringent and imply a suspension of at most five to nine weeks.

Cluster 6 consists of the final four countries: Denmark, Germany, Hungary and Sweden. In contrast with cluster one to four, the countries in this cluster let an unemployed refuse jobs with other wages indefinitely. On the other hand, the policy with respect to occupational flexibility is more severe with jobseekers having to accept all job offers that they are capable of doing. The commuting time required in this cluster amounts to four hours a day and is thereby similar to the demands of cluster one to three. As in the previous cluster, sanctions for refusing job offers are lenient and average a suspension of unemployed benefits of at most five to nine weeks.

5. Survey of the PES of each cluster's representative country

In the previous section, we grouped 25 OECD countries with similar characteristics across the flexibility demands and sanctions into six different clusters. In this section, we look more closely at how Public Employment Services (PES) deal with these flexibility demands. To this end, we picked one country per cluster as its representative and surveyed a high-level member of their PES. As such we collected information of six countries: Luxembourg (cluster 1), the Netherlands (cluster 2), Belgium (cluster 3), Norway (cluster 4), Austria (cluster 5) and Denmark (cluster 6). This survey took place between May and July 2013.

The survey consisted of two parts. In the first part, questions were asked relating to the demands on occupational, geographical and wage flexibility. Among other things, we asked whether there were guidelines communicated to unemployment consultants with respect to the implementation of the demands, whether a wider range of jobs was to be considered by the unemployed after a certain unemployment spell (and how this happened), whether and how frequent unemployed consultants are expected to refer the unemployed to specific vacancies deviating from former jobs or studies, how fast and frequent interventions are planned for those who do not compel with the flexibility demands, how unemployed consultants check whether the unemployed are in line with the guidelines regarding the flexibility demands, whether there is information on the compliance of the unemployed with the flexibility demands and whether the flexibility demands were currently under debate.

In the second part, questions were asked relating to the monitoring and sanctioning for refusing jobs that should be accepted according to the flexibility demands. To this respect, we asked how the sanctioning process proceeds, whether there is information regarding the amount of unemployed jobseekers that are sanctioned yearly and whether the duration or enforcement of sanctions was currently under debate.

Hereafter, we briefly describe the general unemployment system of the six countries of interest. Next, we have a closer look at each countries' specific flexibility demands and sanctioning system.

6. General unemployment system of each of the six countries

Before we examine the flexibility demands of the six countries of interest, we briefly look at their general unemployment system by means of table 3. Belgium, Austria and Luxembourg are usually seen as part of the so-called Continental model. Countries belonging to this welfare regime, normally have a relatively high strictness of employment protection, together with generous unemployment benefits and moderate expenditures on active labour market policy. Belgium seems to fit this description perfectly. In Austria, the strictness of employment protection is less pronounced than average, whereas in Luxembourg, unemployment benefits are generous in the beginning of the unemployment period, but drop significantly after some time.

Norway and Denmark are part of the so-called Scandinavian model. This welfare regime is linked to relatively high investments in active labour market policy, moderate employment protection and a combination of generous, but in time restricted unemployment benefits. Also the unemployment system of the Netherlands is associated to this welfare model. Remark however, that both the Netherlands as well as Norway only have moderate public expenditures on active labour market policy (table 3).

Table 3. Institutional variables regarding unemployment system six selected countries

	Net replacement rate, initial phase of unemployment (2012; 100% of AW and two-earner married couple, two children)	Net replacement rates over 60 months of unemployment (2012)	Public expenditure on active labour market policy (2012)	Strictness of employment protection (2013)
Belgium	75,0	65,1	0,20	3,11
Luxembourg	92,0	24,3	0,15	3,29
The Netherlands	77,0	29,8	0,16	2,32
Norway	81,0	32,5	0,12	2,61
Austria	81,0	59,3	0,22	2,31
Denemark	76,0	35,4	0,50	2,15

Note: data Luxemburg concerning public expenditure on active labour market policy is from 2011

7. Flexibility demands and sanctions in Belgium

7.1 Occupational flexibility demands

Until 2012, during the first six months of unemployment, jobseekers could restrict their job search to jobs which correspond to one's previous profession or one's normal profession given the educational background. After this six-months period, every occupation is in principal regarded as suitable. The protection period of six months could be shortened by the public employment agency if there are poor employment prospects in one's professional domain. After 2012, this legislation was tightened, in that the overall protection period was

shortened to five months and to three months or less for unemployed younger than 30 or with less than five years of working experience.

7.2 Geographical flexibility demands

In general, the unemployed cannot refuse jobs within a daily commuting distance of 4 hours or a daily absence from work of 12 hours. Until 2012, job offers could not be declined if the work-home distance was less than 25 km, regardless of the transportation time. Since 2012 however, this work-home distance is increased to 60 km a day.

7.3 Wage flexibility demands

Belgian unemployed individuals can constrain their job search to jobs which pay at least their unemployment benefit. Thus, the net earnings in the new job, minus the travel expenses, should not be smaller than the unemployment benefits, otherwise the unemployed is allowed to refuse the job offer. Costs of childcare are not taken into account and can therefore not be deducted from the net earnings in the new job.

7.4 Sanctions[1]

The job search efforts performed by unemployed individuals are assessed and evaluated during an interview with the National Employment Office (RVA or 'Rijksdienst voor arbeidsvoorziening'). This interview takes place after 15 months of unemployment (for those aged under 25) or after 21 months (for those aged over 25). The evaluation of job search efforts takes into account the personal situation of the unemployed as well as the state of the labour market. If the efforts are deemed sufficient, a new interview takes place after 16 months. If the efforts are regarded as inadequate, an action plan will be suggested and evaluated in a new interview four months later. If the unemployed has not complied with the action plan, he/she gets a temporary and limited sanction (for up to four months), which consists of either a reduction in the amount of unemployment benefit or a suspension of the payment of benefits altogether. Moreover, the unemployed person is required to engage in a renewed and more intensified action plan for a new period of four months. During a third interview, the unemployed' compliance of this renewed action plan is evaluated. If the unemployed has complied with the action plan, he/she regains full payment of the unemployment benefits and is invited to a new interview after only twelve months; however, if the person did not fulfill the action plan, he/she is excluded from his/her right of unemployment benefits.

[1] Remark, that we give a description of the situation anno 2012-2013. In recent years, the National Employment Office is no longer responsible for the evaluation of job search efforts. The responsibility now lies with the regional PES.

7.5 Extra information

Are there extra guidelines communicated to consultants? In case of refusal by the jobseeker of a suitable employment, there are clear guidelines on transmission. The consultant has to transmit a copy of the vacancy to the RVA and also needs to clearly define what the reasons for refusal are as cited by the jobseeker and needs to motivate why it is a suitable employment. The jobseeker also gets this information. Furthermore, since 2011, an additional screening was started around broadening the professional aspirations of the jobseeker. Consultants receive a list of professions that are deemed as 'low labour market oriented'. In case an unemployed chooses merely a profession from this list as a potential future job, consultants need to recommend the unemployed to expand his/her professional aspirations.

How frequent are unemployment consultants expected to refer unemployed jobseekers to specific vacancies? No information was given on this matter.

Is there any information on the compliance of unemployed jobseekers with these flexibility demands? We did not receive any information on this matter.

8. Flexibility demands and sanctions in Luxembourg

8.1 Occupational flexibility demands

No explicit reservations are made regarding the occupational flexibility of the unemployed in Luxembourg. Still, the unemployed' training and work experience are taken into account in the job offers the PES proposes.

8.2 Geographical flexibility demands.

In general, the unemployed cannot refuse a job offer within 2,5 hours of travel time a day, regardless of work-home distance. In certain specific and exceptional cases, the daily hours of travel can be shortened, for instance because of age or physical condition of the worker or where the employment must be exercised in a remote location from the residence.

8.3 Wage flexibility demands

Unemployed are allowed to constrain their job search to jobs which pay at least their unemployment benefit, taking into account travel expenses.

8.4 Sanctions

Jobseekers are required to prove job search efforts when requested by the PES at monthly interviews. Proof of job search takes the form of a list of employers contacted by the jobseeker. However, there is no fixed frequency with which jobseekers must prove job search nor a minimum number of job search activities that must be undertaken. The ADEM (l'agence pour le développement de l'emploi) applies administrative sanctions for jobseekers

who are not respecting their obligation towards the PES. This sanction is expressed by taking away the possibility to be registered at the ADEM during a period of 2 months. The jobseeker's professional advisor is taking the decision to formulate a sanction against a jobseeker.

8.5 Extra information

Are there extra guidelines communicated to consultants? No extra guidelines are communicated than what is present in the law of suitable employment.

How frequent are unemployment consultants expected to refer unemployed jobseekers to specific vacancies? There are no statistics or information on this matter.

Is there any information on the compliance of unemployed jobseekers with these flexibility demands? There is no information available.

9. Flexibility demands and sanctions in the Netherlands

9.1 Occupational flexibility demands

General guidelines state that during the first six months of unemployment jobseekers could restrict their job search to jobs which are in line with previously fulfilled positions and at a similar educational level. Between six to twelve months of unemployment, the unemployed has to accept a job offer at a lower educational level compared with the previously fulfilled joblevel. After 12 months of unemployment, all kinds of work are considered as adequate.

9.2 Geographical flexibility demands

During the first six months of unemployment job offers cannot be refused within two hours of travel time a day. In case longer travel times were normal in the former job, the travelling time of two hours can be extended. After six months of unemployment, jobs should be accepted within a daily travel time of three hours a day.

9.3 Wage flexibility demands.

People on social assistance from the municipality, must accept any job regardless of the wage. General unemployment beneficiaries may decline jobs that are not in line with the previous wage (if it was according to market prices) in the first six months of unemployment. Between six and twelve months of unemployment, the beneficiary must accept lower wages as long as it is not less than the unemployment benefit. After twelve months of unemployment each wage is appropriate. However, if it is below the unemployment benefit a compensation is granted.

It should be noted that according to this general rule, the wage flexibility demands are less strict than deemed in Venn (2012). If we take this into account, the flexibility demands in the Netherlands are more in line with those of cluster five (Austria, Estonia and France).

9.4 Sanctions

The unemployed is evaluated after four, seven and ten months of unemployment through an interview by a consultant. During the interview the actions undertaken by the unemployed are reviewed. The unemployed have the obligation to report their job seeking activities in their online personal dossier. Every four weeks, at least four applications have to be reported. These activities are monitored by the system that will support the consultant in evaluating the actions of the unemployed. If the unemployed have not undertaken enough actions to applicate for a new job, or if the reported actions are judged as 'not valuable/motivated' applications, he/she will be confronted by the consultant. The unemployed are given the possibility to motivate why requested actions were not performed, lack information (e.g., in case the written letters lack a proper motivation) or are misleading (e.g., in case someone without any medical background applies for a job as brain surgeon). If the consultant judges the given reason as invalid, the unemployed will be sanctioned (a reduction in unemployment benefits of 25% during four months). The consultant will file a report and sent it to the back office, which will execute the penalty. If the unemployed already received a penalty in the last two years for a similar delict, the penalty will be increased by 50%.

9.5 Extra information

Are there extra guidelines communicated to consultants? Consultants are educated in the 'unemployment law'. One of the articles/guidelines specifies what can be mentioned as adequate employment. If there are changes in these guidelines consultants are informed by weekly newsletters.

How frequent are unemployment consultants expected to refer unemployed jobseekers to specific vacancies? No answer was given to this question.

Is there any information on the compliance of unemployed jobseekers with these flexibility demands? There is no information available.

10. Flexibility demands and sanctions in Norway

10.1 Occupational flexibility demands

In Norway, the unemployed must accept all job offers that he/she is mentally and physically capable of doing. No protection period is in place.

10.2 Geographical flexibility demands

In general, unemployed have to be willing to take up work anywhere in the country, and must be willing to move or to commute extensively. There is no limit with respect to the travelling distance. Exceptions to this rule are granted to those with reduced health, aged over sixty or with care obligations for children or partner. The latter are defined as a 'local jobseeker' and only have to accept a travel-to-work time of two hours a day.

10.3 Wage flexibility demands

The unemployed must accept all job offers regardless of the remuneration he/she is offered.

10.4 Sanctions

The unemployed can be required to provide evidence of job-search as a condition for entitlement to unemployment benefit. If a jobseeker refuses a job offer, he/she loses entitlements to benefits for eight weeks. Older jobseekers and jobseekers with care obligations (children, partners, close family, etc.) as well as jobseekers with reduced workability/health may be exempted from flexibility demands and thereby also from sanctions. It is the local PES that determines whether there is compliance or not. Based upon the assessment of compliance, the specialized production unit that handles the pay-out may receive note that sanctions are to be put in place.

10.5 Extra information

Are there extra guidelines communicated to consultants? There is a standard/guideline for the follow-up of job seekers. In this standard there is a check-point to consider whether the flexibility demand has been met.

How frequent are unemployment consultants expected to refer unemployed jobseekers to specific vacancies? How frequent this happens is uncertain.

Is there any information on the compliance of unemployed jobseekers with these flexibility demands? There is no information available.

11. Flexibility demands and sanctions in Austria

11.1 Occupational flexibility demands

In the first 120 days of drawing unemployment benefits, Austrian unemployed can reject job offers that are not in line with the previous occupation if the remuneration is below 80% of the remuneration corresponding to the last assessment basis for unemployment benefit. In the remaining period of drawing unemployment benefits, job offers can only be rejected if the remuneration is below 75% of previous remuneration.

11.2 Geographical flexibility demands

The unemployed have to accept up to two hours of daily traveling time in case of full-time work or 1,5 hours in case of part-time work. Under specific circumstances (e.g. commuter regions) longer travel times must be accepted.

11.3 Wage flexibility demands

Employment is considered reasonable if it is appropriately remunerated (at least 80% of previous remuneration in first 120 days of unemployment; at least 75% for remainder of unemployment).

11.4 Sanctions

Unemployed persons must report their job search efforts in person to the PES every month on average (this may vary depending on the labour market situation or the previously concluded activity agreement). In most cases, the unemployed person must supply the name and address of employers contacted and supply written proof of applications. If an unemployed does not accept a reasonable job offer, the payment of benefits from the unemployment insurance scheme is suspended for six weeks and in repeated cases for 8 weeks. Duration of benefits is shortened accordingly. If the third job refusal takes place within a period of one year, the person has to be generally categorized as not willing to work (so the benefit has to be suspended), until – because of a longer period of working – he/she proofs to be willing to work again. The sanction is executed by the regional offices of the PES.

11.5 Extra information

Are there extra guidelines communicated to consultants? No extra guidelines are communicated than what is present in the law of suitable employment.

How frequent are unemployment consultants expected to refer unemployed jobseekers to specific vacancies? There is no information available.

Is there any information on the compliance of unemployed jobseekers with these flexibility demands? There is no information available.

12. Flexibility demands and sanctions in Denmark

12.1 Occupational flexibility demands

Danish unemployed must accept all job offers that he/she is capable of handling, with no reference to the previous occupation or studies undertaken. No protection period is in place.

12.2 Geographical flexibility demands

In the first three months of unemployment, the unemployed person has to accept three hours of daily travel-to-work time. Special rules apply in special situations – e.g., where the unemployed person lives in an area where acceptance of a longer travel-to-work time will be necessary. After three months, the unemployed person must accept more than three hours of daily travel-to-work time.

12.3 Wage flexibility demands

Job offers can be refused if the wage does not coincide with a usual wage for the occupation.

12.4 Sanctions

When an unemployed attends a meeting in his/her unemployment insurance fund concerning availability, he/she has to bring a plan for job-search activities (a plan that is formed at the first meeting and revised every 3 months). The unemployed also has to bring a number of examples of job applications and has to be able to provide general information on performed job-search activities. If the unemployed person has failed to sufficiently search for jobs or cannot provide general information on performed job-search activities, the unemployment insurance fund can require him/her to provide information on and evidence of all job-search activities for a period of no more than 3 months. An unemployed member of an unemployment insurance fund will be sanctioned for three weeks, if he/she does not meet the availability requirements. If a person is sanctioned twice within 12 months, he/she will lose the right to unemployment benefits. The same rules applies to all groups of insured unemployed. The unemployment insurance fund executes the sanctions. Job centres do not have the authority to impose sanctions on the unemployed; however, they will report to the unemployment insurance fund or to the municipal social benefit administration if the unemployment are not meeting the requirements. The municipality can hire external service providers to do the work of the job centres. These external service providers are subject to the same rules and regulations as the job centres. The National Labour Market Authority (AMS) do check-ups on the performance of the unemployment insurance funds in order to secure that the rules and regulations are met.

12.5 Extra information

Are there extra guidelines communicated to consultants? The overall responsibility for the employment system lies with the AMS, who circulates the rules and regulations to the municipalities, to the job centres, and to the unemployment insurance funds. The unemployment consultants are situated at the job centres and at the unemployment insurance funds. Thereby unemployed people will have contact with both the job centre and the unemployment insurance fund or the municipal social benefit administrations when it comes to people without an unemployment insurance. The job centres and the unemployment insurance funds are regulated by Statutory Orders from the AMS. Furthermore, they receive circular letters, guidelines, and newletters which elaborates and provide examples on how to interpret the legislation. The respective job centres and unemployment insurance funds also provide material which explains how the unemployment consultants are to handle the issues they face in their everyday work. This material will not be approved or registered by the AMS.

How frequent are unemployment consultants expected to refer unemployed jobseekers to specific vacancies? There is no information available.

Is there any information on the compliance of unemployed jobseekers with these flexibility demands? The Danish benchmarking system (***www.jobindsats.dk***) provides statistics on the number of unemployed who do not meet the availability requirements. However, there is no distinction between the various reasons for not meeting the requirements, and thereby no information can be provided on the number of unemployed who do not meet the flexibility requirements. However, the Danish government has recently presented a reform proposal of the social security benefit system. With this reform, there will be better options available to impose sanctions on the uninsured unemployed, who do not meet the availability requirements. If a person repeatedly fails to meet the requirements of the job centres, or if he/she does not show up for the activities he/she is asked to participate in, the receiver of social security benefits will be met with tightened availability requirements which means daily attendance at the job centre. At the same time, the penalty system will take into consideration that people with complex issues are not always able to meet the requirements.

13. Recommendations

13.1 Debate on the fundamentals of flexibility demands is needed

At first sight, the clustering result described in section two does not seem to follow any obvious logic. For instance, the countries grouped to each cluster are not linked to specific welfare regimes (see e.g. Baldwin & Wyplosz (2004) who distinguish a Scandinavian, Anglo-Saxon, Continental and Mediterranean welfare model) nor does there seem to be a correlation between the countries within each cluster and their labour market performance or unemployment benefit system's generosity.

The latter is rather striking, as one of the main presumed theoretical motivations to call flexibility demands to life is said to be their reductive power of the adverse effects of providing generous unemployment benefits (Grubb, 2001; Venn, 2012). Providing generous unemployment benefits leads to a number of adverse effects, such as a longer unemployment spell and a higher aggregate level of unemployment (see e.g. OECD, 2006; Mortensen, 1977 & 1990). Higher unemployment benefits lower the cost of being unemployed and therefore reduce beneficiaries' search efforts and increase the wage level at which they are willing to work (i.e. their reservation wage), which both in turn decrease their reemployment speed and chances. Therefore, policymakers look for accompanying policy instruments which are aimed at reducing these adverse side-effects. It is suggested that flexibility demands (and their resulting sanctions) are one of the principal instruments policymakers use to reduce these adverse effects, as these are believed to increase people's job search efforts and to reduce their wage and other demands (Grubb, 2001; Venn, 2012). The fact that the generosity of the unemployment benefit system is not similar within countries belonging to each cluster is a surprising outcome. This raises questions towards the theoretical grounds of flexibility demands.

It seems that the flexibility demands were called to life with the introduction of the social security system, but that different countries have come up with different rules, with no

traceable scientifically grounded motivation behind the rule. Hence, we call for a debate on the fundamentals of the flexibility demands.

13.2 Research on the impact of flexibility demands is needed

From the cluster analysis, we learn that different countries use different sets of rules, which seems unrelated to their general unemployment system. It is not clear why countries impose a specific set of flexibility demands, since – to the best of our knowledge – virtually no scientific research exists that examines the effect of a specific flexibility demand on reemployment outcomes of unemployed jobseekers. An exception is Vansteenkiste (2014), who studies the impact of flexible job search behavior of Flemish unemployed jobseekers on the reemployment likelihood and quality. Firstly, she finds that flexible unemployed search more intensely for a new job, but in the end, this does not increase their reemployment likelihood. Flexible Flemish unemployed appear to have more difficulties in convincing employers they are a good match as they experience more employer-related constraints in the job search process, which results in less job offers in comparison with less search flexible unemployed. Secondly, her analyses also indicate that a flexible job search more often leads to underemployment, which in turn results in more negative work-related attitudes and well-being. Hence, being flexible when searching for a job may increase the risk of having a less sustainable career path. The study of Vansteenkiste points to potential dangers of promoting people to search flexibly without further guidance.

Still, much more research is needed, since the study of Vansteenkiste only took place in Flanders, among short-term unemployed and did not investigate different sets of flexibility demands. We urge for research that investigates the impact of different protection periods before unemployed have to accept jobs that deviate content-, pay- and commuting-wise from previous held jobs or undertaken studies. In addition, the impact of different lengths of commuting time should be examined, as well as the level of remuneration that has to be accepted in a new job. An experimental design, where different sets of unemployed get different treatments during a fixed period of time could prove to be worthwhile considering. This design could be used across different countries, so that the influence of cultural factors could also be studied.

13.3 Implementation of flexibility demands needs to be monitored and implemented on equitable grounds

One of the striking results of the survey among the representatives of the public employment services, is that five out of six mentioned not knowing to which degree these flexibility demands are actually enforced by its counselors and executed by jobseekers; the only exception being Denmark. In Norway – the country representing the cluster with the most severe policies with unemployed jobseekers being required to take on any suitable job – this was indicated as follows:

> *"Yes, the jobseeker is expected to take on any suitable job regardless of previous wage, geographical location or job content. There are exceptions to this general rule, and although the general rule applies it is probably safe to say that many jobseekers*

> *are not in adherence with the flexibility demands with respect to wage, geography, job content and/or studies. This happens by way of the jobseeker not applying for a vacant position and/or not accepting a job match for a vacant position. How frequent this happens is uncertain.[…] There is [currently] a debate on the rate of actual compliance to the flexibility demands. Whereas the flexibility demands are clearly stated, there is uncertainty to whether both the PES and the jobseeker comply to these."*

Moreover, the public employment services of these five countries do not know how many unemployed are sanctioned yearly due to non-compliance with the flexibility demands. Only Denmark has a benchmarking system which provides statistics on the number of unemployed who do not meet the availability requirements. However, they do not distinguish between the various reasons for not meeting the requirements, and were thereby also unable to provide information on the number of unemployed who do not meet the flexibility requirements.

Therefore, up to now, it seems that the flexibility demands can more or less be randomly implemented, so that some unemployed jobseekers may bump into counselors who are very severe in their interpretation, whereas others may come across counselors who see little benefit in the demands and therefore do not strictly enforce them. By not monitoring the imposition of the flexibility demands closely, different treatment to persons with same needs could take place. Unequal situations could be given unequal treatments, whereas it is more equitable if equal situations are treated equally. Any policy on unemployed jobseekers should be unambiguous and clear, so that jobseekers know what to expect and how to behave, and are not subject to randomness. This is why we advocate to monitor more closely the extent to which flexibility demands are actually executed, imposed and sanctioned. In that way, researchers are also better able to map the overall effect of the policy.

14. References

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