



Dutch Work First model European Solution in times of crisis and recession!?

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Up till early 2013 The Netherlands and Australia performed the best in the World in terms of reducing the caseload of benefit recipients and unemployment rate in general. This is very interesting while Australia and The Netherlands have a lot in common. Both countries have a more or less equal amount of inhabitants. Welfare to Work, the (re)allocation of people out of benefits into the regular labour market, is in both countries the playground of public and private providers. We have comparable labour markets and a focus on (job)activation. Both countries use the instrument subsidised wages. Furthermore, we both have reduced our benefit recipients largely due to Work First. Only 'Down Under' there is just one Work First variant which is centralised from the national government and purely tailored to community tasks (Work for the Dole) and therefore not so innovative, while in The Low Countries the modern Work First variants are delegated to the municipalities and based on subsidised wages and work with keep on benefit. You could state that The Netherlands are in terms of culture and values closer to Australia than for example the United States of America (USA).

The Netherlands has gained admiration from the European Commission (EC) for her good practises and very good results over the last few years. The more so if you state the Dutch results against the small economic growth of the Netherlands in comparison with other Member States in the European Union (EU) and Australia. It's clear that the Dutch have lead the pack in the EU for a decade regarding results in terms of percentage lowest people dependent on benefits. And that was even while the economic depression was punching the EU and The Netherlands right in the face and still during the weakening recovery (although Germany and Austria currently have lower youth unemployment rates). Because we still live in an era of economic decline, recession and weakening recovery in the European Union, we would like to share Dutch Work First with you. An approach which states that the most valuable of all capital is that invested in people. Of course, culture and systems differ. However, this information may give you some new ideas for labour market politics and instruments in Europe and Australia!

Dutch benefit architecture and institutional framework

To get a grasp of what the Dutch Work First approach is all about hereby a general summary of the institutional framework and benefit architecture of the Netherlands. While In Australia only one organisation is responsible for the benefit administration (Centre link), in The Netherlands there are 2 organisations. The UWV (Workers' Insurance Organization, more or less equal to Jobcentre Plus in the UK) are responsible for the unemployment insurance benefits and the disability insurance benefits (both non means tested) and the social services departments of the municipalities administer the Social Assistance Act benefit (means tested on household level). As both the UWV and municipalities maintain contacts with jobseekers and employers they have been cooperating more closely. There are now hundred Work plazas all over The Netherlands where they work together in the same building, sharing knowledge and expertise and jointly offering their services. This article focuses on how the municipalities work since the introduction of the Work and Social Assistance Act (WWB) in 2004 and the recently introduced Participation Law and how Work First and work activity models are born and have adapted to these laws (with an emphasis on the WWB).



These laws make the municipalities responsible for Welfare to Work and is about preventing the dependence on benefits, or at least reducing it to a minimum and getting people as soon as possible (back) to work. The national government is stimulating this by giving separate capped budgets for benefits and welfare to work services. This means that legislation and regulations only provide exemption from the obligation to work for those who are unable to work due to physical or emotional problems. And it's important to state that the budgets have been labelled (until recently). So, if municipalities have more benefit recipients than they received on Benefit budget they have to finance this on their own. On the other hand; if they do 'a job well done' then they may keep the money that's not been spent on benefits. This money can be spent on a random policy field in their municipality. The Welfare to Work budget is labelled differently. If the money is not spent on Welfare to Work services, the municipality eventually must return it to the national government! Important note: In a situation the municipality came short on Benefit budget and still had money in Welfare to Work budget it was not allowed to use the Welfare to Work money for paying out benefits! As a result 80% of the municipalities have adopted the Work First approach. The point of view of the social services and UWV (Jobcentre plus) is the cornerstone of the Dutch Work First models. The approach is an integrated model of work, job coaching, life coaching, income, job hunting, sports and care. This is essentially done in a positive and stimulating manner. Childcare is taken care of and other preconditions are given full attention.

Work Plaza and Work First as gate keepers

For municipalities that wish to make use of the Work First approach, then they first have to consider whether the approach will be aimed at the new inflow of jobseekers who may become WWB benefit claimants, or at jobseekers who have already been unemployed for some time and are in the WWB benefit (or both). In the first case the accent is more on gate keeping and through flow to regular employment. In the second case, the emphasis is more on getting benefit recipients out of the caseload and let them gain work experience in a subsidised job (e.g. community job). Usually when a municipality sets up a Work First model it first focuses on the young adults.

If there is a new inflow of jobseekers this always takes place at a Work Plaza. At the Work Plaza there's always a 'search for employment' -phase first, during which the jobseeker looks for regular employment. At the Work Plaza the job developer (case manager) of the UWV directly does a 'search for employment' intake with the jobseeker. During this intake the UWV gathers information and also provides support in finding employment. This is mandatory in the case of phase A jobseekers. Phase A can be defined as 'jobready'¹. The 'search for employment' phase usually lasts up to 6 months. In some Work First Models this phase lasts not more than 5 days during which jobseekers receive intensive support, job opportunities, get 'work task' assignments and are sent to several employment agencies and, and if necessary have an appointment with Child Care. At the end of this phase (after 5 days) the job developer of the UWV has a second conversation and does a review. If the jobseeker has done all his duties, still has no job to show for, he or she can claim a WWB benefit and is eligible to work the jobseeker will be sent to the client manager of the municipality which resides in the same building. At this counter the client manager of the municipality stipulates this claim for a benefit. If the answer is: 'yes', then the jobseeker will be offered a regular (subsidized) job in the Werkcenter. At the same time the application for the benefit will be withdrawn. The jobseeker signs for approval.

If the jobseeker has failed the 'search for employment' phase then he or she starts from scratch and has to do a new application at the UWV. Jobseekers become potential benefit claimants for the WWB benefit if they do not succeed in finding a job. Because the WWB states you have to accept a job above a benefit the client manager of the municipality does a job offer (or a subsidised job at a private social enterprise or aligned social municipality enterprise) to the jobseeker. If the jobseeker rejects this job offer he also loses his rights on a benefit! Of course any job offer is preceded by a



diagnosis (immediately within 2 days), in which the client manager makes sure there are no hindrances that need to be solved or handled first, or which can lead to a reduction in the number of hours to be worked. Jobready means that the person should get a job within a period of 6 months. Phase B is categorised as 'not jobready'. B stands for persons who are eligible for work but not within a period of 6 months, but also for persons who are not eligible for work, period! If the jobseeker is unemployed for a long period of time, receives benefit, is eligible for work and then rejects the job offer/Work First, then he gets a 100% sanction for 1 month on his benefit! At the end of the 1 month sanction he will get another job offer. If he refuses the job offer again then he will be excluded for 2 months. Second and third chances will be accompanied by care of the 'care broker'

Elements of Wisconsin

Most Dutch Work First models have its origins from Wisconsin Works (W-2). This American model was introduced in 1997 and has become widely known thanks to the consistently implemented philosophy that work must always come first and the clients' own responsibility is key, and last but not least thanks to the positive results that have been achieved (*Work First! From model to practice, Stichting StimulanSZ, The Hague, © April 2003*). The most notable element of W-2 is that participants carry out work for at least 20 hours a week in a so called community service Job.

Often the work is combined with training and education. In addition, clients have to spend at least 10 hours a week trying to find regular employment. In The Netherlands have been put down a lot of modern variants. Jobseekers who are able to work but are not yet immediately available for regular jobs or can't find a regular job on their own are eligible for a subsidised job for 28-40 hours a week. The former recipient gets a contract for a period of 6 or 12 months on the basis of a regular job contract. In this model the provider and employer (a social company owned by the municipality or a commercial provider acting as an employer) is setting up a safety net that leaves the rhythm of work and self esteem intact and does not allow the actual connection to work to be lost.

Important to note is that the employee always earns more money if he's working his working hours than he would have earned by staying on benefits of the Social Assistance Act. By using a regular employee contract the employee is getting rewarded by making more than 32 hours. If the employee is capable to work but doesn't appear on his job without a good reason this automatically results in less salary. Using this approach you avoid the use of sanctions from a governmental point of view for 'his/her sake'! It's very natural system: you don't get paid if you don't work and the employee is always stimulated to attend on his job. Further: if the employee doesn't get sick for a period of 6 months he will get a bonus on top of his salary.³ On top of that he also gets rewarded by the national government for retaining his job (tax incentive/ tax credit). Of course the incentives you apply have to adapt to the social system of the country where the Work First model is implemented.

Also important in the philosophy of Dutch Work First is that there is no greater possible connection to the regular labour market by being a social commercial employer on an industrial or business location within the setting of a regular company. It's essential to have an employer – employee relationship in order to make the former jobseeker 'job ready' for the regular labour market! The approach proceeds from the employees' opportunities and possibilities helping them into another regular non-subsidised job. When you have a regular job this means you can get fired. This strategy is also the case in much municipalities. When you behave badly on the job this has a consequence. That means in The Netherlands that if you get fired you also get sanctioned. You lose your right on your 'unemployment insurance benefit' at UWV and if you apply for a 'Social assistance Act benefit' at your municipality you will be sanctioned for 100% on your benefit for the period of 1 month. Because the Dutch system believes in a second chance, municipalities usually offer a 'new job' to the jobseeker after the sanction.



Loving and slapping

The Work First concept stresses the point that the importance of education, training and the creation of skills on a work floor cannot be overemphasized. On the work floor the employee is being coached by a life coach and a job coach. The life coach / mentor gathers all information about the life of the employee in order to at least retain the job. This regards matters of finance, debts, health, addiction, child support, child care, integration and psychological, social, medical and logistic problems. Important task for the life coach is to make sure the employee 'feels comfortable' with his personal work situation. In other words: if the problems can not be solved immediately the employee can at least cope with his problems. Heart of the matter is that a person only can hold on to his job when he feels good about his job and life. Important note: the life coach is operating on a academic level and has several psychological degrees. He's the personal coach of the employee and works on a confidential basis. Therefore there will be no feedback or survey on private matters to the staff or the municipality. In the Netherlands we also stress that filling your free time in a certain way is the finishing touch in getting back on track in society. For example: Sports or voluntary work helps you to stay fit and gives you also a certain social meaning in life.

The job coach is the supervisor on the work floor and filters and determines the qualities and possibilities of the employee. He is the guide on the job and helps the employee focus and fine tune on his tasks in the production process and products on hand! During the contract the job coach determines together with the employee which type of work would be most suitable. He will also offer training in the area of social skills, general education (high school) and occupational education. When the employee is jobready he will be sent to the job hunter who will first provide support in finding work, and secondly will hunt for the best suitable regular job in the region! The job hunter gets all information which is needed (from the life coach and job coach) to match the subsidised employee with his industrial and business network. The job hunter has also got some instruments to persuade potential employers taking in a jobseeking employee of the Work First model, e.g.: education grants, subsidy, etc. Sometimes he will go to job interviews with the jobseeker. Finally the job hunter must make sure the employee will retain his job by his new employer and doesn't fall back into his old habits.

Elements of the 'distretti Italia'

The local labour policy of Work First in a municipality or region is to provide employers with the best possible support in finding suitable personnel. The investment in human capital starts by putting a jobseeker into a job through Work First. This is also an investment in a future employee for the local and regional business community. It's important that the education, training and the creation of skills of the employee are matching with the skills that are needed in the local industrial c.q. business environment. The 'distretti Italia' (Italian districts) are a good example of how to do just that. Italy is in certain branches the fifth economy in the World and that's for a big part because of the good functioning of the 'distretti Italia'. The Italian districts are responsible for more than 60% of the export and are further responsible for more than 40% of the jobs in Italy. The districts are employing more than 2 million people! Interesting is that there's no unemployment in the Italian districts at all (sic). A district is a heterogeneous local society consisting a lot of small and middle business companies which by informal networking within a line of unwritten rules produce specialised quality brand products. That can be anything: textile, shoes, jewels, furniture, fashion, special hams, etc. The strategy of the Italian districts is implemented in the some Work First approaches in The Netherlands. It's a fact that when a product stands as a brand and is well known as a quality product people love to be associated with that product, the production process and it's company. Suitable forms of work have a positive effect on people's sense of well-being and can therefore help speed



their recovery on the labour market. In this context: if the product is good, the society of the district profits from the product. Because the companies and inhabitants of that district earn money from the product this results in social control within the company and (the inhabitants of the) district to deliver (the quality of) the product. This has two advantages. Employees know the brand product and

will also recognize the job they have to do as a regular job. Therefore the employee knows the job makes sense and will take the job more seriously. Further will other colleagues and other people of the district involved with the product stimulate the employee to perform well because that's in their own interest. Working with diverse strong high specialised brand products is preferred above having a wide range of primitive work forms. The wider the range of specialised products, the greater the chance that employees can be prepared effectively for regular employment, and the smaller the chance of motivation problems. In fact it is reasonable to expect employees to participate when the specialised product fits well with the employees' wishes, possibilities and capabilities (including the potential application of sanctions) and when the services of Dutch Work First are explicitly focused on a long term placement in employment. This makes it even a harder job while employees must be able to flow in and out easily and their working hours must be adjustable to the demand of the regular employers. A Work First Model must therefore always make sure enough jobseekers flow in a non-subsidised job otherwise the outflow of employees to the regular labour market gets in the way of the production process. Another solution is simply starting a new business with the profitable product on hand. This way employees can flow out of Work First into the new company.

Australian 5 star rating

Quality is the success factor in Welfare for the Dole. Australia is in general statistically better organised than The Netherlands. Further there is also a greater degree of quality thinking and customer orientation. The 5 star rating of Australia is a good example of that. This policy can contribute significantly to the good results in efficiency and structural outflow regarding Work First! 8 criteria on which you can grade their performance. This is the monthly inflow of jobseekers, monthly outflow, rate of illness of jobseekers, rate of illness of employees of Work First, amount of contracts on location, amount of tailored programmes, back office costs and amount of production lines c.q. profitable products. The red line of the use of star rating is that the quality of has improved significant since the implementation.

Conclusions

The Dutch Work First concept combines several elements of America, Italy and Australia in the benefit structure of the Dutch Work and Social Assistance Act (WWB). The point of view of the social services is the cornerstone of Work First. A Municipality acts as a social employer or a social commercial employer is always located in an industrial or business environment and her approach is an integrated model of work, job coaching, life coaching, income, job hunting, sports and care. This is essentially done in a positive and stimulating manner. Childcare is taken care of and other preconditions are given full attention. This positive approach develops social capital and a social economy which leads to a return on the labour market and to prevention of social exclusion. The Work First philosophy emphasises that society gives people, who are not able to find work (again) on their own, the facilities to obtain a full and suitable regular place to work, in which they can further develop themselves. This *tailored Welfare to Work programme (the employer – employee approach)* states the employees' own responsibility, and the responsibility of the social employer and the social department of the municipalities. The municipalities invest in improvement of the jobsmarket position of the jobseekers (the potential and former recipients)!



The Work First concept stresses the point that the importance of education, training and the creation of skills on a work floor cannot be overemphasized. On the work floor the employee is being coached by a life coach and a job coach. Another important ingredient: The wider the range of specialised products, the greater the chance that employees can be prepared effectively for regular employment, and the smaller the chance of motivation problems. In fact it is reasonable to expect employees to participate when the specialised product fits well with the employees' wishes, possibilities and capabilities (including the potential application of sanctions) and when the services are explicitly focused on a long term placement on the labour market.

Further We also stress that the use of leisure in a certain way is the finishing touch in getting back on track in society. The job hunter gets all information which is needed (from the life coach and job coach) to match the employee with his industrial and business network. The annual outflow of benefit claimants to paid work has been structural and long term up to 73% and reduced the annual inflow into benefits to nil!

So I ask you: "Why not try to implement an tailored European Work First concept?!" That's the Way to Learn to Work!