



# **Early Intervention as an Employment Policy Method**

*– The Objective: A Good Work Career*

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December 2004  
Final report

## **To the Ministry of Labour**

During 2004 the Ministry of Labour has implemented the project Early Intervention as an Employment Policy Method with support from the European Commission's Directorate-General for Employment and Social Affairs. The project is part of the effort to develop national evaluation practice for the European Employment Strategy, EES (Open call for proposals VP/2003/012).

To implement the project, the Ministry of Labour appointed a project team. The head of project is Labour Market Counsellor Hannu Kauppi, and the members are Information Officer Kirsti Kallio, Senior Adviser Harry Pulliainen, Senior Planning Officer Maarit Sumuvuori, Development Manager Pekka Linnapuomi representing the Association of Finnish Local and Regional Authorities, and Researcher Kari Hietala functioning as the project coordinator.

Director Matti Pukkio has acted as the supervisor.

A home page was created for the project for informational purposes:

<http://www.mol.fi/earlyintervention/>

The project has studied the effects of measures that are considered early intervention at the different phases of a work career. Early intervention means measures that are implemented before the risks threatening a work career are realised. Early intervention also includes measures, which are implemented at the very beginning of a work career or at the time before the work career.

The project has organised four seminars, of which the kick-off seminar was on 30.3.2004. The theme seminar regarding measures implemented at the time enterprises close down and terminate employees was held on 6.5.2004. An intermediary seminar was held on 8.6.2004. The final seminar was held on 11.10.2004.

Among others, the following persons have been heard at the project seminars and expert meetings: Simo Aho, Work Research Centre University of Tampere; Hanna Eloranta, National Research and Development Centre for Welfare and Health; Esa Eriksson, National Research and Development Centre for Welfare and Health; Heli Hartikainen, National Research and Development Centre for Welfare and Health; Kari Hietala, Kari Hietala Ltd.; Hannele Häkkinen, The Association of Finnish Local and Regional Authorities; Kari Hämäläinen, Government Institute for Economic Research; Sven Jonsson, The Swedish Labour Administration; Sirkka-Liisa Karhunen, The Association of Finnish Local and Regional Authorities; Vappu Karjalainen, National Research and Development Centre for Welfare and Health; Erkki Karimaa, The Association of Finnish Local and Regional Authorities; Hannu Kauppi, Ministry of Labour; Sirkku Kivistö, Finnish Institute of Occupational Health; Noora Kontiainen, Statistics Finland; Lea Kovero, Kemi-Tornio Polytechnic, Health Care and Nursing; Päivi Keinänen, Statistics Finland; Irja Lepola, Kemi-Tornio Polytechnic, Health Care and Nursing; Erja Lindberg, Central Uusimaa Partnership; Pekka Linnapuomi, The Association of Finnish Local and Regional Authorities; Gunnel Linnertz, Trygghetsrådet, Sweden; Ismo Lumijärvi, University of Tampere; Martti Myllylä, Ministry of Labour; Birgit Mylläri, Kemi-Tornio Polytechnic, Health Care and Nursing; Anna-Kaisa Mäkinen, Employment and Economic Development Center of Pirkanmaa; Lasse Oulasvirta, University of Tampere; Hannu Piekkola, The Research Institute of the Finnish Economy; Marja-Riitta Pihlman, Ministry of Labour; Harry Pulliainen, Ministry of Labour; Tuomas Pöysti, Government Financial Controller's Function, Ministry of Finance; Päivi Rajala, The Association of Finnish Local and Regional Authorities;

Marie Rautava, National Research and Development Centre for Welfare and Health; Matti Rimpelä, National Research and Development Centre for Welfare and Health; Jouni Röksä, Sales and Marketing Professionals, SMKJ; Urpo Salkoaho, Employment and Economic Development Center of Pirkanmaa; Pirjo Salminen, The Association of Finnish Local and Regional Authorities; Sami Salonen, Oy Audiator Ab (Ltd.) CPFA Corporation; Eero Siljander, The Research Institute of the Finnish Economy; Leena Silvennoinen-Nuora, University of Tampere, Department of Management Studies; Maarit Sumuvuori, Ministry of Labour; Pekka Tossavainen, Statistics Finland; Tarja Vikman Labour Service Centre of Hämeenlinna; Reijo Vuorento, The Association of Finnish Local and Regional Authorities and Jukka Vuori, Finnish Institute of Occupational Health.

The report includes the central results of sub studies and seminar interventions, conclusions and recommendations on the application of early intervention. The recommendations also apply to evaluation practices and methods and making use of the long-term approach to employment policy.

The central results of the sub studies and seminar interventions are available in the chapter 7 of the report, and in more detail in the appendixes. The conclusions are in the chapter 8 and the recommendations in the chapter 9.

The recommendations on the definition of employment policy objectives and on practical application are based on assessments of the effects of early intervention. The recommendations on assessment practices are based on the results and on the new approach in employment policy. The approach used in the project takes into consideration long-term effects and the principles of programme cycle management.

The recommendation suggests that a good work career be adopted as a central cross-sectoral employment-policy objective. Long-term effects should be included in the performance targets of employment policy. Early intervention should be implemented especially at the local level and in municipalities. Active employment policy and active social policy should be coordinated at the local level. In order to make measures adjusting supply of labour more effective, a sufficient amount of resources should be allocated for the arrangement of suitable job opportunities. In the assessment practices, programme assessment and the assessment of the joint effects of different measures should be increased. Measures affecting the work career should be assessed as a service chain. The use of cost-benefit and cost-effectiveness analyses should be increased.

The final report has been written by the head of the project taking into account the results of sub studies, contributions in the seminars, contributions by the project group and comments from experts outside the project. The appended memoranda are the responsibility of their respective writers.

Helsinki, 14th December, 2004

Hannu Kauppi  
Head of Project

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## **Summary**

### **Project Objectives**

The project is part of developing the European Employment Strategy national evaluation practice. Early intervention means intervening in risks threatening employment as early as possible. The project charts experiences, evaluates effects and makes suggestions to change existing practices.

### **Employment Strategy Assessment**

1 The starting point is the employment strategy agreed on at the end of the 1990s. One of its central lines of thought is to prevent prolonged and chronic unemployment. The objective was set at ending unemployment once a certain period of time had passed since the person registered as unemployed. Early intervention was directed at the phase when unemployment was threatening to change into long-term unemployment.

2 The employment strategy has for the most part met the expectations set for it. However, the net effect on employment into the open labour market after measures has been modest. The reason for this is the slowness of economic growth, but a partial reason may be in the strategy the action is based on. The strategy may not adequately take into consideration the fundamental reasons leading to prolonged or recurring unemployment.

### **Early Intervention at The Beginning of A Work Career**

3 According to studies of the reasons for unemployment, the earlier work history can best preindicate future employment. In many cases being caught in the spiral of unemployment is a long process, which begins already before the work career or at its beginning. The risk factors include social and health reasons, which are very similar to those of social exclusion.

4 Ending unemployment for placement in the open labour market is often too late a phase when there is a spiral of an unstable work career in the background that has continued for years. Employment, unemployment, and the reasons leading to unemployment should be looked at for the entire length of the work career. It should be possible to intervene in risk factors at an earlier stage, either at the beginning of or even before the work career.

5 Many risk factors threatening a good work career can already be detected early. The risks relate to health, social and economic factors. Public services may also include factors that have an effect on the realisation of the risks. The risk factors decrease future labour supply. The loss can be monitored by examining how employment has developed in different age groups (age cohorts).

6 The citizens are for the most part responsible for matters concerning their own work careers. Many social and economic aspects, nevertheless, speak for early intervention in the risk factors and cases at risk. The citizens have limited potential on their own. Then risk groups need public measures. Early intervention is economically cost-effective when it prevents risks from accumulating. More detailed studies should be conducted on the long-term economic and social effects relating to the accumulation.

7 Labour administration alone is not to be held liable for the measures and responsibilities for a good work career. The municipalities are central actors before the work career. The employers are

the main actors during employment. Organisations of citizens are also central actors in reducing the risks.

8 Local cooperation is of utmost importance in the practical realisation of early intervention. The municipalities and the state have parallel interests to develop labour resources and secure a good work career. Securing a good work career can be a common programme objective, and the division of responsibilities and resources involved in it should be examined.

9 The common objective of a good work career can be one starting point for arranging compatible action. The service chain comprised of services related to a work career can serve as the framework for adjusting the objectives to be compatible and arranging follow-up of the effects.

10 As for employment services, early intervention before or at the beginning of a work career would mean that the importance of services related to vocational development would be emphasised in practice in relation to traditional employment exchange. Vocational development services must be aware of the future labour and skill requirements of the labour market and employers.

#### **Early Intervention in Cases of Redundancies**

11 Immediate measures to ensure a return to the labour market are substantiated in cases of redundancies in which speedy intervention prevents the loss of already acquired knowledge capital.

#### **Early Intervention During Unemployment**

12 When unemployment has already turned into long-term or recurring unemployment, the benefits of early intervention have for the most part been lost. Only in few cases and with very far developed services can ending unemployment with measures of employment policy lead to employment in the open labour market.

13 Once unemployment has become chronic, the responsibility for action falls first and foremost on social policy. As unemployment becomes chronic, social policy objectives take preference over employment objectives. Active social policy is needed to complement active employment policy. A network-like approach in which many local actors work together has been implemented especially on the local level.

#### **Labour Demand Must Be High Enough**

14 The availability of suitable jobs is crucially important in order for the measures adjusting the supply to have the desired effects on employment. If there are not enough open sector vacancies available, an alternative would be to arrange different types of subsidised job opportunities.

Flexibility is extremely important especially for young people to become employed in the open labour market. To improve the employment of the young, an acceptable way should be found to lower the costs the employers have to bear for employing young people entering the labour market.

#### **Early Intervention at Workplaces**

Resources directed at personnel policy, occupational health care and working life development should be increased. Each of them contribute in their own way to the human and social capital of every operational organisation and thereby to economic growth and employment.

## THE OBJECTIVE: A GOOD WORK CAREER

### The final report of the Early Intervention as An Employment Policy Method project

#### 1. Preface

##### 1.1 Project Goals

The assignment was given by the Ministry of Labour and the European Commission's Directorate-General for Employment and Social Affairs.

The project is an effort to develop national evaluation, evaluation methods, and evaluation practice for the European Employment Strategy. A special goal is to clarify the implementation and effects of early intervention as part of employment policy.

##### 1.2 Grounds for Early Intervention

On the background of the project is the assumption that early intervention in the risk factors threatening a work career is more cost-effective than intervention at the point when the risk has already been realised. The assumptions are based on research results and observations of practice. Early intervention is cost-effective when it prevents the accumulation of risks and the risk-related detriments. Prolonged detriments and detriments that have become chronic result in increased costs for the individual and society.

Early intervention is part of the measures aimed at raising the employment rate.



Early intervention in the risk factors affects the entire length of the work career. Management of individual work careers leads to improved employment of different age groups and higher overall employment. In the long term early intervention will also produce both the individual and society other economic and social benefits.

##### 1.3 Project Implementation

The starting point of the study is early intervention in different risk factors threatening a work career. Early intervention is direct action, but its effects will show and they have to be evaluated in the long term. The effects of the risks and costs of intervening or not intervening have to be anticipated. This type of an approach to anticipation is in principle the same as that in cost-benefit analysis and partly similar to risk evaluation and calculation used in some forms of insurance.

In the process of evaluating the implementation and effects of early intervention, experts of different fields have been heard and partial studies have been completed, on the basis of which a general idea has been formed about early intervention in employment policy. Conclusions about the implementation of early intervention are drawn from the effects observed on the individual level. The development of the work careers of age cohorts born in certain years are studied in the evaluation of the macro-level effects.

The project also looks at the division of tasks and responsibilities between the different actors that relate to early intervention. In addition, the means and methods of early intervention and their effectiveness are also evaluated. The observation covers not only individual means and methods but also a wider aspect of evaluating the importance and overall effect of the different measures and methods of early intervention. This basis leads us to central conclusions and recommendations.

## 2. Early Intervention as Part of Employment Policy

### 2.1 Defining the Concept of Early Intervention

When the objective is to affect citizens' work careers and thereby employment, interventions directed at risk factors can in principle be divided into three different categories by differentiating (a) promoting, (b) preventive and (c) corrective measures. Promoting measures do not target risks but the target group comprises people who have potential strengths. Preventive measures seek to identify and detect risk factors and intervene in them before the risk is realised and has created effects that can weaken a later work career. Corrective measures are needed once the risk has been realised. The target group in this case consists of such clients and client groups that have already become excluded from a good work career.

Early intervention means for the most part the same as preventive action. Preventive measures are in that case differentiated from promoting and corrective measures. The division can be clarified with the following table:

**Table: Promoting, preventive and corrective measures at different phases of a work career**

Entity of measures	Timing	Grounds	Targeting	Objective for Effectiveness
Promoting measures	Before or during a work career	Utilises the strengths	People with potential	Better work career Better employment
Preventive measures, Early intervention	Before a risk is realised At the beginning of a work career At a turning point of a work career	Intervenes in risk factors Intervenes in cases at risk	Risk groups Risk factors	Better work career Better employment
Corrective measures	After a risk has been realised	Corrects damage	People affected by a risk	Return to working life Social benefits

As shown in the above, this project aims at differentiating between early intervention and corrective measures. The boundary is not clear in all cases. When an attempt is made to return those who have already become excluded from working life back to work, we are talking about a target group in which the risks have already partially been realised. In that case, corrective measures are needed. Preventing exclusion again means largely the same as early intervention. The objective is to secure entrance to the labour market and a good work career.

Measures that can typically be considered early intervention at different phases of a work career include, for example:

Decreasing risks leading to unemployment before a work career

- Early intervention measures as part of municipalities' services
- Decreasing the number of school dropouts

Decreasing risks leading to unemployment at workplaces

- Employers' personnel policies, activities to maintain capability for work
- Occupational health care

Early intervention at the time of unemployment

- Career selection services at employment offices and in cooperation with other authorities
- Activation to independent jobseeking within employment services

In addition, ending unemployment before it becomes long-term has been considered early intervention in the employment strategy.

## ***2.2 Early Intervention in The Service Process***

When the objective is to secure an individual, good work career, we end up examining early measures and methods in the service process. Measures are related to the individual and they are implemented before the risk threatening the work career has been realised. The effects of different service measures are evaluated in relation to the future individual work career.

In the service measures of early intervention the early identification of risks can be distinguished from early intervention, which intervenes in the case at risk and the risk factor. Early intervention also includes identifying the risk. The following distinctions can be made in the service process:

Identification of risk factors → Detection of cases at risk → Early intervention

The risk is determined in relation to the future work career and employment development. The objective is a good work career and attempts are made to identify, detect and eliminate the risks threatening it. In that case, early intervention refers to such mainly micro-level service measures that intervene in the risk factors threatening a work career, prevent the accumulation of the effects of the risks, prevent unemployment from becoming long-term or recurring, and improve the later work career.

From the standpoint of employment, intervention in health and social risks in education, vocational selection and entering the labour market are here also included in early intervention. Early intervention is also seen to include the early detection of and early intervention in the risks relating to coping with work that emerge at workplaces.

Early intervention may come into question in the case of specific services or other measures that can clearly be limited within a concept, or an approach that is already included in the existing services. For example, supporting job seeking and activation have to be interpreted as early intervention.

## ***2.3 The Definition of A Good Work Career***

The concept of a good work career is examined here first and foremost from the standpoint of employment and employment policy. Central criteria for a good work career are then different quantitative parameters that represent participation in work and the accumulation of work years. The work years of individual persons that are realised on the individual level are summarised in the macro-level parameters representing employment. A good work career in this case includes mainly

quantitative indicators that can serve as goals from the standpoint of employment.

A good work career can be defined both quantitatively and qualitatively. In this context, the main stress is on the quantitative effects on employment, in which case quantitative, measurable parameters are also in the first place when defining a work career.

### ***The Setting: Defining a Good Work Career***

1. The accumulation of work years at a certain age
2. The relation between work years and years of unemployment
3. The accumulation of active years (at work or studying)
4. The relation between active years and years of unemployment

A good work career is defined here quantitatively so that the starting point is the accumulation of work years. Leaving the labour force due to, for example, a disability, shortens and weakens a good work career. However, even a short work career may be considered good in a qualitative sense. When the proportion of years of unemployment and work years is taken as a parameter of a good work career, it also partially depicts the qualitative side of a work career. A high proportion of years of unemployment is often a sign of an unstable or irregular or generally unsatisfactory work career.

Time spent outside the labour force may be considered a factor promoting a good work career. From the standpoint of the entire work career, time used for education and training is usually a positive factor promoting a good work career and it can be included in active time. A work career can then be described with the sum of work years and years spent studying.

Here the definition of a work career is restricted to a quantitative study. The quantitative definition also facilitates the evaluation of the effects on the macro level. Individual work careers are accumulated in the macro-level figures measuring employment.

### ***A Good Work Career and Flexible Labour Markets***

The continuity of work is part of a good work career. However, changing jobs and careers is part of normal labour market activity. Breaks in a work career may be voluntary transitions from one job to another, and the transition may then mean better income or position in the labour market. The adaptation of enterprises to economic fluctuations, competition in the open markets, technical development, and changes in the production structure increases pressure for flexible labour markets.

Flexible labour markets are often seen as a means of adapting to the open international competition and development of productivity. The adaptation, however, increases the numbers of lay offs and short-term employments. These changes weaken a good work career. What follows is an increase in irregular work careers and related detriments.

Operating in flexible labour markets requires functioning labour markets. Flexibility requires well functioning employment services that are available according to servicing needs at all transitional phases in the labour markets. Cases of redundancies include re-employment services that are available immediately after the termination has taken place. Adequate income security acting as an incentive to improve one's labour market readiness and actively seek jobs counterbalances the flexibility during periods of unemployment.

## ***A Good Work Career and Inclusion***

A good work career or a lifelong good work career means partly the same as social participation or social inclusion or social adhesion. The terms social integration or social cohesion are also often used. The opposite of social adhesion is social separation or exclusion. A good work career as a concept is more limited than social participation. A good work career portrays success in the labour markets. Social participation portrays a wider participation in social interaction.

Social inclusion as an objective leads to different kind of policy than studying only work careers and employment. Studying work careers and employment is close to the content of the traditional Nordic active employment policy in which employment policy has been considered part of growth policy. Social inclusion puts more emphasis on community-level social policy measures. As an example of community-level activity would be partnership programmes. Increasing social inclusion is also included in the European Employment Strategy.

## ***Qualitative Factors of A Work Career***

A good work career includes a qualitative angle. Quantitative definition of a work career, in which the numbers of working years is used as an indicator, does not take into consideration, among others, qualitative shortcomings relating to part-time or untypical work. Likewise, the quality of working life and income derived from work are not included in the observation. The Anglo-Saxon countries in particular often look at work from the standpoint of income and economic livelihood. On the background can be seen, among other things, the differences in the distribution of income unemployment security and other transfers of income.

The qualitative factors included in a good work career, such as occupational health and liking one's job, also affect the number of work years. The qualitative factors of working life affect the quantitative parameters of a work career. Good health and satisfaction with one's work increase the number of work years and lengthen the work career. Many investments in a good work career and intervening in risk factors, which have been done in different policy sectors, increase employment and bring about other benefits in the long term.

## ***2.4 The Phases and Turning Points of A Work Career***

This study makes a very rough division of a work career into three phases:

- (1) Before a work career
- (2) At work
- (3) Unemployed.

In practice the different phases overlap. The phase before a work career covers in principle the time from early childhood until the phase when the person enters the labour market. The unemployment phase may include one or many periods of different lengths when the person does not have a job but is yet part of the labour force. Periods outside the labour force are also significant from the standpoint of a work career when it is a question of studying or other activity that improves the chances for a future work career.

The turning points of a work career are, among others, seeking education targeting an occupation, entering working life, unemployment, re-employment, leaving the labour force, and returning to working life. All turning points of the work career include risk factors that may weaken future employment.

## **2.5 Risk Factors**

Risk factors are linked to a work career in this context. A risk factor can be a characteristic or an event that with a certain probability will occur and harm a person's work career. The realisation of risks weakens a person's capability for work or other aspects of readiness to meet the demands of the labour market.

Studies show that the biggest risk factors weakening a good work career relate to health, inadequate education and prolonged unemployment. Many longitudinal studies that have followed the lifespan and work careers of certain groups of people for longer periods of time show that many risk factors can be detected already in early childhood or youth (Appendix 2).

Health problems are probably the biggest risk factors weakening a good work career. Many social risk factors are also associated with one's state of health. Social and health risks can weaken the capability and motivation to learn and thereby the future work career. Social and health risk factors together with unemployment form a huge cost factor that burden national economy. Risk factors may be individual or caused by the environment. Many features in the living, growth, learning and work environments produce risk factors that threaten a work career (Appendix 2).

Recurring or prolonged unemployment also weaken the forecast of a future work career. There can be other risk factors on the background of recurring unemployment, often detectable already in early childhood. Ending unemployment with different labour policy measures is quite often too late a phase when the objective is to prevent these early risk factors from affecting a work career.

The detection and identification of risk factors and cases at risk is a starting point for targeting measures. Methods that come into question here are case-by-case evaluations of the servicing needs (profiling) and selective targeting. Profiling and targeting are approaches that deviate from the provision of services based on norms and standards. The advantage of the latter is usually the cost-effectiveness of the unit costs per produced performance. Selective services and services tailor-made according to client needs have higher unit costs, but their advantage is usually a better end result and reduced losses (leaks). The evaluation of servicing needs and proper targeting are essential from the standpoint of successful operations. In addition, it is necessary to monitor the costs, results and effects of the services both in the short and the long term.

## **3. The Actors of Early Intervention at Different Phases of A Work Career**

### **3.1 Main Actors**

The central starting point of this project is a lifelong work career. The objects are individual work careers and the development of individual work careers by age groups. The examination of work careers spans over a long period of time. When the different phases of a work career and a work career in its entirety are looked at, measures and responsibilities are divided between many different actors. There are also many measures and services of early intervention.

<b>THE MOST CENTRAL SERVICE PROVIDERS AT DIFFERENT PHASES OF A WORK CAREER</b>		
<b>Phase</b>	<b>Central bearer of responsibility</b>	<b>Measures</b>
Before a work career	Municipality	Municipal services (basic services) Early intervention (special services)
At work	Employer	Personnel policy (incentives) Occupational health Personnel training (intellectual capital)
Unemployed	Labour administration	Employment services Corrective measures (support, support services)

Labour administration bears the greatest responsibility for measures during unemployment and at the turning points of a work career. Municipalities have a great responsibility for measures before a work career. The employer is for the most part responsible for the prevention of risks threatening a work career, which emerge during employment. Other central responsible parties are education authorities and somewhat also the social partners. Also insurance institutions, such as the Social Insurance Institution of Finland, have services that aim at preventing risks threatening a work career. Jobseekers and employed employees themselves have their personal responsibility to prevent risks. The servicing need then depends on how sufficient the individual's own resources are in problem situations.

The table above describes in a simple way how responsibilities change during a work career. For example, the investments a municipality makes can move out of the municipality through migration. In the same way, investments made by enterprises can leave the enterprise. The decentralisation of responsibilities and results has its effect on how early intervention is taken into consideration when decisions are made on the division of resources.

### ***3.2 Services and Service Chains Relating to A Good Work Career***

Early intervention in the risk factors threatening a good work career involves many different actors, many types of expertise and many different methods. The versatility of services and changes in actors lead us to examine the process comprising various services and measures that follows individuals' work careers. It can be called a service chain based on the individuals' custom in which the services and actors change as the work history of the work career progresses. It brings along a temporal dimension, which makes it a question of a further reaching service chain line of thinking than in multivocational network operation.

Many measures take place at the previously defined turning points of a work career. The central periods and turning points of a work career have been compiled in statistics quite well, which makes it possible to follow how individuals or client groups move and succeed in the service chain through their work careers (cf. appended figure Karimaa, Appendix 4.1). The transition of persons and age groups (age cohorts) in the service chain can be observed from the viewpoint of, on the one hand, capacity for work and vocational development and, on the other hand, risk and risk factors.

The work career related concept of a service chain offers one starting point for evaluating the action over a long period of time and across fields of administration. The starting point or frame of

reference is in principle the same as in cross-administrative development and policy programmes. The approach is also similar to lifelong learning, which is included into the specific guidelines in the European Employment Strategy. The emphasis in this project is on risk factors and the goal is to prevent them as early as possible. A chain of service covering a work career is an idea, in the evaluation of which many problems particularly in the division of responsibilities and communication have to be taken into consideration.

#### **4. Early Intervention at Different Phases of A Work Career**

##### ***4.1 Measures of Early Intervention Before A Work Career***

Early intervention is an operational model used in social work, particularly in family policy. Family policy has been developed quite far in many countries. In Finland, for example, service models and methods for early intervention have been developed at Stakes (National Research and Development Centre for Welfare and Health). Stakes has developed, among others, a dialogue service model that is related to early intervention (Appendix 3.6). The concept of early intervention traditionally used in social policy is more limited than early intervention referred to here, which covers the entire work career.

Measures used to intervene in central risk factors before a work career are for the most part included in the municipalities' field of activities. Municipal measures relate to health care, upbringing, education and cultural activities, social work, youth work, etc. In basic education, early intervention can be seen as growth in the volume of special instruction. The education and training guarantee that is currently under development can be considered to contain the principle of early intervention (Appendix 3.3).

Critical phases before a work career from the standpoint of employment policy are choosing a field of education, completing education leading to employment, and transition to working life. These transitional phases include many development measures and services provided by different authorities on their own and in cooperation. In these phases, success can be portrayed with figures indicating youth participation in work and youth unemployment. In Finland participation in work is at a low level in all age groups, especially for men. Youth unemployment has decreased over the years faster than overall unemployment, but it is still high. Incidence of youths neither in employment nor in education was in 2002 high compared to most other OECD countries (OECD 2004). The threshold for young people to find work in the open labour markets has been very high, particularly during recessions.

##### ***4.2 Early Intervention at Work Places***

During employment, early intervention is for the most part the employer's responsibility at the workplace level. Measures may be implemented in the form of a project or as part of the employer's personnel policy. Health-related risks at workplaces can be reduced by measures relating to, among other things, health care, occupational safety and rehabilitation. This is very important – in addition to various incentives – when attempts are made to lengthen lifelong work careers.

The development of working life contains the notion of early intervention. Therefore, decisions have been made to increase investments in the development of working life in the future by, among other things, increasing funding for development programmes and projects. The Well-Being at Work Programme and The National Age Programme have also contributed to increasing early intervention in problems arising in working life. The experienced level of well-being, state of health at work, absenteeism, and early retirement also show early intervention has been successful.

From the point of view of an enterprise, early intervention in risk factors threatening a good work career can be viewed as a means of adding to human and social capital. Experiences from different countries show more clearly than ever how important social and intellectual capital are for the success of an enterprise.

Studies show that Finland has been especially successful at developing and utilising intellectual capital (Hoffmann, 2004). The paradox lies in the fact that despite these results, unemployment is still at a high level in Finland and the employment rate has not risen according to objectives. The strategy emphasising technology has brought about growth, but it has not necessarily increased employment to a comparable extent.

#### ***4.3 Early Intervention at The Time of Unemployment***

Unemployment is a risk for the later work career. According to experiences from practice, statistical analyses, and studies, re-employment becomes the more unlikely the longer unemployment lasts. There is also the risk of recurring unemployment and the work career becoming unstable. The probability for a transition from an unstable work career to a stable one is small. A research concerning impacts of ALMP shows that the earlier work career is the best indicator for future work career (Aho, Kunttu, 2001, Aho, Halme, Nätti, 1999). Unemployment creates a conditional dependency, in which case becoming unemployed in itself increases the probability of future unemployment (Hämäläinen, 2003).

If it can be stated that an unstable work career is a consequence of risks that have already been realised early on and a negative spiral of development, it can be deduced that the objective of offering a second chance for the unemployed set by the European Employment Strategy and the national employment policy does not necessarily abolish employment risks caused by health, lack of education, and other such factors. When a person becomes unemployed and the client of an employment office, many chances for early intervention have already been lost. This places requirements for preventive cooperation of different actors. Ending unemployment after a certain period of unemployment is not enough by itself to secure the future work career. Risk factors should be detected and they should be intervened in already before unemployment or the beginning of a work career, at the beginning of a work career, or at the workplace.

At the point when unemployment has become or is about to become long-term, a social policy approach, social work, workfare, or active social policy will bring new methods and resources especially on the local level into the employment policy the employment offices, municipalities and other actors implement in cooperation. According to the research concerning Danish experiences the net effects on the expected duration of welfare dependence, employment programmes have the desired impacts, while training and other programmes prolong welfare spells (Bolvig, Jensen, Rosholm, 2003).

### **5. Early Intervention in Service Processes**

#### ***5.1 Early Intervention Tied in with The Services Offered by Employment Offices***

Early intervention as part of the services offered by employment offices calls for individual measures and cooperation of actors from different fields. Expertise and professional skills will partly come from experience in practice. Experiences have been derived from, for example, the labour service centres that are in their experimental stage. On the other hand, there is evidence that by training specialists and developing work methods, results can be further improved from what it is possible to reach with mere experience.

In the employment offices, early intervention primarily relates to the services of vocational development. The operation of labour force service centres also includes early intervention, even though their clients have already become excluded from the labour market. Early intervention is also tied in with measures when enterprises close down or terminate employees.

The employment policy reform implemented in Finland in 1998 includes the idea of anticipating action and early intervention. Job seeking plans were developed as an attempt to activate clients to seek jobs independently and to guide clients to measures when the threat of prolonged unemployment becomes imminent. A very similar operation idea can be found in the employment services and labour policy measures of many other countries (e.g. Great Britain's New Deal and the so-called Danish model).

According to auditors' report the realisation of job-seeking plans is still lacking in many respects (Appendix 4.3b). The reason may be in the operating idea or in its realisation. International experiences could serve as a point of comparison. The operating model could also be compared to the action of other actors than authorities. The point of comparison could be, for example, the service models used in partnerships or some ESF projects. One point of comparison used in cases of redundancies is the Swedish outplacement service model. TRR Trygghetsrådet's operation is an example (Appendix 3.4).

The organisation reform in local administration may provide new possibilities for early intervention. The segmentation of clients and simultaneous broadening of cooperation between authorities enable specialisation and utilisation of high-level expertise. Early intervention as part of the services offered by employment offices brings forth questions concerning service models and work methods, the organisation of services, cooperation and networking, and the objectives of management by results.

## ***5.2 Profiling and Targeting***

Studies show that vast losses (leaks) are a problem for active employment policy measures. Losses can be cut down and cost-efficiency increased, if the services are targeted according to each client's situation and needs. Finland began doing this at the time of the 1998 employment policy reform. However, some deficiencies have been observed in the implementation, and the service model has been modified and further modifications are in process.

Many countries have tested and gained experiences in client profiling, which identifies risk factors threatening a good work career and employment. When implemented correctly, profiling based on a statistical model and the assessment of servicing needs based on profiling may bring added value to the assessment of client servicing needs performed by a professional consultant. Experiences of the use of statistic-mathematical methods in profiling and targeting are, however, somewhat contradictory (Caliendo, Hujer, Thomsen, 2004).

## ***5.3 Measures at Times of Redundancies and When Enterprises Shut Down***

Quick intervention in employee terminations due to production reasons may be successful especially when the newly unemployed have a steady work career in their background. In Sweden, the services included in change security (in Swedish omställningsavtal) provided for redundant employees are based on an agreement between certain labour market parties. In this context, the experiences derived from TRR Trygghetsrådet's services are used as examples (Appendix 3.4). The experiences gained speak for adopting the applicable parts of the service concept developed for this purpose in Finland as well.

It was stated in the seminar arranged by the project on 6<sup>th</sup> May, 2004, that the course of action of each labour administration in cases of mass redundancies resemble each other for the most part (addresses given at the seminar, Jonsson, Salkoaho). The timing of employment measures in cases of redundancies is also affected by, among other things, the provisions regarding these measures. From the standpoint of effectiveness, the central issues are the correct timing of the measures and targeting them to those whom they will benefit the most. Provisions and practices may be viewed as problems in cases of redundancies, as they state that measures are to be implemented only after the unemployment has lasted for a certain period of time. This may increase the risk of prolonged unemployment for those clients who have been let go for production reasons and who have a good prior work history (Salkoaho).

In Finland the labour market organisations and the state are taking action to improve by change security. The outcome of the negotiations (29.11.2004) between the labour market central organisations for an incomes policy agreement for the years 2005-2007 includes an employment and change security operations model. The labour market central organisations propose a new kind of an employment and change security operations model that would be applied between the employer, employees and employment authorities in cases of redundancies for economic and production reasons. The objective of the new operations model is to make cooperation more efficient and have the employee re-employed as quickly as possible. The arrangements will be made in both the private and the public sectors. The Finnish government has taken a favourable stance to the procedures agreed on by the labour market parties for promoting re-employment and will take action to carry the necessary changes into effect in the employment authorities' procedures and legislation (Appendix 3.4).

The employment offices are the key actors in implementing change security. The change security operations model requires expert and efficient measures from the part of the labour administration. Then the experiences gained in Sweden can also be taken into consideration. As the operation is being developed, experiences gained from different Finnish service models can be taken into consideration as well (Appendix 4.3a).

#### ***5.4 Early Intervention and ESF Projects***

In this project we have heard experiences gained from single projects. In addition, a study has been conducted regarding the experiences derived from those ESF projects, which early intervention could be attributed to. The study includes a survey about effectiveness, which was used as grounds for the evaluation of the action. The experiences and results of ESF projects are dealt with in more detail in the appendix section (Appendix 3.5).

#### ***5.5 Utilising Anticipation for Directing Resources***

Early intervention may provide a new angle for anticipation. Early intervention emphasises actively affecting anticipated future development. On the TE-Centre level (Employment and Economic Development Center) this may mean that their operational guidance will include even more social objectives for effectiveness that guide the anticipated development. The anticipation methods of the TE-Centres already cover many sub-areas and the use of anticipation as support for decision-making will become more common (appendix 3.7a and b, Mäkinen). Anticipation can be expected to bring added value for allocating resources correctly especially when the aim is to direct education to conform with the needs of industry and commerce and economic policy objectives. The need for anticipation for directing resources is increased by, among other things, changes in the age structure and international division of work

## **6. Evaluation of the Effects of Early Intervention**

### ***6.1 The Evaluation Framework***

The starting point for the evaluation of the effects of early intervention can be (1) evaluating measures according to the different phases of a work career, (2) an evaluation according to central actors in early intervention and their areas of responsibilities, or (3) evaluation and comparison of the effects of different means for early intervention. The main frame of reference selected here is (4) a general frame of reference of public administration management, which acknowledges all the above starting points to some extent.

Using the management frame of reference in the evaluation is justifiable when the objective is to evaluate the overall effects in a certain area of responsibility. Significant reforms have recently been implemented in Finland from the viewpoint of public administration management to streamline management by results and improve accountability (Ministry of Finance 2/2003, 9/2003). The reforms also include provisions for the development of evaluation as part of public administration management. Evaluation has also become part of administration management in the European Union and its Member States. The purpose of evaluation from the management point of view is to investigate especially the productivity (efficiency, cost-effectiveness) and effectiveness of the action. The evaluation of certain action is in that case based on two things: (1) Performance evaluation (2) Evaluation of effectiveness.

Performance evaluation concentrates on processes, their quality, economy, and productivity. Performance evaluation is necessary in the management process. The evaluation of the results has a wider importance from the standpoint of political decision-making. The evaluation of the results gives an account of the social effects of the action and seeks grounds for the necessity of the action and use of funds.

The general management frame of reference includes operating processes from needs and objectives through investments, operating processes and output to conclusions and effects. The course of the evaluation follows the programme flow or programme cycle used in programme evaluation that includes the most central phases of the programme. The progress or cycle of a project or programme also portrays the most central phases of decision-making and situations when choices have to be made. The programme cycle has several applications in different countries and international organisations (cf. e.g. EU, 2001, UK, 2003).

When the object of evaluation is interventions directed to a work career in its different phases, the object of evaluation can be seen as a service chain with many different actors with the effects of their action extending over a longer period of time. The evaluation concentrates on the service chain or assumed programme in which decision-making and responsibilities form a multiphase, long-range process. The evaluation can then apply the idea of programme evaluation in which the starting point is the programme flow, or project cycle.

The objects of evaluation in the programme cycle are: (1) The determination of needs, (2) the determination of the objectives and how they satisfy the needs, (3) the selection, division of duties, and responsibilities of the actors, (4) the effectiveness of means and methods and the selection of means, (5) operating modes and methods, incl. a feedback system.

This project has striven to take into consideration, as far as possible, the assumed service chain or programme aiming at securing a good work career. The use of the programme cycle concept in the evaluation quite well also meets the needs of management. Any phase of the programme cycle may

be significant from the standpoint of effectiveness. The programme cycle concept has not been fully applicable in this context, but it has been used in framing the questions.

To assess the need for early intervention, this project has compiled research data, heard experts, and prepared models of different age groups' (age cohorts) labour market behaviour and future work careers. As far as the objectives are concerned, early intervention in employment policy and the municipalities' employment strategies has been studied. As far the selection of actors and methods are concerned, early intervention service models produced by different actors have been compared to each other. When selecting actors, an alternative to public service is to put services up for bid. As for the realisation of accountability, the critical questions concern the means that allow the best possible division of duties and responsibilities in relation to the long-term benefits and detriments. In the selection of means for early intervention, any public intervention (public services, incentives, sanctions, investments in the infrastructure or human capital, etc.) may come into question. The main attention here is on the different services intended for the jobseeker clients. The feedback system includes follow-up and evaluation and related technical questions and questions of definition.

From the standpoint of management, the central questions concern (1) performance (2) effectiveness and (3) aggregate effect (synergy). Single measures of early intervention are evaluated according to how they are anticipated to affect individual work careers, the development of different age groups' employment, and the employment rate. The aggregate effect of measures is evaluated in relation to a work career and the development of employment. The evaluation of the aggregate effects leads to policy assessments and strategic conclusions.

## ***6.2 Evaluating Effectiveness***

The evaluation of effectiveness includes the evaluation of the operating logic and causal relations. Evaluation is a way to provide evidence of the effects of a mode of action, measure, or method in relation to the objectives. Evaluation also goes to show how tenable the presumed causal relations are that are used as grounds for the action. The assumptions on the causal relations that are on the background of early intervention can be simplified, for example, in the following manner:

Early intervention in risk factors → a good individual work career → employment in the long term → economic and social benefits and effects. The effects and results of early intervention are evaluated in relation to a work career, employment, and social benefits in the long term.

An essential part of the evaluation of effectiveness is the measurement of the net effects or added value after different types of loss (leaks) have been subtracted from the results. The evaluation of different kinds of side effects is also included in the evaluation. The evaluations of effectiveness study separately the direct effects and results and the long-term effects and results. The evaluation of social effects also includes benefit and cost assessments.

The significant factor from the standpoint of the decision-making process is that the long-term benefits or costs of some measures do not fall on those actors who are responsible for their immediate implementation and the cost of the implementation. Evaluation must then ponder on methods that would transform the direct costs and long-term benefits or costs into a comparable format. The future benefits and costs have to be converted to the present value.

## ***6.3 From Micro-Level Effects to Macro-Level Effects***

Early intervention mainly refers to individual measures targeted at labour supply, the effects of which will become manifested in the future work career. Important aspects from the standpoint of effectiveness are the means and methods used, the way they are implemented, and correct targeting.

The macro-level examination evaluates the effects of early intervention by age cohort. Individual work careers are summarised and shown in the cohort's labour balance. The macro-level evaluation also aims at the future. The approach involves cumulative, long-term effects and anticipation. Measures that decrease risk factors can be used to affect the quantity and quality of future labour supply. It is anticipated that the effectiveness of measures is the greater the earlier phase of a work career the measures are directed at or the earlier they are implemented before the risks have accumulated.

How effective early measures directed at labour supply are depends on how labour demand develops. Early intervention requires that suitable, open-sector jobs or subsidised jobs are offered to those who are threatened by the accumulation of risks that would lead to exclusion from the labour market. For this purpose a model for labour supply and demand is presented with particular emphasis on potential risk groups, especially young and old age cohorts (Appendix 1.1).

#### ***6.4 Costs and Benefits***

The economic benefit of early intervention is based on preventing risks from accumulating. The earlier risk factors can be identified and action is taken to reduce them the greater the benefits are that are gained from the measures. The identification of risks and individual service measures increase the costs of services immediately, whereas the benefits will appear for the most part only in the long term. This places special requirements for planning action and directing resources. The methods used in some forms of insurance and the experiences derived from them could serve as a model for developing action.

Cost-benefit analysis is one of the best methods of evaluating the effects of different types of interventions on a future work career. The method takes into consideration the anticipated long-term benefits and costs. It is technically demanding to produce thorough accounts and computations to compare different alternatives, and it also requires reliable enough data about the costs and anticipated benefits of the measures, as well as their effects in the long term. The effects and benefits of early intervention measures have been evaluated with the help of experts in connection with charting the ESF projects relating to early intervention (Appendix 3.5).

### **7. Summary of The Results of The Sub Studies**

The Early Intervention project includes a number of sub studies. These have been discussed in the four project seminars and they are published as appendices to the final report. This chapter summarises what their roles are in the project whole, i.e. how they from different angles relate to early intervention and its evaluation.

The sub studies are divided into the following four groups: 1) Macro-level studies, 2) Preventive interventions in promoting occupational health and ability to work, 3) Services and methods of early intervention, 4) A good work career from the standpoint of service management.

#### **7.1 Macro-level Studies**

##### ***7.1.1 Labour Supply and Demand of Risk Groups: The Young and The Old***

The emphasis of the project is on the micro level, but some data is best attained on the macro level or from vast amounts of micro-level raw data. This data concerns policy variables. What kind of emphasis early intervention has been given in the policy and what the emphasis be could be from now on? The analysis utilises long series and observation by age group. Problems, possibilities, and

reaction sensitivity to policy intervention vary by age group. The source for the macro-level studies is Statistics Finland's labour survey, which is the most extensive compilation of statistical data on the Finnish labour force. The ETLA (The Research Institute of Finnish Economy) study was done by Hannu Piekkola and Eero Siljander (Appendix 1.1). The econometric study estimates the labour demand and supply functions.

The responsiveness of labour demand to a change in total wage costs including the tax wedge of labour is four times higher in the short and ten times higher in the long term for the younger age cohorts than for the older cohorts. Therefore, policies aimed at reducing the tax wedge of labour or using employment policy measures such as wage and employment subsidies are most effective in promoting youth employment through market instruments.

The target of 75% employment rate is difficult to achieve, but the labour force participation rate can be close to that of the current 68% in Sweden. The second policy implication is that employment policy has some ten years left before ageing will more radically decrease labour supply. Tax and employment policy measures should be targeted at younger age groups. This is especially true for the tax wedge of labour, which is rather high in Finland compared to other EU countries or the EU-average as a whole. Elasticity of labour demand has increased over time in all age groups. Therefore employment responds to market incentives better than before. This development can be seen as a possibility for increased use of early intervention measures, which operate through the wage and incentive channels. Adjustment and business cycle variation of labour demand are greatest for younger age groups. This fact highlights the significance of early intervention. Promoting youth employment is thus a priority in early intervention and policies aimed at promoting a stable working career. Education elasticity of labour demand is positive and high in all age groups. For early intervention this means that promoting education and training is very effective in increasing employment in all age groups.

### ***7.1.2 The Age Cohorts' Work Careers – Effects of The Recession***

Kari Hietala analyses graphically the long series of the Statistics Finland's labour survey from the 1960s to today (Appendix 1.2). Unemployment of those who experienced the recession when young has remained almost twofold compared to those who were 30-40 years old during the recession. The recession has also decreased the youth unemployment rate. The recession had a proportionally higher effect on youth employment than unemployment. Young people who became excluded due to the recession have not been adequately reached, so that large numbers of young people who experienced the recession may have been left outside the labour force permanently. Early intervention measures have come too late from the viewpoint of the effects the recession caused.

## **7.2 The Role of Preventive Interventions in Promoting Occupational Health and Ability to Work**

In the report made by Finnish Institute of Occupational Health, risk factors for successful work career and current actors promoting work career were reviewed (Appendix 2). Health is the most significant risk factor for work ability and one of the main risk factors for successful work career. Subjective evaluation of one's work ability is the best predictor of work ability in the future. Musculoskeletal and mental health disorders cover over half of the causes for sickness absences and over 60 % for the causes of disability pensions. Although risk factors are already widely intervened, actions that are carried out are more curative than preventive in nature. Additional investments during adolescence would result in multiple savings later during the work career. Better support at schools during decisions and transitions concerning work career would prevent dropping out from vocational studies after the comprehensive school and accelerate completion of vocational studies and transferring to a more successful work career. More resources should also be directed to the

development of school and work communities, because reducing harmful environmental risk factors of the work career affects widely and has an effect on work ability and future work career relatively fast. Municipalities and private companies are satisfied with the TYKY-activities in Finland, but the quality of the actions varies. In this regard evaluation studies on effectiveness of the actions should be carried out more. During job losses, supporting quick re-employment is undoubtedly the best solution considering the future work ability and career. This emphasizes initiating of actions immediately, when there is a threat of a job loss. By monitoring and supporting work careers, successful work careers and mental health can be promoted throughout the working age. Also the focus of rehabilitation should be removed to an earlier phase in order to guarantee cost savings and efficiency. Actions of the health sector alone are not enough for securing the work ability of the Finnish workforce. Cooperation between the governmental actors is insufficient at present and should be comprehensively and broadly strengthened in order to guarantee health, work ability and successful work careers among the Finnish workforce in the future (Appendix 2).

## **7.3 Services and Methods of Early Intervention**

### ***7.3.1 Vocational Development Services***

Harry Pulliainen looks at employment services from the early intervention angle. According to Pulliainen (Appendix 3.1), information technology has taken employment services more towards self-service. The early intervention angle has gained importance in the process. In the ideal situation problems could be solved already before personal service is needed. Client service should be able to, on the one hand, identify clients who manage well on their own and with self-service and, on the other hand, assess what type of personal service would benefit the clients most. Although the citizens' readiness for self-service has increased, they need to be complemented with or supported by easily accessible open advisory services. The objective is to initiate the client service process fast, identify the servicing needs more accurately, and guide clients to other services when necessary.

According to Pulliainen, it is difficult to measure the effects of the services when services are used anonymously as self-service. Most often a service results in a change in the client, but the change does not always become directly apparent in measurable factors, such as an increased probability of employment. The client "walks out of the office with the change in his/her head". The result is often attributable to factors labour administration can influence only slightly. The management by results system emphasises measurable quantities, which takes us further away from early intervention in the direction of after-treatment. In this sense, the system emphasises after-treatment. Early intervention could be stressed more in employment services, if so desired. It is a question of strategic value selection.

### ***7.3.2 Service Centres in Preventing Exclusion***

Based on work experience Tarja Vikman (Appendix 3.2) presents doubts that neither the current nor the future cross-administrative services provided by the service centres are sufficient to help those young people who are threatened by exclusion. These services would most likely support themselves, because the young people's whole lives and work careers are at stake. Similar scepticism could apply to services targeting the long-term unemployed.

### ***7.3.3 Early Intervention and Municipal Services***

Päivi Rajala's study explains the importance of municipal services before a work career. Early intervention should be stressed more in education. Early intervention is a pivotal part in developing operations. Even though young people are willing to apply for further education, the numbers of those who drop out are still quite high (Appendix 3.3a,b,c).

### ***7.3.4 Services Related to Change Security in Cases of Redundancies***

The service provided by the Swedish TRR Trygghetsrådet for those given notice represents in many ways a very special service model. The service is based on an agreement between the labour market organizations, where the authorities are not involved. The financing applies the insurance principle. Fast and professional action is essential in cases of redundancies. The model can serve as a point of comparison when the effectiveness and successfulness of services is being evaluated in cases of redundancies. Services related to change security are included in the settlement of the incomes policy agreement made on 29.11.2004 (Appendix 3.4).

### ***7.3.5 Early Intervention and ESF Projects***

Kari Hietala (Appendix 3.5) analyses experiences derived from ESF projects.

A variety of different tools have been tested in situations before a work career: support person activity on the individual level, working together in groups, expert help provided by the authorities, workshop activity, support courses, vocational selection guidance, training, communication with parents. For preventive interventions to be effective, the young people in danger of exclusion should be detected while they are still at school/studying. There is no uniform system for doing so, which is a shortcoming.

The main stress in ESF projects dealing with early intervention relating to a work career falls on intervention in risk factors, health and ability to work, guidance to work and subsidised work. It is essential for the projects' results that health risks are intervened in early enough, in a preventive manner, before the risks have become realised. In Finland occupational health care is managed fairly well for the biggest employers. Smaller enterprises and entrepreneurs have been approached through projects.

As for unemployment, early intervention in ESF projects concentrates on preventing exclusion. Experience shows that ending unemployment is more effective the earlier it is done. The later unemployment is ended, the longer the path that needs to be taken is. The person has already adjusted to unemployment.

The evaluation of effectiveness in ESF projects brings forth the question of the effectiveness of early intervention. The means are effective for the newly unemployed, but their cost-effectiveness is reduced by the considerable dead weight losses. The measures also involve unemployed people who would have been employed, anyway. The projects have not proven very effective for the long-term unemployed. However, employment is possible, if the project has been well implemented and knowledge and expertise have been available. Often the management of one's life must be brought under control first, which takes a lot of time and resources and raises the costs. The problem is how those unemployed people whose risk to become long-term unemployed is big could be selected for intensified measures from among all unemployed people. Targeting is pivotal from the standpoint of effectiveness. Methods for this purpose have to be developed further. When evaluating the

successfulness, not only employment to the open sector but also various other social benefits and costs should be acknowledged.

Kari Hietala's sub study shows that the cost-benefit analysis suits well to study how cost-effective early intervention is (Appendix 3.5, chapter 7). The method should be utilised more widely. However, basic research should be done to determine how experiences in childhood and youth affect a work career, for example, by exploiting longitudinal data that monitors the same people over decades.

## **7.4 A Good Work Career from The Standpoint of Service Management**

### ***7.4.1 Services Relating to A Good Work Career Seen as A Service Chain***

Municipalities have an important role in producing services. Erkki Karimaa (Appendix 4.1) takes a look at the services relating to a work career as a system. The starting point is how different services are linked to each other in phases forming a process extending over the work career. Different childhood, youth and adulthood services help build the qualities needed during a work career. Karimaa's starting point is the development of competence and the related services during a work career. Various risk factors are linked to the development of competence. Process management is important in the system way of thinking; the system needs to have "a problem owner". In the early stages municipalities bear the greatest responsibility. During work the employer and during unemployment the labour administration are the responsible parties.

### ***7.4.2 Flow of Information within The Service Chain***

Leena Silvennoinen-Nuora (Appendix 4.2) examines the service chain of which there so far is experience in the field of health care. A service chain refers to looking at services as a whole. Use of services belonging to the same service chain (a client's custom) and their effects are recorded in a monitoring system that is in electronic format. With the client's permission, data on previous use of services is always available to the provider of a new service. In order for the service chain to work in practice, the providers have to engage in networked, multivocational, and client-oriented cooperation. The precondition of client-oriented operating mode is that the services are planned together with the client. When the client accepts the plan, he/she is ready to be bound to its realisation. Service chain management becomes a problem particularly when the time span is long.

### ***7.4.3 Comparing Service Models Related to Early Intervention***

The level of service performances is one of the starting-points for the assessment of service effects related to early interference. According to a clarification based on the audit visits of the auditors (Oy Auditor Ab), the job-seeking plans (personalised action plans) have not been implemented in the way meant. The clarification is the basis, when one tries to find explanations to the deficient realization of job-seeking visits. The characteristics of the operational model, the way of realization and the working environment are used as explanatory factors. Possible explanations to the defects in the performance can be sought through expert's assessments or by comparing alternative courses of action and methods with each other. The performance level of services can be improved by, among other things, developing management and service methods. However, a precondition for the improvement of effectiveness is that there is also high enough labour demand (Appendix 4.3a, 4.3b).

#### ***7.4.4 Early Intervention in the Municipal Employment Strategy***

Early intervention relates to the municipalities' employment strategies for both to raise the employment rate in the area of the municipality and to secure labour supply for the municipality. The project Municipal Labour Force and Personnel in 2010 implemented by the Association of Finnish Local and Regional Authorities, the Commission for Local Authority Employers and Local Authority Retirement Pension Insurance includes a very concrete proposal relating to early intervention. According to the proposal, it should be possible to place young unemployed people in local authority assignments at the very beginning of unemployment (Appendix 4.4). The development of early intervention in municipalities includes many practical questions, which can perhaps best be studied in experiments in certain municipalities.

#### ***7.4.5 Information Needs of the Government and Development of the Evaluation***

A good work career, which is the starting-point of the project, offers a goal uniting different policy sectors and administrative branches. A good work career as a joint goal highlights the information needs of the central administration of the government and its role in the operational management and in the assessment of the activities. According to Government Controller Tuomas Pöysti, a good work career could be an upper-level programme objective for the Government. It can clearly be linked to the management by results system used in state administration (Appendix 4.5).

### **8. Central Observations and Conclusions**

#### ***Grounds for Early Intervention***

There is proof of the positive effects of early intervention on the future work career and in a wider sense the management of one's life in many different policy areas. Early intervention is cost-effective for the social economy. Early intervention in risk factors threatening a work career promotes reaching the long-term employment objectives of employment policy. The effects of measures implemented at an early phase accumulate in the later work career.

Health-related risk factors have a vast effect on the later work career. Social disorders, poor success at school, and problems at home also preindicate problems in the future work career. Many of these risk factors can be detected already well before a work career. At workplaces, too, the risk factors threatening the remainder of the work career are visible already early.

Intervention in the risk factors threatening capacity for work and the work career at workplaces is justifiable both on the grounds of personnel policy and business economy. Early intervention can help raise the value of the enterprises' human capital.

#### ***Objectives Related to Early Intervention***

Early intervention was included in the European Employment Strategy in 1997 and 1998. The chosen method was ending unemployment after a certain period of time. The objective has been to prevent prolonged unemployment. However, in many cases ending unemployment comes too late. The effects of the measures used to end unemployment are not sufficient to repair the work career that has become unstable.

The current evaluation sees early intervention as a means of securing a good work career. The time span is thus longer than in the current employment strategy. The development of employment is here looked at for the entire length of the work career. The examination of the work career in the long term leads to re-evaluation of the objectives and means of employment policy.

Ending the accumulating development leading to long-term or recurring unemployment should be started before a person becomes unemployed. The risk factors threatening a good work career should be intervened in already before or during the work career. For this purpose, it is justifiable to make securing a good work career one of the central employment policy objectives. Securing a good work career is a social policy objective that is suited to serve as the common programme objective of the central labour policy actors.

The public sector – the state and the municipalities – work under economic pressure, and preventive measures that would affect employment in the long run tend to run behind the acute needs when resources are allocated. The long-term effects should more clearly be brought to the decision makers' attention. Methods that come to question are anticipation and cost-benefit and cost-effectiveness analyses that have not been utilised to their full extent.

To acknowledge the long-term effects, objectives relating to a good work career should be included in the employment and service strategies of the labour administration, other authorities and municipalities. The long-term effects of early intervention should be taken into consideration when operational result targets are set.

Securing a good work career and intervening in the risk factors threatening it has an objective parallel to that of preventing exclusion and improving social inclusion. If their measures are combined, the effects on employment can be improved.

The future change in the age structure would serve as special grounds for early intervention. When the risks threatening a work career are intervened in, loss of labour force can be decreased and future labour supply increased. The employment rate has to be increased in all age groups, especially in the young age groups and those approaching retirement age. Working-age men in particular demonstrate poor participation in work in international comparison.

### ***The Implementation of Early Intervention at Different Phases of a Work Career***

The importance of early intervention and anticipating and preventive measures in general has been acknowledged for a long time already in all sub-areas of social policy, but practical measures have not always been heading in the same direction.

In employment policy the measures taking place at the beginning of a work career are included mainly in vocational selection guidance and vocational development services. However, the resources used for career guidance constitute a relatively small share of the employment policy costs. Allocating more resources to vocational development is justifiable when the long-term effects of the services on a work career can be shown.

The 1998 implemented employment policy reform includes activating independent job seeking, which as an idea largely corresponds with early intervention. The reform includes, among other things, provisions for evaluating servicing needs and drafting job-seeking plans, which have to be done before unemployment becomes prolonged. According to evaluations and studies, a service model that includes evaluations for servicing needs and job-seeking plans did not function the way

it was intended to function, which has led to the model's modification and the development of its methods.

At the local level in particular, measures for securing a good work career and increasing inclusion are shifting the emphasis towards employment policy implemented in local cooperation. At the local level active employment policy and active social policy work in the same direction and combining the measures included in them can increase their overall effect on employment.

Early intervention has been gaining foothold in the municipalities' social services, particularly in family policy. Early intervention is already strongly included in the development plans and programmes of education as well. This has contributed to an increase in multivocational, network-like cooperation.

Network-like operating model suits customer service, which deals with customer-related problems. Flow of information is, nevertheless, a problem, as are different definitions of concepts, which both are attempted to be solved with seamless cooperation. Problems in the flow of information increase when an effort is made to follow up on the long-term effects of measures in the multiphase service chain.

Early intervention includes the idea of quick intervention as soon as the threat of unemployment is known. Early and quick intervention is well-grounded particularly in redundancies due to production reasons. If re-employment and measures promoting re-employment do not happen fast enough, it may lead to losing the accumulated knowledge and skills and exclusion from the labour market.

### ***Operating Modes and Methods of Early Intervention***

Methods of early intervention use an individual approach in which the objective is to reinforce the individual's own potential and decisions. Service models that identify and acknowledge individual reactions have proven to function well.

Unemployment is an experience that involves a lot of mental pressure. Experiences and reactions change as unemployment continues. The paralysis may in a short time turn to active efforts to return in the labour market. When unemployment is prolonged, mental potential diminishes.

This evaluation has compiled experiences derived from the operating modes and methods of early intervention from prior research as well as studies and expert evaluations performed during this project. The observations relate to, among other things, early intervention as part of the labour administration's services and measures, municipalities' services, municipalities' and labour administration's joint services, ESF projects, redundancies, family policy, and health-related risk factors.

The comparison of operating modes and methods brings forth the essential differences between the authorities and other actors. The authorities' action may have a more cost-effective unit price, but a procured service may be more cost-effective by its effectiveness and successfulness. There is proof available about the effectiveness of different service models based on studies and evaluations, but the best service models have not been taken into wider, permanent use.

Evaluation shows that methodological development can affect both the productivity and successfulness of the services. The objective should be to have far-developed and product-like service methods ready for use. The selection of service providers, motivation of service personnel and professional knowledge can also affect both effectiveness and successfulness.

Services may be put up for bid to increase the chance to use the best methods for the services provided at different phases of a work career. To improve successfulness in this manner requires that the request for bids also take into consideration the quality, effectiveness and successfulness of the services and not only the price. Another worthy consideration would be the long-term effects on a later work career.

The municipalities' and state's services and joint service centres, different actors' partnerships, different ESF projects and other such projects share many same objectives and use similar means and methods, but so far it has not been possible to establish such common operating models that different innovative experiments could have been transformed into application of best practices.

The aggregated effects of the services produced by different actors and directed at a work career can also be improved by monitoring and evaluating their effects on the service chain that covers the entire work career. The problem with guiding the service chain, combining services, and monitoring the results and effects is that accountability is spread among a large group of actors. Programme-based manner of working could be a solution to the division of accountability. Another problem with the service chain model is data processing and transfer of data between actors.

Monitoring measures in a service chain with unified criteria makes a lot of demands on data administration beyond time constraints and across administrative boundaries. Different definitions, technical solutions and questions relating to data protection create problems and costs. Organising a full-coverage monitoring on the individual level is also an ethical question. However, it might be possible to implement monitoring better within the service chain for some client groups. Research and evaluation directed at the service chain are needed in addition to continuous monitoring.

### ***Early Intervention during Different Labour Market Situations***

The success of employment policy is crucially dependent on economic development and labour demand. The national evaluation of the European Employment Strategy stated that measures directed to labour supply have no effect unless labour demand also increases (EES 2002)

A study based on the labour market behaviour of age cohorts shows that a 75% employment rate is not a realistic goal (Appendix 1.1). The analysis also shows that especially youth employment stays flexible according to the cost of labour. Reducing labour costs would make it possible to improve especially youth employment.

An analysis of the labour market behaviour of age cohorts shows that the biggest exit from the labour markets will take place in the 2010s. Employment policy has roughly ten years to prepare for the biggest change in the age structure (Appendix 1.1).

## **9. Recommendations**

### ***1. Emphasis in Employment Policy Must Be Shifted to Early Intervention***

1.1 Management of employment policy would require more early intervention in risk factors threatening a work career. Early intervention may improve the future work career and prevent problems from accumulating. For this purpose the resources of employment policy should increasingly target the phase before a work career and the beginning and turning points of a work career. When developing their employment and business and industry policies, municipalities must

also pay attention to risks threatening a work career and the possibilities early intervention offers to reduce them.

1.2 Early intervention should be applied to the entire length of a work career. The examination based on the work career takes into account the cumulative, long-term effects early intervention has on the citizens' work careers and overall employment. The examination based on the work career also emphasises that we must prepare for the future changes in the age and occupation structure of labour force better than with only a quantitative employment objective based on a cross-sectional situation.

1.3 In occupational health, emphasis should more strongly be shifted from corrective action treating illnesses to preventive action promoting capacity for work. The shift in the emphasis could be supported by, among other things, adding versatility to the personnel structure of occupational health and amending the remuneration basis of occupational health care costs that the Social Insurance Institution Kela pays the employers.

## ***2. A Good Work Career as An Outcome Objective of Employment Policy***

2.1 Securing a good work career should be made a long-term objective in the national employment strategy. It should be seen as a cross-administrative programme objective that applies to all levels of administration.

2.2 Early intervention before a work career concerns especially municipalities' services, but also cooperation with labour administration. The municipalities' share in securing the citizens' work careers and, at the same time, future labour supply and employment should be acknowledged both in the planning of employment policy and allocation of resources.

2.3 During the work career the best possibilities for early intervention are at the workplace level. A management system on the state level is needed to establish a "Healthy Organisation" practice. A healthy organisation is economically successful and its personnel is doing well.

## ***3. Early Intervention Included in Operational Result Targets***

3.1 Early Intervention and a good work career should be taken into consideration when operational result targets are set for labour administration and other administrative branches and levels. The result targets should include the result targets set for measures that affect a good work career and the future development of employment in the medium and long term.

3.2 The Ministry of Labour, Ministry of Education, and Ministry of Social and Health Affairs, as well as municipalities should investigate what the current system of social support is to young people in danger of exclusion. Work models of early intervention should be developed for young people in danger of exclusion. No young person who has faced problems should be left alone with the problems.

3.3 The authorities (The Ministries of Labour, Education, and Health and Social Affairs in particular) should together with the municipalities make sure the service chain is without gaps throughout the work career. The service chain should include the anticipation of health, social and training risks related to a work career and early intervention. The service chain should cover all phases of a work career. Services should be arranged without breaks in education and training, work, during unemployment, for entrepreneurs, and also in situations that now are left in the dead zone of services.

3.4 At the turning points of a work career special attention should be paid to what the significance of the decisions made is to the future work career and career management skills in general. For this purpose, the labour administration vocational development services and service methods should be further strengthened in cooperation with the education authorities and municipalities.

#### ***4. Early Intervention within Municipalities***

4.1 Municipalities should raise ensuring a good work career as the starting point for the development of the health care, day care, education and youth services they provide. Municipalities should develop work models for this purpose. Municipalities should promote especially educational choices and practical training that secure a good work career.

4.2 The municipalities' key area of early intervention should be the young age groups coming of working age. It should be possible to use young unemployed people at the beginning of their unemployment in applicable municipal contributory tasks and workshops in a more flexible manner than today.

4.3. Labour shortage due to the ageing of the labour force is becoming a strategic challenge for the enterprises and other local actors in the municipalities. The challenge is met by speeding up the young people's attachment to working life, postponing the age of exiting working life, and creating the preconditions for employment-based immigration.

The solution for the labour shortage has also been sought through regional strategic work of employment and trade and industry policies. By intervening early in the risk factors threatening a work career, the use of domestic labour can be increased in a labour shortage situation. Municipalities should raise securing a good work career and early intervention in the risk factors of a work career as an object of regional employment strategy.

4.4 The practical implementation of early intervention in the service chain directed at a work career should be made more precise with an experimentation applying to particular municipalities.

#### ***5. The Development of Early Intervention Operating Modes and Work Methods***

5.1 The services directed at a work career should be evaluated as a service chain in which the effects and aggregate effects of different measures are monitored along the work career. The definitions for defining the measures and their effects should be kept uniform. Client data processing should be arranged in the service chain so that multivocational cooperation can be secured without endangering the protection of privacy safeguarding confidential client data.

5.2 The experiences of best practices service from ESF and other projects should be taken into permanent use in employment services, the municipalities' corresponding services and point of joint service. Best practices should also be the starting point for procuring services related to a work career and setting them up for bid outside public administration. Best practices should be defined on the basis of their productivity, quality and effectiveness.

5.3 The chances for early intervention should be exploited more efficiently in working life. In addition to reinforcing the preventive role of occupational health care, the employers have to commit to it more clearly and a minimum level of good practices has to be established in working life.

5.4 Labour administration should together with the labour market parties strive to act so that in cases of redundancies a professional outplacement service would be available as soon as the redundancy is known. The change security operations model included in the settlement of the incomes policy agreement (29.11.2004) requires expert and efficient measures from the part of the labour administration.

5.5 The implementation of employment services and the provisions of unemployment security should be revised so that especially in cases of redundancies the redundant employees would have immediate access to professional measures without any conditions regarding the length of unemployment.

5.6 Labour administration should together with health and social administration, municipalities and different research institutes develop a database of work methods based on research verification and systematic evaluation. The database of tested treatments used in medicine could serve as an example. One object of systematic evaluation could be the operating modes and methods of early intervention that affect a good work career.

5.7 Using computer-aided methods used in targeting employment services and assessing the clients' servicing needs to support client service should be investigated, taking into consideration the experiences of many other countries.

## ***6. Lowering Youth's Threshold for Employment***

6.1 Youth unemployment and delaying their entrance into the labour market generate cumulative costs in the long term. Flexibility of youth employment in relation to the wage level is bigger than in other age groups. Labour costs should be lowered selectively so that the cost of employing young people in the open labour markets would go down. The Ministry of Labour should together with other authorities and the labour market parties study what the effects on employment and other social and economic effects would be, if the labour costs of young people were lowered and, based on this, prepare necessary proposals to improve the young people's chance to enter the labour market.

6.2 Young people in danger of exclusion should be secured access to the labour market by using various selective support measures and workshops, as well as partnerships based on communal development.

## ***7. Evaluating and Monitoring the Effects of Early Intervention***

7.1 Setting long-term result targets requires that enough is known about the long-term effects of early intervention measures. Therefore, adequate resources should be allocated to study the long-term effects of early intervention.

7.2 The evaluation of the effects of early intervention should take into consideration the future long-term benefits at current value. Cost-benefit and cost-effectiveness analyses as well as advance evaluations should be used to a wider extent in action planning and evaluation.

7.3 The Ministry of Labour and Ministry of Health and Social Affairs should investigate in cooperation to what extent application of the insurance principle could be increased when allocating resources. The direct costs of intervention in risk factors should be evaluated in relation to the costs the lack of intervention produces in the management of employment in the long run.

7.4 The inspection data and investigation request material accumulating in the occupational safety and health districts as well as the compensations the Social Insurance Institution Kela pays for occupational health medical treatment and preventive care should be monitored and utilised in the evaluation and monitoring of the effects of early intervention related to working environments.

7.5 When anticipating the development of labour supply and demand, anticipation methods based on age cohorts should also be used in the future in addition to other methods. Labour administration should together with other concerned authorities and municipalities monitor the development of the age cohorts' work careers and employment and define and specify the necessary, crucial parameters.

### ***8. Early Intervention Included in The European Employment Strategy Objectives***

In the European Employment Strategy, early intervention has been included especially in the objectives of ending unemployment. Offering a new start during the unemployment, however, comes often too late from the standpoint of a good work career. The reasons and risk factors of unemployment should be intervened in already before the work career or at its beginning. Securing a good work career should be added in the strategy objectives. This requires local-level, cooperative measures provided by the municipalities and labour administration.

This should be also acknowledged when quantitative result targets and result and monitoring indicators are set.

### ***9. Measures Affecting Labour Demand***

Economic policy, trade and industry policy, and structural policy measures should be used to raise labour demand to a level where measures developing labour supply can have successful effects. Measures targeting supply are not enough by themselves, if suitable jobs are not available. Open-sector jobs are a priority. In addition, selective subsidised jobs are needed.

### ***10. Prioritising the Recommendations***

The following are deemed the most important from the standpoint of resource utilisation and the extent and duration of the effects:

- 1) Securing a good work career as a cross-administrative objective for effectiveness could in the long run become significant. The programme can help increase the aggregate effects of services provided by different actors.
- 2) From the point of view of labour supply, strengthening the services relating to vocational development and work career management would be an important measure. In addition, measures in cases of redundancies could have significant effects from the standpoint of labour potential utilisation and flexible labour markets.
- 3) Incorporating a good work career and early intervention in the municipalities' service strategy and (regional) employment strategy is also important. The municipalities' measures can be expected to yield significant benefits in the long term, if they can allocate adequate resources to early intervention.
- 4) If a good work career is made an objective of the employment strategy, it may lead to changes in the selection of methods. Ending unemployment, for example, after three, six or twelve months comes too late, if the goal is to raise the employment rate in the long term.

5) The effectiveness of early intervention directed at the labour supply as discussed here crucially depends on how labour demand develops. If growth is not realised, the emphasis in the use of resources falls on various corrective measures and income transfers. The aggregate effect of labour policy measures will be the greater the better balance the measures affecting the demand and the adjusting measures affecting the supply have.

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