



Case Study Briefing

The resurgence of active employment policies in the city of Valencia



Contents

- 01 Overview
- 02 Key policy implications
- 03 Context
- 04 Sources of evidence
- 05 Main findings
- 06 Impact & Implications

1. Overview

InnoSi addresses the question of active labour market policies in Spain that came under crippling reductions in the budgets allocated to local authorities for this type of investment during the economic crisis.

The brand Valenciactiva was created with the aim of coordinating existing structures in the city of Valencia and utilize them for purposes of economic development and employment. Its main promoters, from very different areas of the local economy are brought together under the umbrella of the Foundation of the Pact for Employment and the City of Valencia announces that its aims are to foster synergies and opportunities offered by cooperation between the bodies involved to complement structures in a common project, increasing effectiveness and efficiency and provide higher quality service to citizens and businesses.

2. Key policy implications

The different options offered by the Valenciactiva platform are a clear indication of a way forward for local government to take a stronger hand in promoting labour market reactivation.

- Employment service need to be in touch with and have good constant communication channels with local businesses.
- Traditional services for the unemployed are not functioning and need to be tailored more closely to the needs of both businesses and those looking for work.
- Government agencies need to be closer to the community to enable access to the services they provide at the neighbourhood level, with offices located in places commonly accessed by people in their everyday lives.
- The humanization of services, especially for the long-term unemployed and those at an age where they risk being excluded from the job market is an essential step towards reconciling the gap between recipients of services and the technicians, who needs specific training to attend to people's needs in a way that is positive and useful.
- Local government need to have greater freedom and resources as they are closets to the needs of local people and can create effective networks with local business.

3. Context

In light of what it sees as a positive evolution, the Spanish government has decided to reduce the budget allowance for unemployment benefit while increasing expenditure on active employment policies in 2016 following European Commission recommendations.

The 5,215 million euro budget is principally devoted to incentives to firms for hiring, professional orientation and training. However, the effectiveness of the investment in these policies is questionable. The participants in this project, some of whom bore witness to their experience as a long-term unemployed person in Spain for the Community Reporter site (communityreporter.net) tell a very different story to the positive projection indicated by government figures. Training is described as either non-existent or inappropriate; orientation is practically null and the job offers that do appear are low paid and, more often than not, temporary. Even according to official figures from the Ministry of Employment, the percentage of new contracts that offer permanent employment (and hence job security) for the second quarter of 2016 is below 8%. Testimonies indicate that there is not only an economic but also a social gap to be filled for the long-term unemployed. Many of them feel that they form a part of a forgotten generation, and this is not a term just reserved for the under-25s. The challenges facing the over 40s now searching for employment are also immense. While there are particular schemes that look to protect the older working age groups, the requirements for entry are strict and many households live in poverty albeit with one family member in work (Eurostat, 2016).

We found one of the few clear examples of an attempt at activation of the labour market in the city of Valencia through a series of actions carried out by a collaborative network of private, public and third sector organizations called Valenciactiva. Valenciactiva is a move towards preparing people for the new economic reality rather than reacting to it. Valenciactiva also provides an alternative to the services offered by the regional employment service, the Servef and employs a different methodology in its treatment of the unemployed, Valenciactiva has been set up in offices that already belonged to the town hall and were either being underused or not used at all, thereby cutting back on the amount of public spending needed to launch the scheme. New public workers trained in job seeking skills have been hired to provide this personalized attention. These technicians are working from offices strategically placed around the city in areas that have the largest numbers of unemployed.

4. Sources of evidence

This study looks first at the literature that has appeared during this period, essentially in the wake of the Spanish labour reform of 2012, and also bearing in mind the fact that youth unemployment in Spain reached its highest levels in August of 2013, when it climbed to the staggering figure of 56.1%.

Recent reports, such as the Employment Outlook Report by the OECD which provides forecasts of short-term job market trends, would suggest that opportunities for the unemployed, including young people, are improving. The report predicts that the unemployment rate will continue to drop over the coming year, but that it will remain at over 20%, which, as the graphs below indicate, is far higher than the OECD average. The latest figures from the Spanish National Institute of Statistics and the SEPE (State Employment Office) indicate that 4.8 million people are still jobless, which represents something close to 21.2% of the active population. Unemployment in February, 2016 has risen.

From November 2015 to July 2016, we carried out over 20 in-depth interviews with prominent Spanish sociologists and economists, high-ranking regional government ministers and, above all, policy makers in Valencia's town hall in an attempt to reveal the extent of the socially innovative changes that were part of the new ruling coalition ticket during the elections of May 2015. Local, national and international press also provided important sources of information on the plight of active labour market policies in Spain. We also interviewed end users of social services and of the actions of Valenciactiva. All links are available on the main document.

5. Main findings

Achievements

There are five main areas of action outlined by the Foundation of the Employment Pact in Valencia and framed within the Valenciactiva platform.

1. Valenciactiva Employment

The employment stream focuses on personalized treatment with the local area of the candidate. The idea is to move away from a traditional information-based assessment and produce a roadmap of functions and activities for active job seeking. One of the major differences with regional social services is that the centres are located within the neighbourhoods with the greatest rates of unemployment. These neighbourhood centres or *barris per l'ocupació* tend to be located at strategic points in the neighbourhood where large numbers of people tend to gather.

2. Valenciactiva for Business

Being located within different neighbourhoods allows the centres access and dialogue to the businesses also located in those areas. Just as they offer applicants a free service to match their training and interests to available job openings, they also offer firms a free employee prospection service. They then propose candidates based on that matching process. The major innovation here is two-fold. Firstly, an ongoing dialogue with companies is vital to gaining an insight into the needs and concerns of businesses in the area. Previous initiatives have not attempted to create a platform or scenario where this dialogue was possible. Secondly, the offer of ad hoc training in order for candidates to have reasonable knowledge of certain aspects that a job entails when they arrive for interview or start at a new job is not something that has been offered before.

3. Valenciactiva Economic Drive

In this area of action, the members of the Employment Pact promote activities, conferences, meetings and events in an attempt to contribute to the generation of wealth in the city, and to disseminate the name of Valencia abroad as a major player in a variety of sectors. Having suffered as much as any other region the effects of the construction bubble, the emphasis is now on rebuilding a diversified local economy.

4. Valenciactiva for Entrepreneurship

The programme offers a free mentoring service to anyone who is looking to open a business of any kind or become self-employed throughout the lifecycle of their businesses should they require it. The town hall is currently establishing three new business centres for startups that can generate employment in the city.

Other actions include international collaboration, investing in workers with disabilities and agricultural social cooperatives to provide work, for example, for refugee families.

Barriers

The main barriers for such activities has been a lack of funding for local government. Policymakers at a local level have suggested that greater autonomy be allowed to city and town halls, as they are closer to the needs and difficulties that the local community is undergoing.

6. Impact & Implications

There is no single solution to the unemployment problem in Spain. Change must come from deep-rooted action before it can be scaled. Valenciactiva is a step in the right direction though for a number of reasons. Collaborative initiatives from every sector of society will help to strengthen awareness of the type of actions that will help to spur the local economy and look to create business ecosystems that act as support mechanisms for one another and ensure their survival, if not long-term, long enough to see the results of efforts such as Valenciactiva. It is an oasis of action where there has been practically none for years, and it looks to innovate in several important ways.

It serves as a platform for all actions to do with employment, social entrepreneurship or training for the unemployed under one umbrella organization by collaborating with dozens of local societies and associations. If deep social change is to occur, it will only happen on the understanding that the issues go far beyond political stances, and will also rest upon citizens recovering their understandably low faith in the political system.

Changes to service quality

Another step in the right direction is in understanding the needs of the long-term unemployed. The move towards a personalization of social services to fit the needs of individuals as far as can be practically applied can only be positive for reaching out to the less fortunate sections of society. Although the unemployed youth of Spain have been described as the “lost generation”, it is also worth remembering that there is another lost generation; the baby boom generation who have suddenly found themselves out of work at the age of 45 or 50 with little or no qualifications that can match cheaper, in some cases overly educated youth. Stretching out a hand to these people, and close to their homes in places they meet with their neighbours each day is conducive to improved and more frequent dialogue between the parts that make up the local economy.

In a society that has depended for so long on the family economy for social protection, as the state has increasingly cut back on social investment, it is logical that answers will be found within the various communities that exist within a city the size of Valencia.

Taking the example of Valenciactiva further




The InnoSi consortium will continue to analyze the results of these new active labour market policies to assess the long-term impact and work with policymakers to implement similar models elsewhere. Changes in the mindset of how employment service are designed is a necessity on a countrywide scale, and the model of Valenciactiva could serve as a starting point to improve above all the humanistic quality of employment services around the country.

7. Further information

To access the related community reporter material, visit <https://communityreporter.net/story/we-still-have-time-part1>

For further information on InnoSI: Innovation in Social Investment: approaches to social investment from the scientific perspective, visit our website at <http://innosi.eu/>

Authors:

-  **Jose Millet Roig**, Universitat Politècnica de València, jmillet@eln.upv.es
 -  **Jose Pedro García Sabater**, Universitat Politècnica de València jpgarcia@omp.upv.es
 -  **Michael Willoughby**, Universitat Politècnica de València, mwilloughby@ideas.upv.es
-

www.innosi.eu

