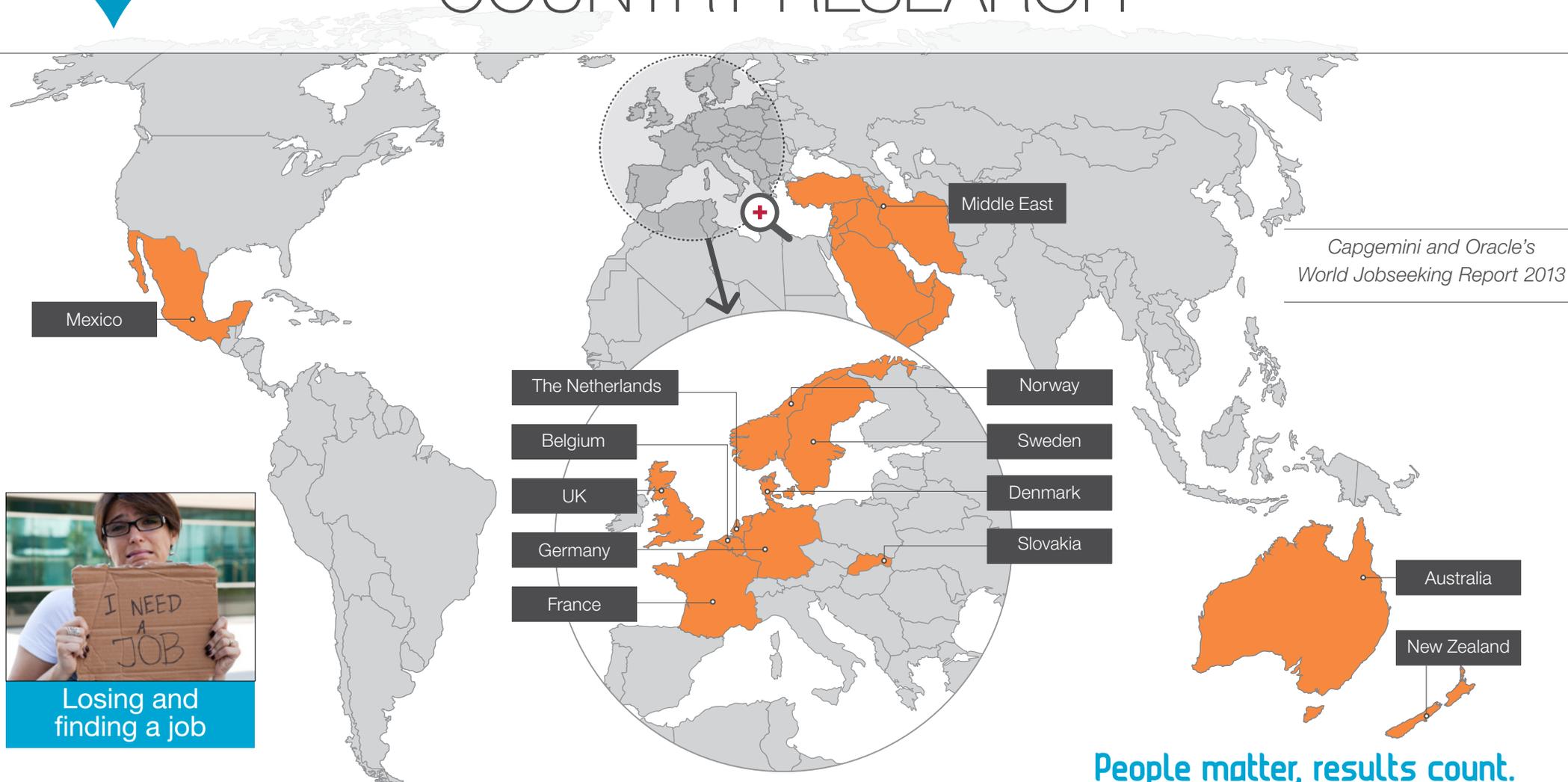


COUNTRY RESEARCH

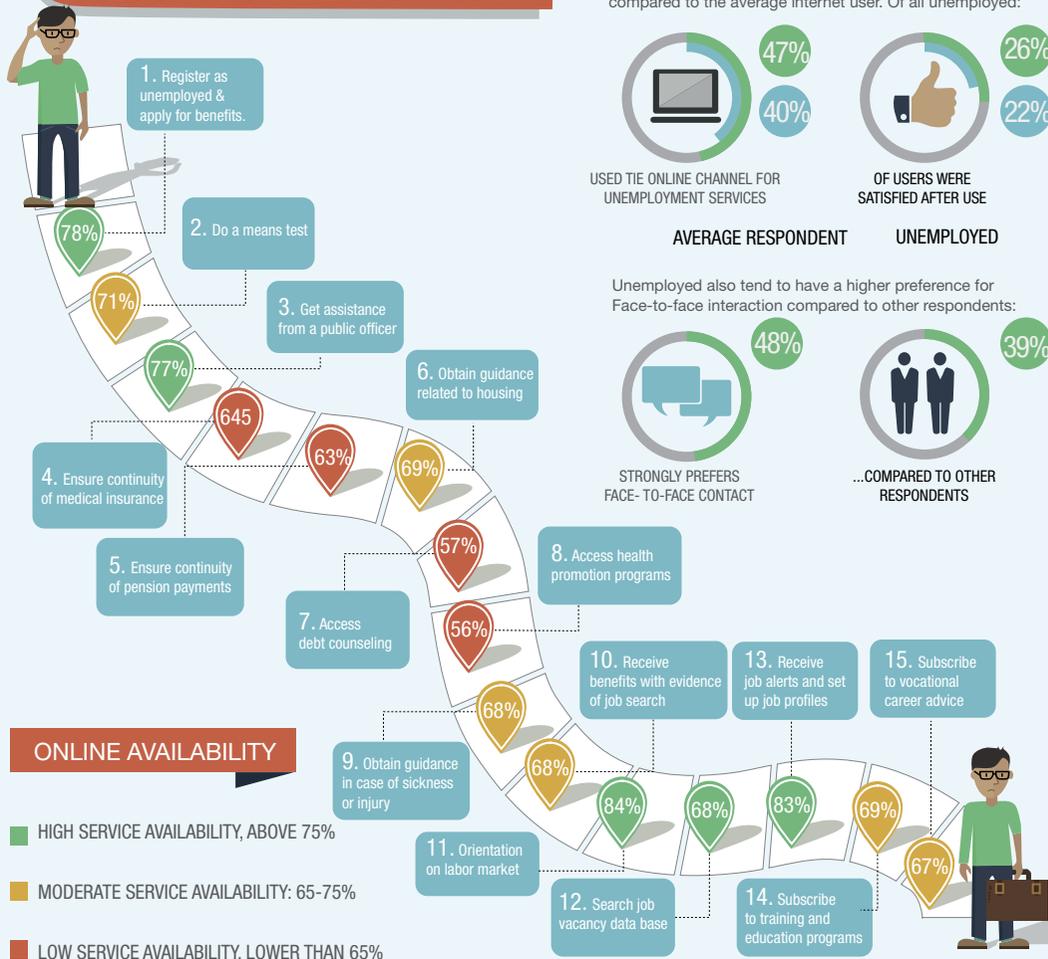


Click on the countries to know more



LIFE EVENT

LOSING & FINDING A JOB

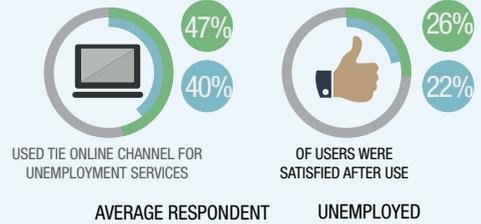


ONLINE AVAILABILITY

- HIGH SERVICE AVAILABILITY, ABOVE 75%
- MODERATE SERVICE AVAILABILITY: 65-75%
- LOW SERVICE AVAILABILITY, LOWER THAN 65%

THE UNEMPLOYED POPULATION

The unemployed are a hard group to reach: they use less eGov Services and are more critical regarding online experiences compared to the average internet user. Of all unemployed:

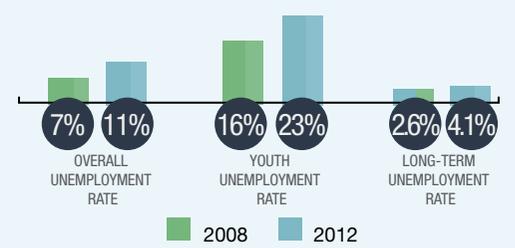


Unemployed also tend to have a higher preference for Face-to-face interaction compared to other respondents:

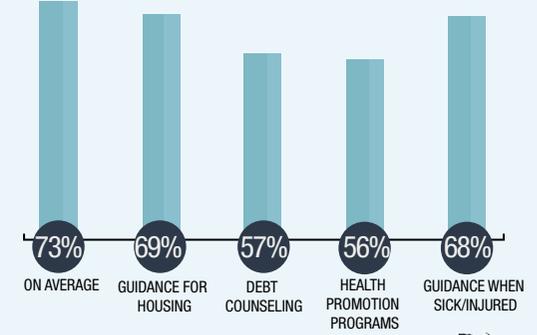


SUPPORT FOR THE UNEMPLOYED

Unemployment rates in Europe have continuously risen in the past four years.



Although the average online availability of services for unemployed is 73% the online availability of services providing social support lags behind:





Australia

▶ Australia Profile





DATABANK



Population

22,015,576

GDP (PPP) (US\$ bn)

915

GDP (PPP) Per Capita (US\$)

40,800

Real GDP Growth (2011)

2.1%

Deficit/ Surplus as a % of GDP

-3.9%

HDI

0.929

Australia

What we see – economic pointers

Australia is expected to grow to its long-term potential (3%p.a.) over the next few years on the back of the mining boom. This is driven by robust demand in China.

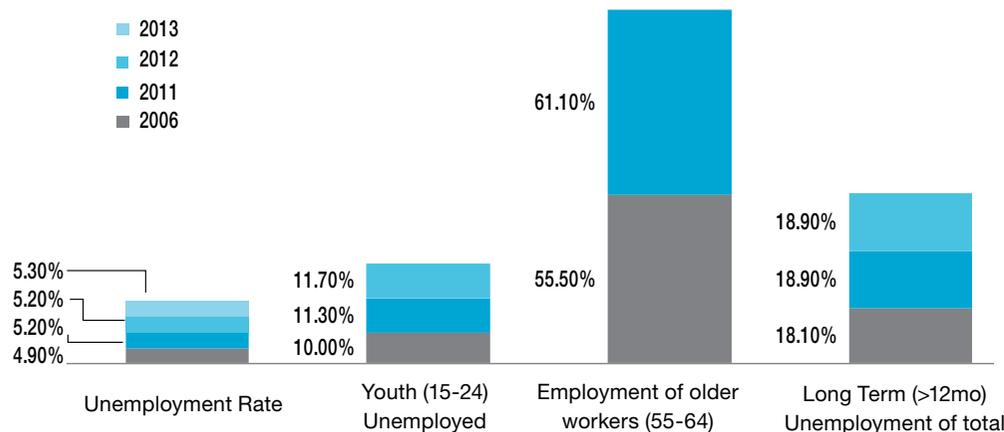
However, mining expansion is presenting challenges to other sectors due to the high level of the exchange rate and the need to maintain high levels of productivity. Faster fiscal consolidation will add further strain on the labor market, but accommodating monetary policy should limit the risk of weakening unemployment.

What we see – the unemployment situation

Australia's unemployment rate has fallen annually from 1992 (10.2%) to roughly half that rate today. This reflects strong economic performance and some deregulation of the labor market. It is one of the lowest rates in the OECD.

A net increase in jobs over the past five years, which represented a rise of 2 per cent per year on average, was faster than the growth in the population. This was met partly by an increase in the proportion of the working-age population in the workforce, and partly by a decline in unemployment.

Since 1974, the proportion of working age Australians receiving an income support payment has risen from a modest 5% to around 20% today. Around 2.6 million working age Australians currently receive some kind of welfare payment. While strong economic growth has lowered unemployment, it has done little to slow the growth in single parents and people with disabilities on welfare.





Main triggers of Australia's employment landscape

Trigger 1: a rise in frictional unemployment

Frictional unemployment – unemployment resulting from people moving between jobs, careers, and locations – has risen. This is due to challenges faced by the traditional manufacturing, retail and services industries. Those most affected are organizations exposed to the global trading system, such as tourism, as a result of a higher exchange rate associated with a depreciating dollar on the back of strong demand for Australian commodities.

Due to constraints in labor mobility there is a higher level of unemployment in states and territories less exposed to labor demand from the mining sector (e.g., Tasmania, Victoria and New South Wales).

Trigger 2: fiscal consolidation

Fiscal consolidation (government surplus commitment for 2013) has seen some contraction in the government sector, but that has been more than offset by labor growth in the private sector.

Welfare & Support in place:

Australia has put in place diverse systems, benefits and back-to-work schemes.

Registration for Unemployment Benefits

The registration process is currently evolving. It varies from channel and depends on what information is available (i.e. internet registrations require hard copy forms to be mailed out and signed). Channels available are: online, in person and phone.

Innovation - Building Australia's Future Workforce

In the 2011–12 Federal Budget the government announced Building Australia's Future Workforce package. This aims to provide greater opportunities for Australians to develop their skills, train and get into the workforce.

Building Australia's Future Workforce offers a number of benefits:

- Rewards work through improved incentives in the tax and transfer system
- Provides new opportunities to get people into work through training, education, and improved childcare and employment services
- Introduces new requirements for the very long-term unemployed, disability support pensioners, young parents, jobless families and young people
- Takes new approaches to address entrenched disadvantage in targeted locations.

Specifically for jobseekers, Building Australia's Future Workforce includes the following initiatives:

- **Wage Connect** aims to help people who are very long-term unemployed access sustainable, ongoing employment. Available from 1 January 2012, it is making 35 000 places available over four years.



Fast Fact

Sectors exposed to global trading, such as in tourism, are the hardest hit by the high exchange rate when it comes to unemployment.

Wage Connect provides jobseekers with the opportunity to gain paid work and to transition to greater financial independence. At the same time, employers will get help to offset the costs of wages and training for the first six months a person is employed.

To be eligible for Wage Connect jobseekers must have been on income support payments for at least the last two years, be registered with an employment services provider, have had minimal or no recent work experience.

Wage Connect is designed to:

- Increase employment opportunities for people who are very long-term unemployed
- Provide an incentive for employers to offer jobs to people with minimal or no recent work experience
- Reduce the number of very long-term unemployed jobseekers on income support.

- **Youth allowance** provides financial help for young people who are studying full time; undertaking a full-time Australian apprenticeship; training; looking for work; or sick. It is available for people aged from 16 to 24.
- **Newstart Allowance** provides financial help for people looking for work. It supports them while they undertake activities that may increase their chances of finding a job, such as studying or training. Newstart is available for those aged 22 years or older, but under pensionable age, looking for paid work, prepared to enter into an Employment Pathway Plan and meet activity-test requirements, and not involved in industrial action.
Those claiming Newstart Allowance enter into an Employment Pathway Plan. This plan outlines the activities they agree to do while looking for work. They are required to carry out the activities listed in their Employment Pathway Plan in order to keep receiving the allowance. Activities could include applying for jobs, undertaking a course or other types of study, and working part time.
- **Disability Support** from the Department of Human Services provides financial assistance, as well as information and job search services, to help people with a disability, illness or injury find and keep a job.
- The **Pensioner Education Supplement** helps students improve their chance of finding a job through study by helping with the ongoing costs of full-time or part-time study in a secondary or tertiary course.
- **Mobility Allowance** helps people who have a disability, illness or injury participate in approved activities. The allowance helps with transport costs for those who cannot use public transport without extra help, either permanently or for an extended period.



- The **Youth Disability Supplement** provides additional financial support to young people with a physical, intellectual or psychiatric disability who receive certain income support payments.
- **CRS Australia** provides employment and assessment services to people with a disability, injury or health condition. CRS Australia provides a range of services, each with different eligibility criteria. The services cover disability management, employment services and return to work and workplace rehabilitation services. CRS Australia's primary role when providing disability management services is to help people with a disability, injury or health condition to choose, get and keep employment. The disability management process helps people to come to terms with their disability, injury or health condition and its impact on their options as a job seeker and their daily life.
- **Tailored support** is provided to:
 - A parent returning to work after having a child can receive support through **Jobs, Education and Training Child Care Fee Assistance (JETCCFA)**. It provides extra help with the cost of approved child care for a parent undertaking activities such as job search, work, study, or training. They may also be able to get JETCCFA if they are undertaking rehabilitation to enter, or re-enter, the workforce as part of an Employment Pathway Plan.
 - **Assistance for overseas-trained professionals.** Skilled overseas-trained professionals have access to the Assessment Subsidy for Overseas Trained Professionals program (ASDOT). This can help with the cost of assessments and exams needed to pass so they can practice in Australia. Only certain approved professions are covered by ASDOT.
- **Services** to help jobseekers find work
 - **Local Connections to Work (LCTW)** helps disadvantaged youth and the long-term unemployed find work. The program aims to bring a range of Australian Government services under one roof for jobseekers to access more conveniently, helping them break down their barriers to work. It is available in select locations around Australia.
 - **Youth Connections** helps young people who have not completed, or are at risk of not completing Year 12 or equivalent qualifications and have barriers that make it difficult to participate in education, training or employment.



Fast Fact

A series of Jobs and Skills Expos are being held across Australia as part of the Australian Government's Building Australia's Future Workforce package. These provide jobseekers with information about real jobs now and into the future.

- The **Australian Apprenticeship Access Program** helps jobseekers who experience difficulty entering skilled employment get the training, support and assistance they need.
- Self-service computers and printers available in Service Centers aim to assist jobseekers who are looking for work.

Additional Activation Programs

The Australian Government has also injected cash in its job market. For example the 2009 Aus\$42 billion **Nation Building and Jobs Plan** to cushion the effects of the global economic crisis. The aim was to stimulate the economy and support up to 90,000 jobs during the next two years. It included:

- **Aus\$14.7 billion** to be invested in school infrastructure and maintenance and bringing forward funding for trade training centers
- **Aus\$6.6 billion** to increase the national stock of public and community housing by about 20,000 new homes
- **Aus\$3.9 billion** to provide free insulation to 2.7 million homes and solar hot water rebates;
- **Aus\$890 million** to fix regional roads and black spots, to install railway boom gates and for regional and local government infrastructure
- **Aus\$2.7 billion** small and general business tax break to provide deductions for some equipment purchases before the end of June 2009
- **Aus\$12.7 billion** for immediate one-off payments to working Australians, families with school-age children, farmers, single income families and for those undergoing training.

This initiative created 22,400 new jobs in New South Wales and in turn lowered unemployment in the state to 4.8% - the second lowest of all the states, and below the national average of 5%.

The New South Wales government has since continued to invest, despite the global recession, and since March 2011 has invested a further AUS \$62.6billion in infrastructure. This additional sum will help sustain an average of over 155,000 jobs per year.



Belgium



- ▶ Capgemini Client Video: Rapid Solutions at VDAB: Jobseeking in the Cloud
- ▶ Capgemini Client Story: Capgemini takes VDAB to the Cloud



Rapid Solutions at VDAB: Jobseeking in the Cloud

Capgemini takes VDAB to the cloud with a successful migration to Google Apps

VDAB becomes the first organization in the Belgian public sector to move its collaborative environment to Google Apps, saving an estimated €500,000 a year.

The Situation
VDAB is a heavily public, multi-branch organization. It has a large number of employees and a complex IT environment. The organization was using a mix of different software solutions, which was inefficient and costly.

The Solution
Capgemini worked with VDAB to migrate its entire IT environment to Google Apps. This included moving all email, documents, and collaborative tools to the cloud. The migration was completed successfully, and the organization is now using a single, unified platform.

Results
The migration to Google Apps has resulted in significant cost savings for VDAB. The organization is now saving an estimated €500,000 a year. Additionally, the migration has improved the organization's productivity and collaboration.

People matter, results count.

VDAB becomes the first organization in the Belgian public sector to move its collaborative environment to Google Apps, saving an estimated €500,000 a year





Denmark



- ▶ Denmark Profile
- ▶ Capgemini Podcast: Young jobseekers in Denmark





DATABANK



Population

5,543,453

GDP (PPP) (US\$ bn)

206

GDP (PPP) Per Capita (US\$)

37,000

Real GDP Growth (2011)

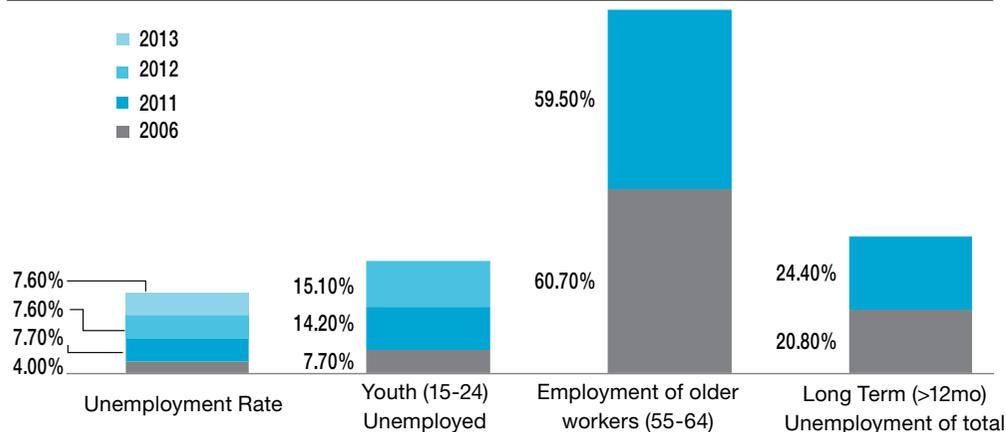
0.8%

Deficit/ Surplus as a % of GDP

-2.0%

HDI

0.895



Denmark

What we see – economic pointers

Denmark has not recovered from the financial crisis that hit the global economy in 2008. The level of production in Denmark has stagnated as Europe in general suffers from an economic slowdown, large budget deficits, and the widespread sovereign debt crisis.

The economic setback has caused a considerable deterioration in Europe's public finances because tax revenues have decreased due to lower economic activity, and expenses to unemployment benefits have increased. Denmark and most other countries in the EU have received a recommendation from the EU commission to tighten fiscal policy and improve the budget stance. The fiscal consolidation is on-going and expected to proceed in the years ahead.

Interestingly, in contrast to this, the IMF has recommended that countries with healthy public finances and large private sector savings surpluses, including Denmark, should choose a less tight fiscal policy. A fiscal stimulus in these countries could increase growth in the Eurozone, indirectly helping the most exposed countries by increasing export potential.

For the entire period, Denmark has complied with the requirements from EU and has kept its public debt below 60% (unlike some other EU countries).

Source: De økonomiske vismænd.



Fast Fact

The 25-29 year-old age group has been hardest hit by unemployment, followed by the 30-34 year-old group.

What we see – the unemployment situation

Employment in Denmark is relatively stable, although the recession has led to a rise in gross unemployment. In times of austerity, companies prefer to hire those with experience and training rather than young people without experience. Thus it is the young who are hardest hit and the population able to work needs to find jobs for young jobseekers.

Interestingly, it is not the very young (many of whom are trainees), but rather the 25-29 year olds whose unemployment rate has more than doubled over the last five years. The 30-34 year olds are also suffering more than the rest of the population.

Full-time unemployed persons in per cent of the labor force by sex, region, age and time

	2007	2008	2009	2010	2011	2012
Total						
All Denmark						
Age, total	3.6	2.7	4.8	6.1	6.0	6.1
16-24 years	1.9	1.9	4.0	4.8	4.6	4.6
25-29 years	4.5	3.7	7.1	9.1	9.0	9.4
30-34 years	4.7	3.4	5.9	7.6	7.7	7.7
35-39 years	4.1	3.0	5.1	6.4	6.2	6.1
40-44 years	3.5	2.6	4.7	5.9	5.7	5.6
45-49 years	3.0	2.3	4.4	5.6	5.4	5.5
50-54 years	2.9	2.2	4.2	5.5	5.3	5.4
55-59 years	4.7	2.9	4.8	6.2	6.2	6.3
60 years +	4.2	2.5	3.3	4.3	4.5	4.9

Listen
to Capgemini podcast



Carsten Rasmussen Interviews Young Jobseekers in Denmark



Main triggers of unemployment in Denmark

Trigger 1: Government austerity and Eurozone crisis

The budget cuts imposed in the EU has resulted in job losses in Danish export firms. Euro currency economies continue to have an effect on consumer confidence.

Trigger 2: Housing market decline

Housing prices increased rapidly up to the start of 2007 and then saw a sudden decline in 2008.

Trigger 3: Private sector troubles

Many jobs disappeared in the aftermath of the financial crisis as the downturn in consumer spending forced retailers to cut jobs, reduce part-time workers' hours and close stores.

Full-time employees (Kvartal) by industry (DB07 19-grouping), sector and time

	2008Q4	2009Q4	2010Q4	2011Q4	2012Q4
Total Businesses	2 302 962	2189 310	2181 058	2174 608	2159 806
Central Gvt	186 176	189 335	192629	191995	192833
Social security fds	2008	2075	2 006	2041	2000
Regions	127183	131 358	129260	126809	127609
Municipalities	453661	463 692	461530	448 206	442855
Public corporations	69315	67881	64496	63106	63913
Private	1464 153	1334 496	1 330766	1342057	1330112
No sector stated	466	473	370	395	483

Change and the Future

The changeability of the system depends on the approach of each municipality and their willingness to adapt decisions made by the Government. But to a high degree the flexibility/changeability is a political decision.

While Denmark performs well, the discussion on future welfare state reform remains high on the policy agenda. International economic integration and skill-based technological change may deteriorate the position of low skilled workers on the Danish labor market.

Additionally, public expenditures on pensions and health care will rise in light of an aging population. At the same time, globalization makes it more difficult to finance these extra public transfers due to increasing mobility of tax bases. This renders current welfare states financially unsustainable.

Thereby, a key policy objective is to raise employment in both quantity and quality. The Government thus aims to broaden the tax base, which is necessary to maintain the basis for the welfare state in the future.



France



- ▶ France Profile
- ▶ France Case Study: Multi-channel Program at Pôle emploi





DATABANK



Population

65,630,692

GDP (PPP) (US\$ bn)

2,214

GDP (PPP) Per Capita (US\$)

35,100

Real GDP Growth (2011)

1.7%

Deficit/ Surplus as a % of GDP

-5.3%

HDI

0.884

France

What we see – economic pointers

The decline of the French industrial landscape accelerated in 2012, with closures increasing by 42% in 2012 alone. In the last four years, more than 1000 plants have closed.

On February 5, 2013 “Les Echos” reported on a detailed study showing that 24,000 jobs in manufacturing industry were lost in 2012 and more than 120,000 had been lost since 2009. In particular, the automobile, agrifood and pharmaceutical industries are struggling.

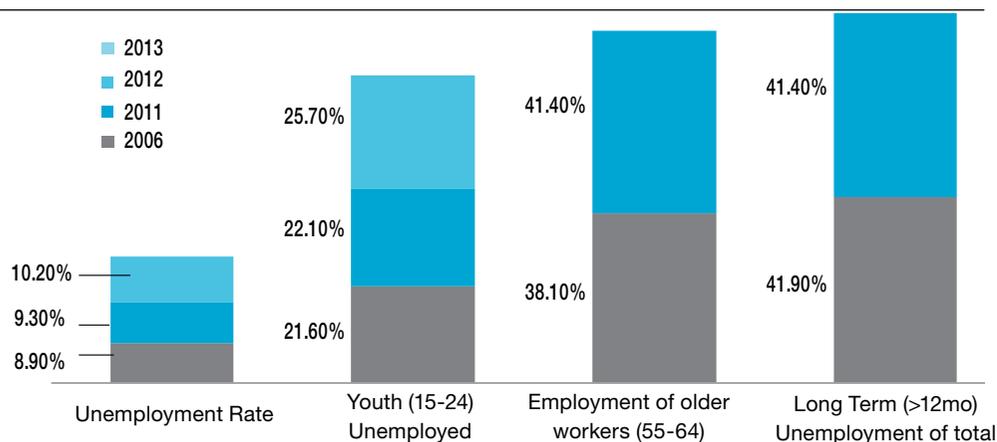
On the other hand, despite this difficult environment, aircraft construction and luxury goods continue to stand out with more than 2,400 jobs created in 2012. Finally, green energy, with more than 9,000 new jobs, indicates an emerging trend and transformation of the industrial landscape.

More generally, from 2009 onward the growth in unemployment has been more significant than that of several European neighbors, especially Germany.

What we see – the unemployment situation

The increase in the unemployment rate continued in the fourth quarter of 2012 and in the first quarter of 2013.

- The unemployment rate increased 0.3 percentage points in the fourth quarter in metropolitan France.



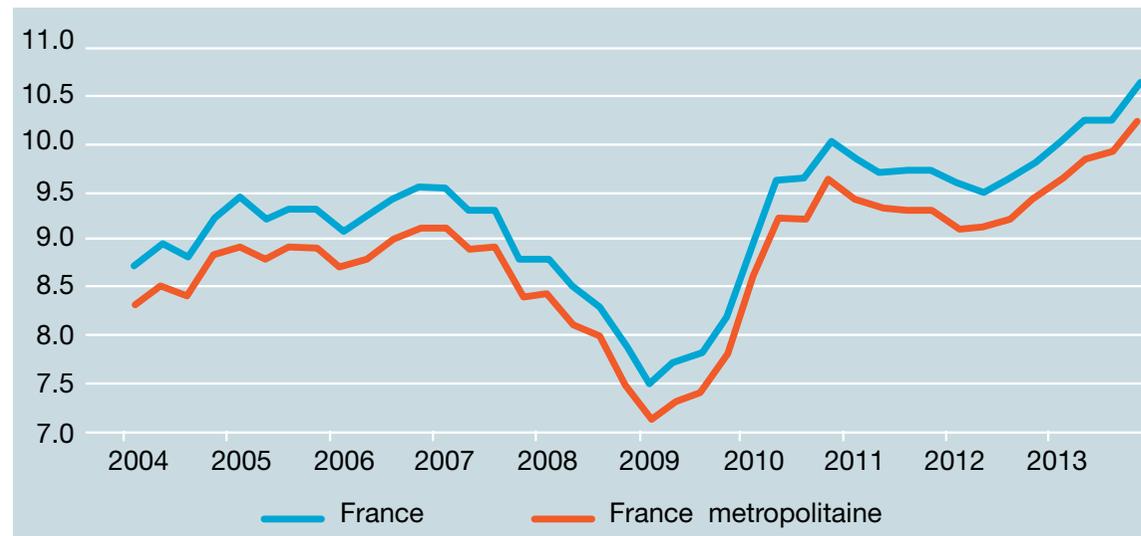


Fast Fact

Young people aged 15-24 have been among the hardest hit by the unemployment situation in France.

- On average, over the fourth quarter of 2012, the unemployment rate based on International Labor Organization (ILO) figures was 10.6% of the working population in France (including overseas).
- In metropolitan France, with 2.9 million people unemployed, the unemployment rate stood at 10.2%, up 0.3 percentage points compared to the third quarter of 2012 (unaudited figure).
- In one year, the increase was 0.8 percentage points, and more poignantly it reached 3.4 points for young people aged 15-24.
- More generally, in France, 3.7 million people do not work but want to work, whether or not available within two weeks to work and they are looking for a job or not.

Unemployment rate (quarterly averages) in %





Fast Fact

The long-term unemployed (more than 12 months out of work) represent the biggest area of concern for the French employment market.

Further analysis shows that the declining employment situation in France has not affected the working/available-to-work population evenly. It is, in fact, the most vulnerable groups – youth, low-skilled workers, and employees of small businesses - that are most affected.

The two main areas of unemployment currently of most concern are the high rate of long-term unemployment and major growth in the area of temporary employment.

As illustrated in Figure 2, long-term jobseekers (one year or more) account for around 40% of the total number of unemployed in France. Their absolute number has risen sharply since 2008. According to INSEE (National Institute of Statistics and Economic Studies in France), this rise over 15 months during 2008-2009 was estimated to be 40%, as follows:

- 760,000 in the third quarter of 2008
- 947,000 in the third quarter of 2009
- 1.27 million in the fourth quarter of 2009.

In August 2012 official figures were even higher, standing at 1.7 million registered as unemployed for more than a year, with 468,500 unemployed for more than three years.

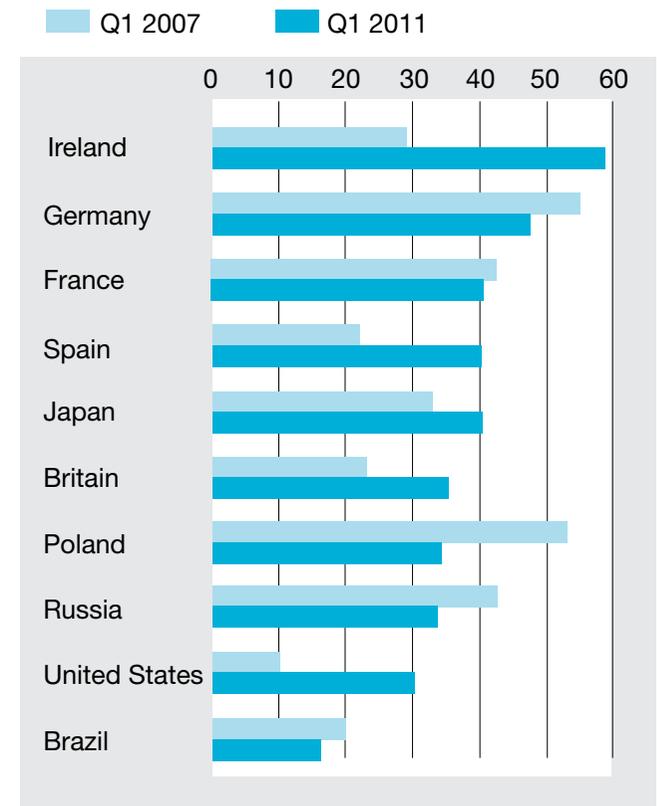


Figure 2: Long-term unemployment* as % of total unemployment¹:
*longer than 12 months

¹<http://laboureconomics.wordpress.com/2012/04/02/gobal-long-term-unemployment/>



Main triggers of unemployment in France

Trigger 1: economic downturn

Employers in France have adapted to the downturn by reducing the workforce (external flexibility) rather than by reducing the number of hours worked (internal flexibility).

In this respect, France differs strongly from Germany and some other European countries that have managed to contain the increase in unemployment during the crisis by seeking devices such as internal flexibility, including part time working (partial unemployment) -

Trigger 2: market duality

The noticeable decline in the situation of the most vulnerable workers since 2009 has highlighted the "duality of the labor market". This sees, on the one hand, relatively protected workers whose employment is fairly stable and, on the other hand, more vulnerable workers whose employment is only temporary, with involuntary and frequent mobility.

Welfare & Support in place:

Key issues in Government Welfare Provision

Issue	Rationale
Expenditure	<p>Unemployment benefits are an important tool in the French labor market policy. The provision of income replacement for individuals helps support consumption and reduces the magnitude of economic fluctuations.</p> <p>The financial situation relating to unemployment benefits has deteriorated significantly in recent years: the 2009 Convention implemented a regime significantly more protective than those of other countries. Moreover, the sustainability of the system is now challenged by unemployment being kept at a high level.</p> <p>All of these policies represent more than 50 billion Euros in spending per year.</p>
A new unemployment insurance agreement	<p>France has entered the crisis with a new unemployment insurance agreement. Signed in early 2009, it was negotiated the previous year with the main purpose being to promote better protection for the unemployed, especially the most vulnerable. It has resulted in a widening of access conditions for benefits.</p> <p>Whereas in the previous system, the minimum work required to be eligible for compensation was 6 months over a period of 22 months, the new agreement reduced this to 4 months over a 28 month period.</p>

Source: Capgemini Analysis



Pôle emploi – an evolving unemployment model

The French unemployment/back-to-work agency is known as Pôle emploi. In 'Succeeding together Pôle emploi 2015', the new Director General Jean Bassère explains how he built this program as a result of wide consultation and open participation.

He writes: "Innovation in close collaboration with the partners of Pôle emploi has enabled us to simplify the organization and pay more attention to the results of our actions. This has helped us become a point of reference for the general public, able to do more for those who need it most."

However, despite the many reforms undertaken during the last few years, the Pôle emploi model is largely unsuited to the context of persistently high unemployment. The Court of Auditors draws the attention of all stakeholders (state, regions and social partners) to the need for a shift in the conduct of labor market policies. Faced with an unprecedented level of unemployment, traditional solutions are no longer appropriate and necessary changes concern both the way devices are driven by political actors in employment and in professional training.

In this context, the Court of Auditors has made recommendations aimed at improving the "resilience" of the labor market in order to minimize the economic and social costs of the crisis. These recommendations touch on wide-ranging areas, including incentivizing return to work, changes to the unemployment system, training for jobseekers, and the roles of different authorities (local and central) in helping the unemployed back to work.

Pôle emploi is already transforming. One of its recent actions was to test a dedicated device for long-term-unemployed (LTU) people. This was piloted in late January 2013 across a whole region and will be scrutinized in the coming months to assess whether the new techniques will be better able to support the LTU.

Finally, in the face of the economic crisis and its strong impact on the French industrial landscape, Pôle emploi has significantly evolved its organization. It has demonstrated its effectiveness by finding a job for two thirds of the 6.3 million unemployed it works with every year.

Are there lessons from this that other countries can study? Certainly it demonstrates the ability of the French administration to cope with very complex country policies and how they have improved in the last few years.



France: multi-channel program at Pôle emploi

Pôle emploi is the French unemployment/back-to-work agency. It has significantly upgraded its front-end services in recent years through its service improvement schemes and a multi-channel transformation.

Pôle emploi identified its primary transformation challenge as a need to assure multi-channel interaction with French citizens whilst retaining the 'human touch'. It sought to improve the satisfaction levels of those applying for a job while increasing the performance of its own workforce.

This transformation was in line with the Pôle emploi mission to support able people in their bid to return to employment. How? With an offering adapted for specific target groups and by being efficient at handling requests from both jobseekers and companies.

Internal change

This transformation required all levels within Pôle emploi to accept and adapt to organizational change. Technology was introduced as a means for consultants to better focus on their core business of supporting, advising and providing consulting help. It was made clear to agents that technology can be used to improve performance, with better distribution and availability of information.

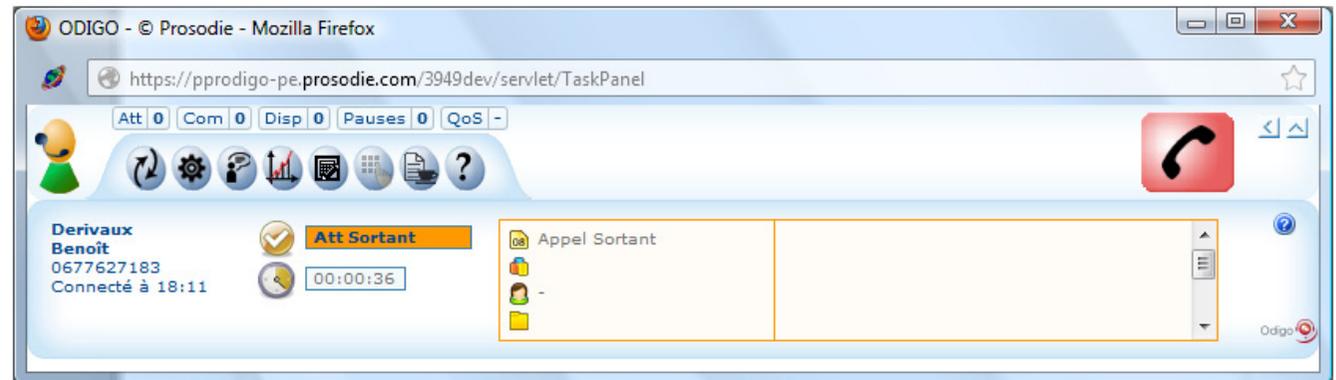
Each of the channels was provided with a clear and defined role. And with a focus on services aimed at finding jobs, advisers were made to realize the value of their role. They have been provided with educational support to develop their competencies and help them manage the professional adviser-client relationships.



The benefits

Among the benefits being realized by the implementation of this new solution are:

- Easier, more efficient daily operations on the part of Pôle emploi's agents
- Efficient and consistent levels of service delivery with the implementation of a real-time operating tool to manage the voice channel. This can be used by any adviser, from any region across the country to take telephone calls in sequence so that calls are answered quickly



- Implementation of SMS functionality in February 2013 in one region is reducing unnecessary phone interactions, such as those used to confirm meetings.

Future plans for the continuous integration of channels

As Pôle emploi continues to develop cross-channel interaction and improve operational efficiency, it has a number of transformation objectives in sight:



- Citizens should be able to contact an agent via the internet: WebCallBack
- The ability to complete actions via screen-sharing with agent by phone when browsing on the web: Co-Browsing
- Telephone support for the citizen, often anonymous depending on the expertise required: Online Offering
- Repositioning of the consultant at the heart of the relationship
- Humanize the web and make it more efficient.

In future Pôle emploi wants to encourage greater interaction between its consultants and jobseekers. As part of this it hopes to analyze the different exchanges with people looking for work in order to ensure that those jobseekers most in need of a personalized service are identified and called back.

Improved and proactive communication with jobseekers will include the promotion of and support for mobile and web as vital channels. Better links between the 'offer' and the search for a job will be a part of this transformation.

Key facts

- Multi-channel strategy is central to transformation
- Performance improvement aims to deliver an enhanced service
- Technology is an enabler of internal efficiency
- Mobile and web are key channels for the future



Germany



▶ Germany Profile





DATABANK



Population

81,305,856

GDP (PPP) (US\$ bn)

3,114

GDP (PPP) Per Capita (US\$)

38,100

Real GDP Growth (2011)

3.1%

Deficit/ Surplus as a % of GDP

-1.0%

HDI

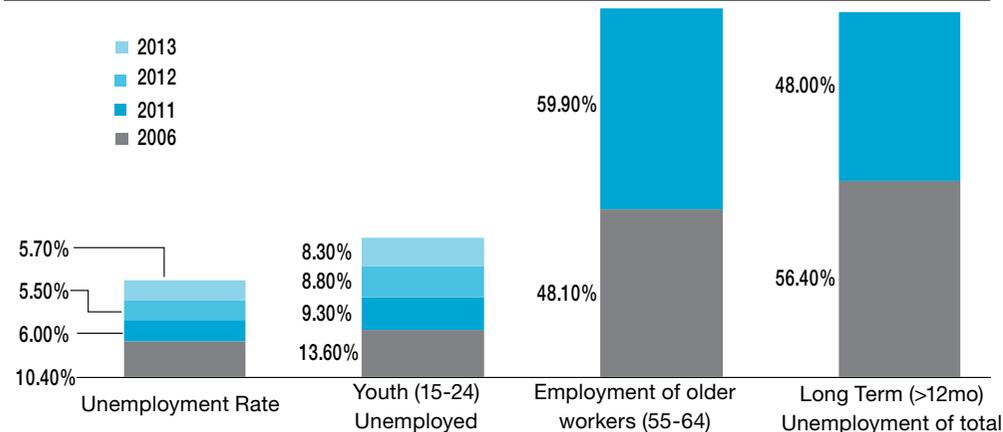
0.905

Germany

What we see – economic pointers

Germany is Europe's largest economy. In the face of wide scale economic recession across Europe, we can see a number of economic pointers in Germany that shape its position in the current unemployment landscape:

- After a rapid recovery from the recession in 2008/09, growth decelerated in the second half of 2011 and the potential for growth still remains modest.
- Private consumption has increased significantly over the last three years making it a source of GDP growth. This drives imports and keeps the foreign trade balance relatively stable while exports have increased at the same time.
- Inflation as shown by the consumer price index has picked up after a short period of deflation, but has come down to the 2% upper inflation target level set by the European Central Bank.
- The labor market remains in relatively good shape. Unemployment barely increased during the crisis and has fallen significantly since then – in stark contrast to almost all other OECD countries (Figure 1). This has been mainly due to a structural decline in unemployment as well as a significant increase in flexibility in working hours, demonstrating the benefits of past labor market reforms.
- Germany maintains one of the most comprehensive welfare systems: 2011 26.2 per cent of the GDP is used for public social spending (the USA invests 19.7 per cent and the OECD average is 21.7 per cent)¹.



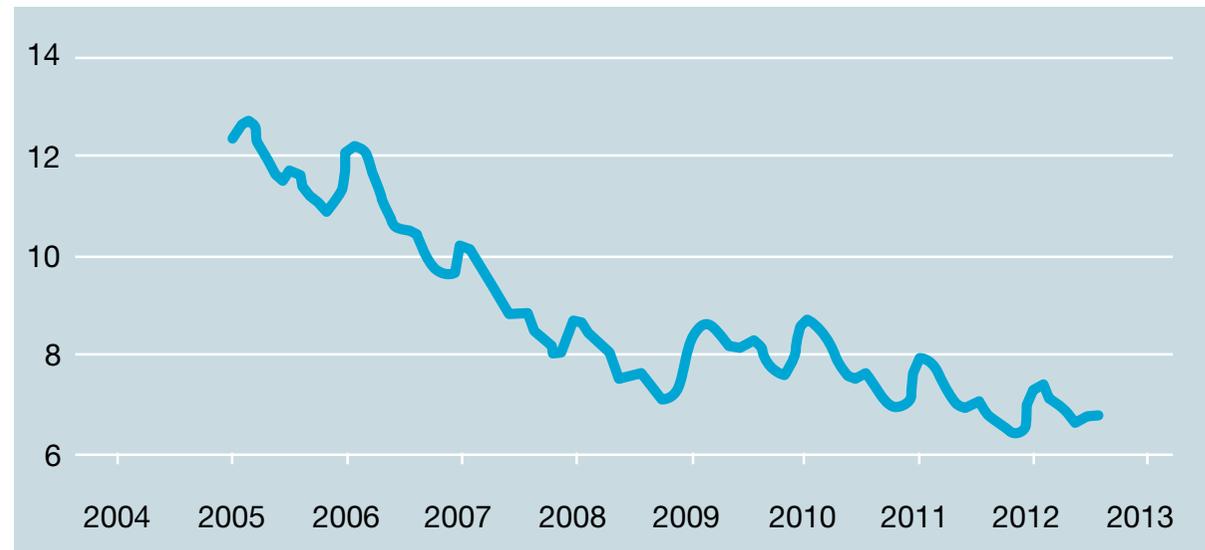
¹ http://www.oecd-ilibrary.org/social-issues-migration-health/government-social-spending_20743904-table1



Fast Fact

The two main areas of unemployment currently of most concern in Germany are the high rate of long-term unemployment and the major growth in the area of temporary employment.³

Figure 1: Unemployment Rate²



What we see – the unemployment situation

Between 2005 and 2011 the unemployment rate constantly decreased. The exception to this was the crisis between 2008 and 2009, during which the unemployment rate in Germany increased moderately at a low level.

The positive performance of the labor market is an indication of the important role of the Hartz-reforms, work incentives, salary policy and the short-time work scheme during the crisis. The latter of these was implemented to specifically address the crisis.⁴ In response to the crisis, the German labor market introduced more flexibility by allowing more flexible arrangements and the use of working time accounts.

²Source: Federal Statistical Office of Germany

³Welt-Online: „Die zwei ungelösten Probleme auf dem Arbeitsmarkt“: <http://www.welt.de/wirtschaft/article12672649/Die-zwei-ungeloesten-Probleme-auf-dem-Arbeitsmarkt.html>

⁴Institut für Arbeitsmarkt- und Berufsforschung der Bundesagentur für Arbeit: <http://doku.iab.de/kurzber/2011/kb1911.pdf>



Fast Fact

Germany could study best practice from the **Working Links** program in the UK, which has addressed similar challenges in long term unemployment rates.

Key facts relating to unemployment in Germany are:

- Around half of the unemployed people in Germany are long-term unemployed (Figure 2).
- Better qualified, short-term unemployed and younger unemployed people have fewer difficulties in accessing the labor market. This is compounded by harder job competition for the older and less qualified long-term unemployed and presents a threat of growing long-term unemployment rates.⁵
- The number of temporary agency workers has tripled over the last ten years and increased sevenfold in the last twenty years.
- Compared with Europe, the distribution of temporary work in Germany was higher than the average. In 2011 188% more temporary workers were taken under contract versus the previous ten years, with temporary workers making up 2.7% of the total employment.
- Additionally the number of marginal employed (Marginal employed or Minor employment is an employment relationship with a low absolute level of earnings, or short-term employment) persons increased by about three-fifths and the number of employees in second jobs more than doubled.⁶

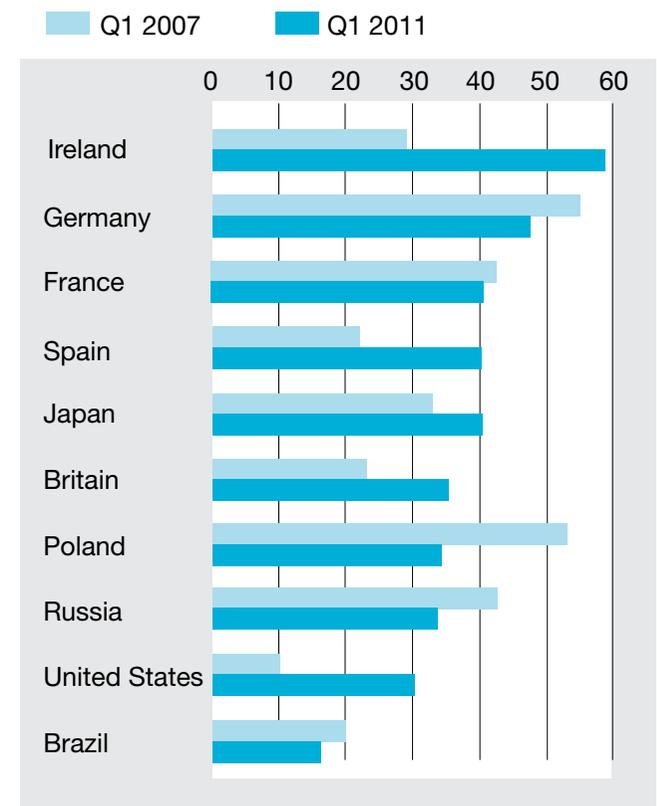


Figure 2: Long-term unemployment* as % of total unemployment⁷:
*longer than 12 months

⁵Arbeitsmarktberichterstattung, Bundesagentur für Arbeit: <http://statistik.arbeitsagentur.de/Statischer-Content/Arbeitsmarktberichte/Berichte-Broschueren/Arbeitsmarkt/Generische-Publikationen/Sockel-und-Langzeitarbeitslosigkeit-2011.pdf>

⁶Der Arbeitsmarkt in Deutschland, Arbeitsmarktberichterstattung Juli 2012: <http://statistik.arbeitsagentur.de/cae/servlet/contentblob/244170/publicationFile/119019/Arbeitsmarkt-Deutschland-Zeitarbeit-Aktuelle-Entwicklung-1HJ2010.pdf>

⁷<http://laboureconomics.wordpress.com/2012/04/02/global-long-term-unemployment/>



Main triggers of unemployment in Germany

Trigger 1: the less developed employment market in eastern Germany.

Large amounts of subsidies have been spent to support the east German economy. While the unemployment rate in west Germany has decreased by 9%, the unemployment rate in east Germany in the New Federal States decreased by only 6%. The unemployment rate in west Germany is 5.9% compared to the unemployment rate in east Germany of 10.3%.⁸

In addition, the rate of school leavers without a final degree (11.2 %) in east Germany is nearly twice as high as in west Germany (6.4%). Some of the issues faced by east Germany are population migration due to a lack of workplaces, an uncompetitive agriculture market (after the integration of the agricultural economy of the EU-countries) and a lack of working alternatives for employees from the former agricultural sector.

Trigger 2: the decision for Germany to shut down its nuclear program.

The closure of nuclear power stations will be coupled

with a loss of tens of thousands of jobs. Linked with this decision is the weakening of the potential competitive position in the energy industry and the rise of electricity prices. Because of the increased electricity prices other energy-intensive industries, such as the paper, chemical and metal industries, will similarly be affected.⁹

Trigger 3: the global economic crisis.

The banking sector has suffered particularly from the crisis (banking crisis) and global economies are still recovering slowly. Consequences of the crisis were a collapse of the investment/banking sector, loan losses, stock market losses and liquidity problems¹⁰, reduction of investments, increasing interests and increasing national debts of the concerned countries. The high losses lead further to job redundancies and declines in revenue.

Trigger 4: the insolvency of the drug store chain "Schlecker"

This trigger resulted in the dismissal of 25,000 employees.

⁸Amtliche Nachrichten der Bundesagentur für Arbeit, 59.Jahrgang, Sondernummer 2

⁹<http://www.welt.de/wirtschaft/article13210823/Zu-schneller-Atomausstieg-gefaehrdet-Arbeitsplaetze.html>

¹⁰<http://www.dgb.de/themen/++co++56c1a79e-952e-11e1-6c52-00188b4dc422>



Welfare & Support in place:

Key Issues in Government welfare provision	
Issue	Rationale
Government Austerity Measures	According to the current financing plan for 2013 the expenditures are to be reduced by 3.8% (300 Million Euro) in 2013. The issue is how the government can provide the same quality of welfare provision to a growing part of the population with fewer contributors.
Demographics	The number of welfare recipients is increasing while the number of employed people, who provide the benefit payments, is decreasing. The government's economic policy seeks to manage these demographic developments and the growing gap between contributors and beneficiaries
Education	More than half of all basic benefits recipients (54%) have not completed formal education. ¹¹ The aim of the German Federal Employment Agency (Bundesagentur für Arbeit) is to reduce the number of school leavers without a final degree from 7.1% (2009) to 6.3% (2025). The share of school leavers without a final degree is particularly high in the "New Federal States" (east Germany).
Economic Policy	The government's economic policy includes a determination to implement major reform efforts such as social security (work, unemployment, pension, health) and green energy in a cost-effective and cost-reducing way.
Other Related Policy Changes	Related objectives include the increase of qualified employees, improving the educational system and equal opportunities (especially for women), improving the labor market access for less skilled and older persons, an increase in the volume of working hours, the increase of childcare supply, facilitation of integration of migrants into the labor market and increasing the transparency of the labor market. ¹²
Source: Capgemini Analysis	

¹¹Jahresbericht 2011, Bundesagentur für Arbeit

¹²Perspektive 2025 - Fachkräfte für Deutschland, Bundesagentur für Arbeit



Confronting the labor market issues:

The following is a brief overview of the biggest issues Germany is confronting in its labor market:

- **Weakened competitiveness** – due to high labor costs
- **Flight of capital** – this is an increasing problem as companies continue to invest in foreign countries and the benefit system allows German recipients to consume benefits abroad (e.g. retired Germans living in foreign countries).
- **Dependency on contributions** – pensions and unemployment benefits are especially related to contributions from the working population. This issue is made worse by an aging population and long-term high unemployment.
- **Compliance with European guidelines and fiscal framework conditions** – government transfers using the budget are not as easily realizable as they used to be.
- **Labor market dynamics** – social security tax rises (contributions in form of payroll taxes) have increased the cost of German labor, thus eliminating low-skilled / low-income jobs from the market. Additionally there is an increased existence of short-time or atypical jobs replacing long-term employment contracts.

System flexibility

With these issues in mind, how changeable is the current welfare system in Germany? There are a number of reasons why the German public welfare system cannot be changed easily:

- The system has been developed over some 130 years and has become very complex
- Competing political parties have conflicting ideas on how to run the welfare state
- Germany has a federal structure; many aspects have to be decided and organized on state and local authority level
- There are many stakeholders (unions, employers' associations, 150 health insurance providers etc.) with limited influence to initiate change
- Last but not least, strained public finances and small growth rates limit any potential of larger and relatively conflict-free reforms



Current changes in the German welfare system

Despite the limited system flexibility, the current stability of Germany's welfare model is viewed as favorable by much of the country. As a result, it is unlikely to change quickly or radically. Rather than changing the model the German government has set a number of objectives and initiatives that shape the model but don't radically change it.

The federal ministry for labor and social affairs has declared the following as its current focus: ¹³

- An umbrella Campaign for the Implementation of the UN Convention on the Rights of Persons with Disabilities: The German National Action Plan aims to change the lives of ~10m people with disabilities and to promote the sociological concept of inclusion as a guiding idea
- Improving the Life and Work Conditions of Single Parents: Out of 1.6m single parents in Germany some 40% financially depend on basic social security for jobseekers
- Securing Skilled Workers: Shortage of skills has become a problem, especially for engineers and medical doctors. Every highly skilled job not only contributes above average amounts to the social systems but also creates work and income for many other people
- Pension Reform: The government aims to reduce pension-related ancillary labor costs and to pursue a special growth package for lower- to medium-income contributors who, despite having paid their share for some 40 years in a row, will depend on social basic security after their work life
- Improving Education and Social Participation of Children and Adolescents in Lower-Income Families
- There is a drive to reduce ancillary labor costs (e.g. pensions, unemployment, health care) to improve the economic competitiveness of Germany and to attract foreign investments
- A general drive to improve the labor market

¹³Source: Federal Ministry of Labor and Social Affairs



- Further topics on the agenda of policy makers include:
- Minimum Wage: A mandated minimum wage conflicts with the autonomy in wage bargaining of employers and employees
- Child Care: A new law requires local authorities to provide child care for children under three from August 2013. Child care is considered important to help young families and to allowing women to go back to work more quickly after a maternity break

What options does Germany have for the future?

In comparison with the other EU member states Germany has a low unemployment rate, but the long-term challenges concerning the labor market still remain:

- The share of employed women is much lower in Germany than in other countries (lower average number of working hours spent by women in part-time employment).
- Ensuring the sustainability of the welfare state to keep pace with demographic changes
- Integration of older and unskilled workers into the labor market to ensure a high rate of employment which also requires changes in the field of education towards a life-long learning approach¹⁴

Germany has a number of options open to it in response to these challenges. They include the following:

¹⁴OECD, economic survey 2012 Germany: http://www.keepeek.com/Digital-Asset-Management/oecd/economics/oecd-economic-surveys-germany-2012_eco_surveys-deu-2012-en



Option 1: Financing the system

In general, the shrinking number of contributors leads to financing problems for the social security system. One principle idea is to shift financing partially from contributors to all tax payers. This would make financing less dependent on the number of employed people and also allow for the inclusion of self-employed people. However, in times of severely strained public finances there will be significant hurdles to this.

Option 2: Private insurance

In the past, health care and pensions in particular have shown structural financing issues due to higher medical costs and disadvantageous demographic developments. Therefore, the government wants to make financing through private insurances more attractive. The so-called Riester pension insurance is an example of this.

Option 3: Ancillary labor costs

Reducing – or better still, avoiding increases of – ancillary labor costs (complementary wages – including bonuses and fringe benefits) stays on the long-term agenda. In principle, both employers and employees contribute an equal share to the ancillary labor costs. In addition, the government established a so-called low-wage labor market in the late 1990s. For people with a monthly income of no more than €400, no ancillary labor costs are enforced.

On the one hand, the effect for the average unit labor costs (especially in the service sector) has been very positive. On the other hand, this group is exposed to a significantly higher risk of ending in poverty and costing the basic social security an enormous amount of money in later years. Alleviating – if not fixing – this problem will stay on the long-term agenda



Looking ahead

Maintaining a strong labor market in Germany will be built on:

- Increased labor force, e.g. through re-activating female-full-time work participation by lowering fiscal disadvantages and increasing the supply of childcare
- Removal of work disincentives, reducing complicated bureaucracy in some service sectors and support employment by carrying out reforms of education and training systems (life-long learning)
- Support for labor migration orientated towards economic needs.





Mexico

▶ Mexico Profile



Journey
of a Jobseeking in Mexico

Out of work

A graphic showing a large number of blue person icons representing jobseekers, with a white play button icon at the bottom right.



DATABANK



Population

114,975,406

GDP (PPP) (US\$ bn)

1,667

GDP (PPP) Per Capita (US\$)

14,700

Real GDP Growth (2011)

3.9%

Deficit/ Surplus as a % of GDP

-2.6%

HDI

0.770

Mexico

What we see – economic pointers

The economy in Mexico is currently struggling. It is the world's 13th largest economy in nominal terms and the 11th by purchasing power parity, according to the World Bank.

Since the 1994 crisis (known as the Mexican peso crisis) when the peso was devalued, successive administrations have improved the country's fundamental macroeconomic situation.

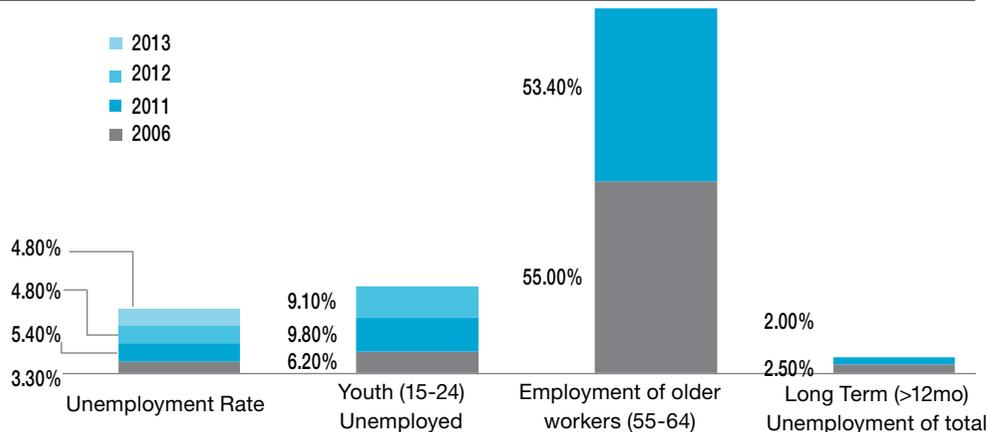
Mexico was not significantly affected by the more recent 2002 South American crisis, and maintained positive, although low, rates of growth after a brief period of stagnation in 2001. However, Mexico was one of the Latin American nations most affected by the 2008 recession with its Gross Domestic Product contracting by more than 6%.

In spite of its unprecedented macroeconomic stability, which has reduced inflation and interest rates to record lows and increased per capita income, enormous gaps remain between the urban and the rural population, the northern and southern states, and the rich and the poor.

Among the Government's challenges are a need to upgrade infrastructure, the modernization of the tax system and labor laws, and the reduction of income inequality.

The economic pointers shaping Mexico's unemployment situation include the following:

- The economy contains rapidly developing modern industrial and service sectors, with increasing private ownership.
- As an export-oriented economy, more than 90% of Mexican trade is under free trade agreements (FTAs) with more than 40 countries.





Fast Fact

According to the INEGI, 65.2% of the total employed population work as a paid employee, 23.3% are self-employed and 4.7% are an employer.

- Mexico's two northern partners - United States of America and Canada - account for almost 90% of its exports and 55% of its imports.
- Mexico has a free market economy in the trillion dollar class, with a real GDP growth rate of 3.9% in 2011.
- The main driver of the economy's expansion in 2011 H2 was the service sector, up 0.3% on the month in November and 4.6% on the year.
- The 2012 growth forecast was 3.8% - marginally lower than the 3.9% growth in 2011.
- The trade deficit narrowed to US\$1.2bn in 2011 from US\$3bn in 2010, helped by higher oil prices.

What we see – the unemployment situation

Mexico is currently struggling with rising unemployment. In the first quarter of 2007 the unemployment rate was 3.96%; five years later it had risen to 4.93%, as determined by the National Institute of Statistics and Geography (INEGI) for the first quarter of 2012. According to the latest INEGI update, the unemployment rate for January 2013 was 5.42% of the economically active population.

One of the big issues is the high level of people employed in the informal (black market and underground) sector:

- In June of 2012 the informal sector reached an historic high of 29.72% of the employed population.
- From May to June 127,297 Mexicans found a job in the informal sector.
- In the same period only 91,564 were hired in the formal economy from an economically active population of 49,590,669 people.



Main triggers of unemployment in Mexico

The following triggers are taken from a list of crucial economic factors determined by the Center of Modeling and Economic Forecasting of the School of Economics of UNAM.

Trigger 1: a slowdown in the pace of economic growth in developed countries, especially in the USA.
(see figure 1)

Trigger 2: the effects macroeconomic variables such as tourism and investment, both domestic and foreign.
(see figure 2)

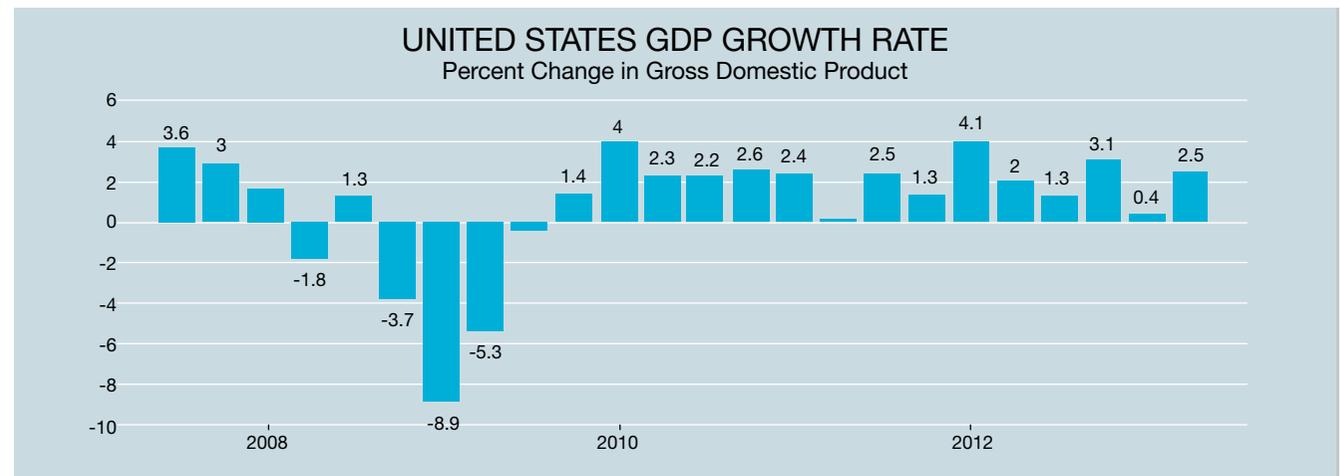
Trigger 3: a reduction of growth in exports. (see figure 3)

Mexican law does not stipulate a need for unemployment insurance. While one state (Distrito Federal) does have unemployment insurance, the bulk of the country doesn't. Instead, as in many Latin American countries, there is a model that includes a compensation for job termination, which must be paid by the employer depending on certain conditions. There is, however, "Unemployment Help", which mainly consists of being able to withdraw a percentage from the employee's retirement savings.

Mexico has more highly qualified personnel than there are jobs available. Yet there is a lack of talent in Mexico and a great difficulty in finding people who meet company expectations. Currently, a large percentage of vacancies are not filled in the required time, which appears to be somewhat incongruous when compared to the increase in the unemployment rate.

Figure 1

Trigger 1: a slowdown in the pace of economic growth in developed countries, especially in the USA.



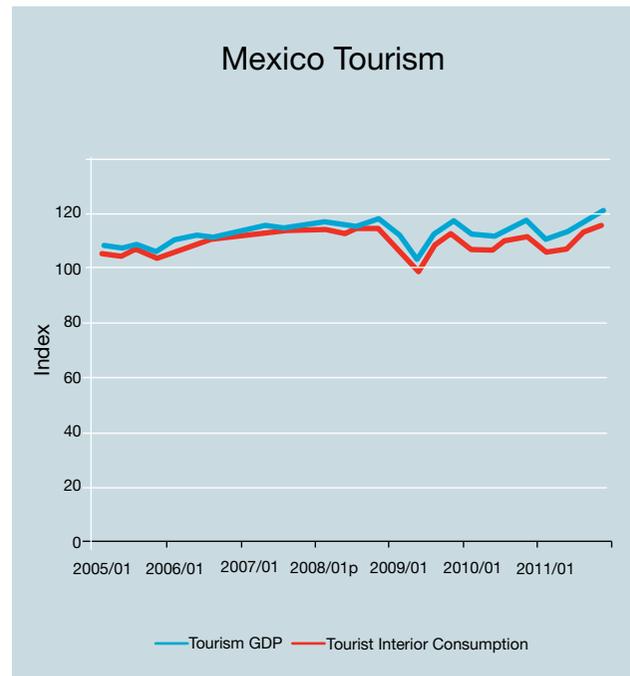
Source: Indexmundi.com



Fast Fact

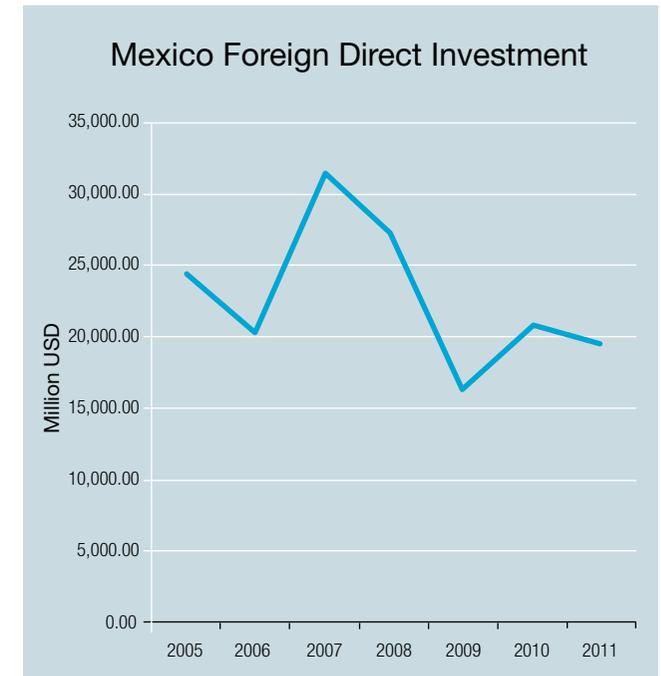
Young people aged 20-24 looking for their first jobs are the hardest hit by the challenging unemployment landscape in Mexico.

Figure 2
Trigger 2: the effects macroeconomic variables such as tourism and investment, both domestic and foreign.



Source: National Institute of Statistics and Geography (INEGI)

Figure 3
Trigger 3: a reduction of growth in exports.



Source: National Institute of Statistics and Geography (INEGI)



Looking ahead

Key Issues in Government Welfare Provision	
Issue	Rationale
Qualifications	Candidates are over qualified for the jobs that are available
Demographics	The current unemployment situation is hitting the younger generation hardest – those young people starting to look for their first jobs. According to the ILO 20 to 24 year olds are suffering the most.
State Differences	Welfare conditions differ from state to state. One state offers some kind of unemployment insurance, but most of them do not.
Source: Capgemini Analysis	

Change and the Future

The current system is not flexible. Labor reforms or any big impact changes typically have to go through the whole government and political approval process, which is not very fast. However, there may be a little more flexibility when it comes to changing programs related to unemployment because most of these programs are the responsibility of the Labor Ministry. Nonetheless, this doesn't mean that change is easy.

And what of the longer term ambitions of the Mexican Government? According to the Center of Modeling and Economic Forecasting of the School of Economics of UNAM, the employment outlook for the coming years seems to slowly improve as macroeconomic and mainly external factors are expected to start improving. An estimated 1% change in 2013 is claimed by the School to be conservative and dependent on how the U.S. and Europeans economies behave.



Middle East



▶ Middle East Case Study: Youth Unemployment a Focus





Middle East: Youth Unemployment a Focus

The Middle East has the highest rate of unemployment in the world. This is confirmed by the International Labor Organization (ILO) that reports employment in the region is 10.3%, compared to 6.2% on average globally.

The situation is particularly worrying in the younger age group up to the age of 25 where the unemployment rate is estimated to be 40%. With high population growth in most of the Arab countries, matching skilled workers with jobs, particularly young workers, is a huge issue.

Queen Raina of Jordan rightly said in 2008: "We are sitting on a time bomb." 'Youth Bulge' is a serious challenge for every government in the Arab world.

Investing in skills

The reaction has been investment in building skills locally. New universities in places like Dubai and Qatar are an example of this. However, where are these newly acquired skills going to be deployed? Considering that there is limited manufacturing and no agriculture, most employment has to be directed towards services.

Oil subsidizes most of the region's education, and oil is the only industry in most Arab countries funding large amounts of education and skills. When oil runs out or revenues reduce, what happens to skills funding, especially if different agencies such as Finance, Trade, or Defense get priority?

Unless there is private sector involvement in skills development in higher education there could be a mismatch between available talent and jobs. But the private sector tends to invest in the skills it needs for its own future, such as funding universities and courses where it sees its own skills shortages, rather than taking a broader perspective.

Local vs global skills

The cultural aspect of job seeking is also an important issue: merit alone is just one consideration; ethnicity is also a factor and, in some countries, priority for locals is a government policy. We then see a situation whereby local-based workers can be:



- Relatively expensive (e.g. versus outsourced labor)
- Too inexperienced for the roles they seek to occupy
- Lacking in the drive to excel due to high job security.

Female unemployment will also stay abnormally high due to cultural issues.

By recruiting locally in key roles, there is limited exposure to individuals with both international skills and the ability to share best global practice. Immigration policy is also limiting some individuals from working in the Gulf Cooperation Council (GCC) states. Many skilled people tend to move to their places of origin after making the 'money'. Rights on property ownership and non-democratic political systems and rights are big concerns for skilled migrants.

Reform is needed

Key policy reforms therefore need to be implemented to address the issue of unemployment in the region. These reforms should include:

- Institutional reforms: to bolster the efficiency of public policies in reducing unemployment, institutional reforms are needed to enable the effective rule of law and the implementation of anti-corruption measures.
- Empowerment of the judicial system: judiciary should be strengthened to serve as a means for defending the rights of young people whose unemployment sometimes results from discrimination. Gender discrimination, in particular, remains a serious problem in the region.
- Boosting business creation: governments should use financial, fiscal, and regulatory means to promote the creation of small and medium enterprises, which can serve to increase potential employment. Access to credit should also be widened. Smarter regulations in the labor market, and notably to enhance labor flexibility, would improve the investment climate. Finally, barriers to entering the labor market – such as nepotism, corruption, and the lack of job market transparency – should be removed, and free and fair competition should be guaranteed.
- Public-Private Partnerships (PPP): PPPs can provide a partial solution to the need to merge the job-creating role of the public sector with the expertise, flexibility, and labor-market knowledge of the private sector. PPPs can provide viable alternatives



to the public sector's incapacities, such as the need to monitor the labor market and manage the large influx of funds from international aid.

- Educational reform: most of the countries in the region, with the notable exception of Yemen, have achieved satisfactory levels of education among their youth. A good number of students are obtaining degrees. However, policy makers need to focus on the quality of education to ensure that the skills being taught match the needs of the labor market. University degrees should be more oriented toward job-creating and growth-prone sectors of the economy, such as construction, innovation, and new technologies.

Crucially, there is a need to define a clear long-term macroeconomic strategy. Youth unemployment is a structural concern that requires long-term solutions. Governments in the region need to formulate clear long-term strategies for a series of job-creating sectors, which can be implemented in partnership with and in support of the private sector. In this regard there is a need for a macroeconomic vision powered by the state to initiate investment and development in some specific sectors.

Source: Capgemini Analysis, <http://carnegieendowment.org/>

Key facts

- The highest rate of unemployment in the world
- Oil industry currently subsidizes most of the region's education
- Youth unemployment is a particular problem
- A clear long-term macroeconomic strategy is needed



The Netherlands



- ▶ The Netherlands Profile
- ▶ The Netherlands Case Study: Multi Channel Enterprise at the UWV
- ▶ Capgemini Client Video: Technology at UWV
- ▶ Capgemini Client Video: The Belastingdienst Transforms Dutch Social Welfare Claims





DATABANK



Population

16,730,632

GDP (PPP) (US\$ bn)

701

GDP (PPP) Per Capita (US\$)

42,000

Real GDP Growth (2011)

1.1%

Deficit/ Surplus as a % of GDP

-4.7%

HDI

0.910

Netherlands

What we see – economic pointers

The Netherlands is facing a typical set of challenges for a European nation; low predicted economic growth, an aging population, and constraints on government expenditure.

1. **Consumption** declined in 2012 because purchasing power decreased. There were lower house prices, negative economic expectations and the threat of lower future pension benefits. All this encouraged consumers to save, rather than spend. The expectation for 2013 is a modest growth in consumption.
2. There is less **investment**. Due to shrinking economic activity worldwide, companies have been investing less. For 2013 however, the expectation for global trade and investment is to increase.
3. **Government spending** in 2012 decreased but is expected to stabilize.
4. Due to world trade situation, exports were unfavorable in 2013.

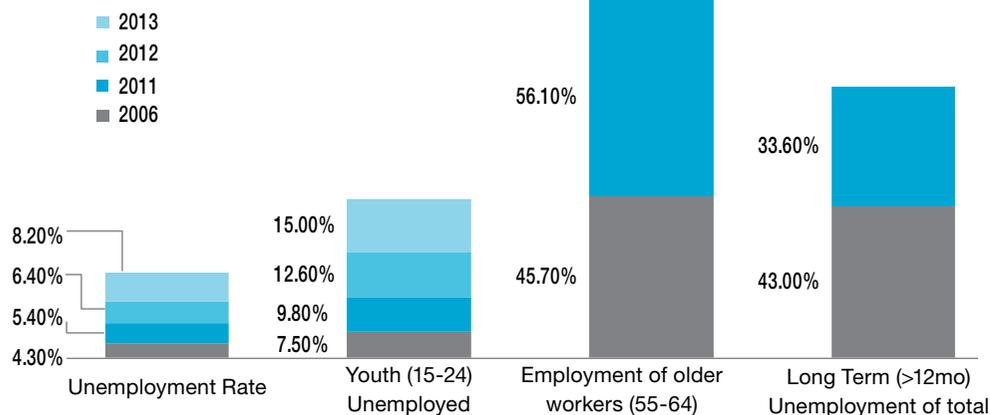
For the mid-term until 2017, the assumption is for relatively low growth of 1.5%. With the labor force growing only slowly, due to an aging population, the potential economic growth is lower than before.

Source:

<http://www.cpb.nl/onderwerp/arbeidsmarkt>

<http://www.cpb.nl/sites/default/files/cijfer/scenario-middellange-termijn-de-nederlandse-economie-2013-2017/cpb-policy-brief-2012-01-juniraming2012-economie-tm-2017-begrotingsakkoord2013.pdf>

<http://miljoenennota.prinsjesdag2011.nl/downloads/Miljoenennota.pdf>





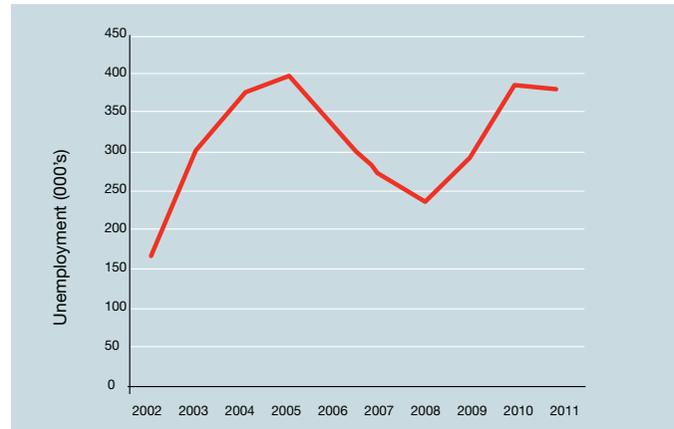
Watch a Capgemini Client Story



Automatic and Online: The Belastingdienst Transforms Dutch Social Welfare Claims

What we see – the unemployment situation

The effect on unemployment has been variable with an overall low rate compared to the rest of Europe, but with a lag following the recent recession.



In the Netherlands, the UWV is the administrative authority with responsibility for implementing employee insurances and providing labor market and data services. The UWV provides services in four areas:

- Helping people remain employed or find employment
- Evaluating illness and labor incapacity
- Ensuring that benefits are provided quickly and correctly
- Ensuring smooth data management.

With the economic situation as it is, the discussion on future welfare state reform remains high on the policy agenda:

- Firstly, public expenditure on pensions and health care will rise in light of an aging population. At the same time, globalization makes it more difficult to finance these extra welfare benefits due to increasing mobility of tax bases. This renders current



Technology at UWV: Going Digital in the Downturn

welfare states financially unsustainable. Moreover, it causes tensions among a growing share of elderly people relying on welfare benefits and a shrinking share of workers paying for it via taxes.

- Secondly, international economic integration and skill-based technological change may weaken the position of low skilled workers on the Dutch labor market. This causes tensions within the working generation, namely between low-skilled workers who suffer and high-skilled workers who benefit from economic integration and technological change.
- Thirdly, welfare state institutions seem to have poorly adapted to recent changes in socio-cultural circumstances such as: individualization, a growing complexity in career and life choices, a better educated work force and rising female employment rates. This undermines the social legitimacy of current welfare state institutions.
- Finally, the welfare state creates sustained inactivity among a number of groups, such as social benefit recipients, elderly workers and low-skilled people.

Given the low economic growth predicted in the period 2014-2017, the total number of job increases will be small; just 0.7% per year. This is equivalent to 50,000 additional jobs per year. This growth is clearly less than that of the last ten years. In the medium term, the number of forecast vacancies in the job market is limited and remains much lower than before the economic crisis.

The labor force is growing slowly and can grow further because participation will increase as initiatives focus on reintroducing women and the elderly back into the labor force. In fact, in recent years, these groups have experienced a significant catch-up.

As a result of this, and as in other countries in Europe, the Dutch Government is now thinking about 'reinventing the welfare state'. Thereby, a key policy objective is to raise employment in both quantity and quality whilst simultaneously broadening the tax base, which is necessary to maintain the basis for social cohesion in the future.

Source:

http://www.uwv.nl/OverUWV/kennis_cijfers_en_onderzoek/index.aspx

http://www.uwv.nl/overuwv/Images/UWV_Arbeidsmarktprognose%202012_2013.pdf

<http://miljoenennota.prinsjesdag2011.nl/downloads/Miljoenennota.pdf>



Fast Fact

In the space of just one year from Feb 2012-Feb 2013, unemployment rose by a significant 1.8% in the Netherlands.

Full-time unemployed people as a percentage of the labor force

	Feb 2012	July2012	Feb2013
All Netherlands			
Total unemployed	490 000	544 000	638 000
Annual Change	60 000	97 000	148 000
Unemployment rate	6.3%	6.8%	8.1%
Total employed labor force	7 348 000	7 479 000	7 259 000

Source: Statistics Netherlands, Den Haag/Heerlen

Welfare & Support in place:

Key issues in government welfare provision	
Issue	Rationale
Expenditure	Expenditure on childcare allowance. This is mainly due to a high proportion of women in the workforce. Higher life expectancy will result in an increase in pension expenditure.
Aging population	An increasing burden in terms of pension expenses and medical expenses cover. This puts the sustainability of public finances firmly under pressure
Competitiveness	The international competitiveness of the Netherlands is still good. In order to maintain this position, controlled wage growth, innovation and productivity are important.

Source: http://www.uwv.nl/OverUwv/kennis_cijfers_en_onderzoek/index.aspx , Capgemini Analysis



Fast Fact

The Netherlands is pushing ahead with the implementation of more online services supporting the unemployed and jobseekers. This is in line with the EU's Digital Agenda

Change & the Future

Ideas and innovation are good – but the welfare state must be flexible enough to introduce or stabilize new policies. So how is the welfare model currently changing in the short term?

Three initiatives are important here:

- Firstly, the Netherlands' ambition is to continue to simplify and make the social welfare system leaner.
- Secondly, there will be more focus on retraining and education. From 2013 there will be individual budgets so the unemployed can invest in retraining.
- Thirdly, there will be more decentralization of services in the social welfare system. For example in January 2013 the care, welfare and housing support for the chronically ill and people with physical, mental or intellectual disabilities started to be transferred to municipalities/local government. The central government considers it is better that these functions are regulated close to the clients and the service is more personalized to their individual needs.

Source: <http://miljoenennota.prinsjesdag2011.nl/downloads/Miljoenennota.pdf>

Innovating for long-term prosperity

And what is the longer-term ambition of the Netherlands? The Dutch Government wants to strengthen its top industry sectors to ensure that the Netherlands excels worldwide. To achieve this, the Government wants industry, universities and researchers to work together on knowledge development and innovation. The agreements are recorded in so-called innovation contracts.

These contracts are measures, plans and agreements for the nine top sectors in the coming years.



View our Success Story to discover how the Netherlands has put in place a multi-channel model to meet the needs of both internet users and non-digital citizens.

These sectors are:

- Horticulture
- Water
- Agro Food
- Life Sciences
- Chemicals
- High Tech Systems and Materials
- Energy
- Logistics
- Creative Industries

Digitizing services

In addition to strengthening the industries that will support long-term employment, work is currently underway to bring a strong self-service and online component to social services, including back-to-work support.

A five-year program that started in 2010 is aimed at reducing the number job advisers from 5000 to 2500. This is being achieved with the implementation of alternative online services, e-training, self-fulfillment and webinars, and by significantly transforming employment administration.

Advisers will be re-skilled into new “e-coachers”, ready to support service users on-line before engaging through face-to-face channels. The breadth of services will be suitable for both citizens and employers.

Source: <http://www.rijksoverheid.nl/onderwerpen/ondernemersklimaat-en-innovatie/investeren-in-topsectoren>

Further links:

<http://www.youtube.com/watch?v=qOH-FNPHeFQ>



Netherlands: multi channel enterprise at the UWV

The Dutch UWV administrative authority has responsibility for:

- Helping people remain employed or find employment
- Evaluating illness and labor incapacity
- Ensuring that benefits are provided quickly and correctly
- Ensuring smooth data management.

Faced with shrinking budgets and a need for high levels of service, UWV is carrying out a shift of service channels with the objective of managing 90% of jobseeker engagement over the internet. With non-digital jobseekers receiving face-to-face services, UWV needs a multi-channel design, structure and management solution.

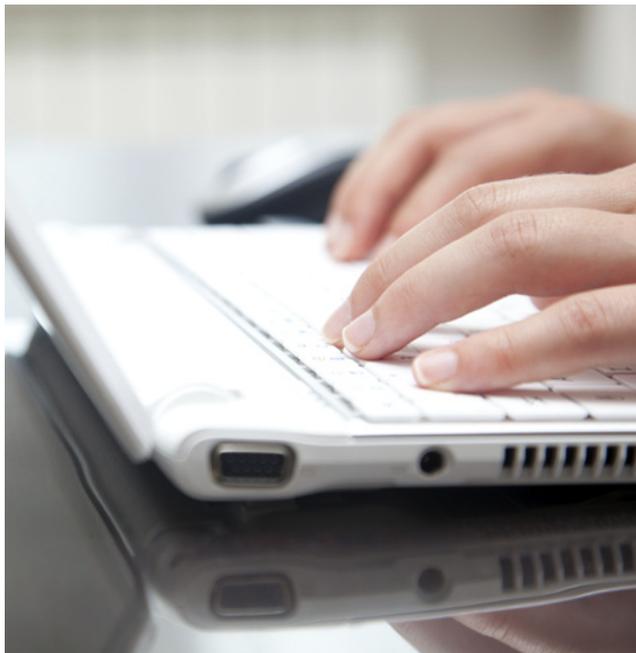
Capgemini has developed an approach called MCE (Multi Channel Enterprise) to support public organizations like UWV in this transformation.

Moving online

This approach has helped the Dutch Government move ahead with its strategy to make the use of digital services for jobseekers mandatory in the first three months of unemployment. After this time, those who are struggling with online services move to a face-to-face model.

The online service features:

- Every job seeker has a personal self-service environment on the internet, the Workbook
- Jobseekers find jobs that fit their profile and can perform job searches



- Automatic matching is based on the jobseeker's personal online profile
- e-Worker coaches at the UWV provide feedback on the application activities and answer any questions from the jobseeker to keep them engaged in the search for work
- e-Learning, webinars and forums support the up-skilling of people looking for work.

Face-to-face channel

For client groups with disabilities or lacking in web skills, traditional face-to-face services remain the primary channel. Where possible these are supported with e-services. Employers are being further supported over the internet by the digitization of manual processes and the development of a self-service environment for employers.

Key facts

- Objective to move 90% of jobseeker engagement online
- Mandatory online job seeking for the first three months of unemployment
- Interactive online service includes feedback, help with applications and e-Learning
- Face-to-face channel still available where appropriate



New Zealand

▶ New Zealand Profile





DATABANK



Population

4,327,944

GDP (PPP) (US\$ bn)

124

GDP (PPP) Per Capita (US\$)

28,000

Real GDP Growth (2011)

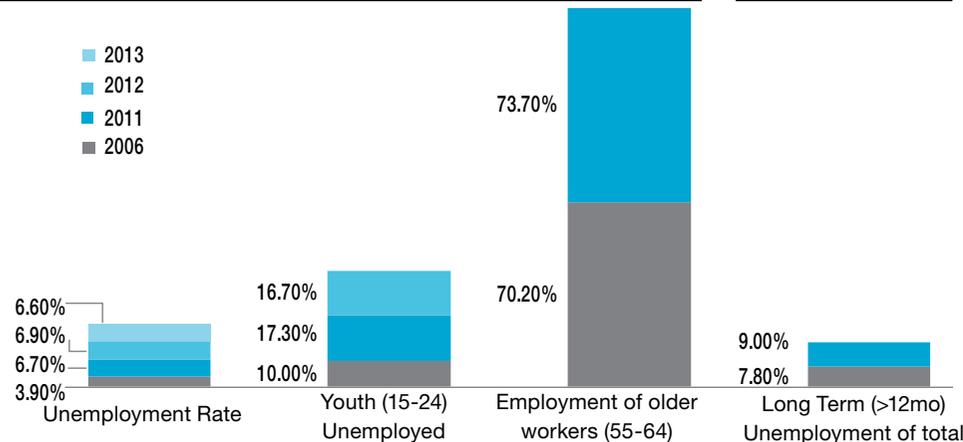
1.3%

Deficit/ Surplus as a % of GDP

-8.5%

HDI

0.908



New Zealand

What we see – economic pointers

Over the past 20 years the government has transformed New Zealand from an agrarian economy dependent on concessionary British market access to a more industrialized, free market economy that can compete globally. This dynamic growth has boosted real incomes - but left behind some at the bottom of the ladder - and broadened and deepened the technological capabilities of the industrial sector.

Per capita income rose for ten consecutive years until 2007 in purchasing power parity terms, but fell in 2008-09. Debt-driven consumer spending drove robust growth in the first half of the decade, helping fuel a large balance of payments deficit that posed a challenge for economic managers. Inflationary pressures caused the central bank to raise its key rate steadily from January 2004 until it was among the highest in the OECD in 2007-08; international capital inflows attracted to the high rates further strengthened the currency and housing market, however, aggravating the current account deficit.

The economy fell into recession before the start of the global financial crisis and contracted for five consecutive quarters in 2008-09. In line with global peers, the central bank cut interest rates aggressively and the government developed fiscal stimulus measures. The economy posted a 2% decline in 2009, but pulled out of recession late in the year, and achieved roughly 2% per year growth in 2010-12. Nevertheless, key trade sectors remain vulnerable to weak external demand. The government plans to raise productivity growth and develop infrastructure, while reining in government spending.

Similar to experiences across advanced economies, business and consumer confidence plummeted as uncertainty dominated the global financial and economic environment. In addition, local banks' access to funding in overseas markets was temporarily curtailed at the height of the crisis.



Key facts include:

- New Zealand experienced five quarters of negative economic growth between the March quarter of 2008 and the March quarter of 2009; this totaled 3.7% of GDP in real terms.
- The Rugby World Cup (RWC) in 2011 lifted private consumption spending and tourism numbers; however natural disasters in New Zealand and Japan, combined with economic weakness in Europe and the United States, meant tourist spending was lower than it might have been. The result was a moderate increase in total tourist numbers and spending.
- Increased activity in the property and business services industry, likely reflecting activity related to both the RWC and the Canterbury earthquake rebuild, accounted for half of the rise in total GDP.

The Government needs to adhere to its fiscal consolidation plans, given the twin vulnerabilities of rapidly rising public debt and high external debt.

What we see – the unemployment situation

New Zealand has performed strongly in comparison with the OECD average over the last five years. Nonetheless relative performance has reduced, and the country's overall unemployment rate has consistently been at less than 75% of the OECD average consistently. Between 2009 and 2011 there was an absolute increase in the number of employed (60,000), despite an increase in the unemployment rate of over 2% during this period.

Although NZ as a whole performs well compared to the OECD unemployment average (and has done so historically pre-GFC and Euro-Crisis), its youth employment rate is poor and young people (15-24) make up a very high proportion of the unemployed and this issue has been particularly acute in the 15-19 bracket. However recent figures show an improvement - with unemployment in the year to March 2013 for 15-24 decreasing by 2% to 16% - a four-year low. In the traditionally more vulnerable 15-20 age group, numbers in education have increased with 80.5% of the age group now in education.

While some trends are expected to improve the youth employment position (e.g. fewer young people available to work as a result of training/education schemes), others (recession, evidence of discrimination) are expected to exacerbate it.



Fast Fact

Youth unemployment is a big challenge in New Zealand with young people (15-24 age group) one of the hardest hit. However the situation has been steadily improving, with a fall in the first quarter of 2013 to a 16% unemployment level down from 17.3% in 2011.

The 2011 Canterbury earthquakes have also influenced recent unemployment trends, with the region losing around 8% of employment positions in the immediate aftermath of the quake. However, the re-building effort, particularly in Christchurch, is expected to lead to the creation of significant numbers of jobs particularly in the construction industry. In fact some 10,000 homes are expected to be built in the area over the next four years. Work on the commercial sector rebuild could extend for the next 15 years.

(Sources: Ministry of Social Development: Statement of Intent, The New Zealand Institute: NZAhead, OECD: New Zealand Country Profile, Ministry of Social Development: 2011 Annual Report, Treasury: Financial Statements of the Government of New Zealand 2011, Treasury: Budget Economic and Fiscal Update 2012, Ministry of Business, Innovation, and Employment Quarterly Labour Report, May 2013.)

Main triggers of unemployment in New Zealand

Trigger 1: Employment Contraction in Major Industries Post-Recession

Since the recession the manufacturing, construction and retail industries have been subject to a reduction in employment rates (although as stated above the Canterbury quake rebuild is expected to generate a considerable number of construction jobs) between 2009 and 2012. Employment also declined in the period 2009-2012 in wholesale trade, public administration and safety and agriculture. Youth unemployment is a significant issue for New Zealand, and young workers are most likely to be employed in the manufacturing and retail sectors.

Trigger 2: Recession

NZ left its longest recession in 30-years in 2009 (in the midst of the global financial recession), having entered recession in 2008 before the global crisis really took hold. It must also be noted that New Zealand experienced a lower-than-expected reduction in employment during the recession as businesses chose to reduce staff hours rather than make redundancies; supported by government labor market reform. It is estimated that this suppressed the expected unemployment rate by up to 4%.



Welfare & Support in place

Uncertainties surrounding the global economy pose risks to New Zealand, particularly with regard to household spending levels and their direct impacts on certain sectors of the economy. The Government's fiscal strategy will remain challenging because of this and a number of other factors; the scale of the Canterbury earthquake re-build and the need to reduce public deficits.

NZ is currently conducting reform across two major welfare products KiwiSaver and Working for Families Tax Credit, both of which have been subject to considerable cost escalation in recent years.

- KiwiSaver is changing to shift the balance of contribution from the Government (which currently contributes around 50% of the pool) to private saving by raising minimum and compulsory contribution thresholds for individuals and employers respectively, while reducing the associated tax credits. This reform will mean that the NZ Government contribution across a standard scheme balance will be between 10% and 12%.
- Working for Families Tax Credit scheme is to be subject to threshold and entitlement reforms. While the structure of the benefit will remain the same, thresholds will be changed to reduce the entitlements of wealthier families.

There are plans to significantly increase social development and welfare reform spending, with approximately \$80m (NZD) to be allocated annually between 2012/13 and 2015/16.

(SOURCE: Treasury: Budget 2012)

Youth support

In response to the high youth unemployment, the Government introduced the Youth Opportunities Package in August 2009 which provides subsidies to support vocational training, work-experience placements, community program work and short-term military service volunteering.

The employment forecast for New Zealand remains positive. Unemployment rates are expected to fall by two percentage points over the next five years according to the main forecast, with a reduction of just under one per cent for the pessimistic forecast. This "down-side" forecast allows for a considerable global economic slow-down and its corresponding export impacts, particularly in the agriculture and commodities markets.



Norway

- ▶ Capgemini Client Story: City of Oslo
- ▶ Capgemini Client Story: Norwegian Labour and Welfare Service



City of Oslo Benefits From Unified Collaboration and Coordination Solution

Capgemini delivers ICT for Norway's capital city

The Situation
The City of Oslo, Norway, and public services in the 2012 aftermath of the double-pronged attack through major Norwegian cities. The city's information systems are outdated and fragmented, leading to inefficiencies and high costs. A new ICT program is needed to unify the city's information systems and improve the quality of public services.

The Solution
Capgemini delivered a unified collaboration and coordination solution for the City of Oslo, enabling the city to streamline its information systems and improve the quality of public services. The solution includes a new ICT program that unifies the city's information systems and improves the quality of public services.

People matter, results count.

Norwegian Labour and Welfare Service Helps Citizens Plan for the Future

In an ambitious five-year program for NMA, Capgemini delivers self-service technology to support a growing nation of parents in an aging society

The Situation
The Norwegian Labour and Welfare Service (NMA) is a public institution that provides social security and welfare services to Norwegian citizens. The service is facing a growing number of citizens, and the current system is outdated and inefficient. A new self-service technology is needed to support a growing nation of parents in an aging society.

The Solution
Capgemini delivered a self-service technology solution for NMA, enabling citizens to access services online and improve the quality of public services. The solution includes a new self-service technology that supports a growing nation of parents in an aging society.

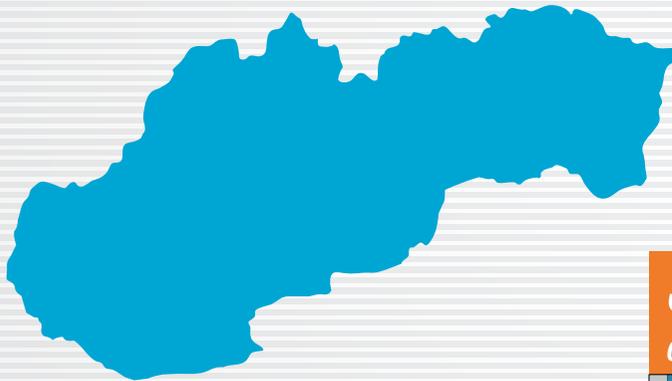
People matter, results count.



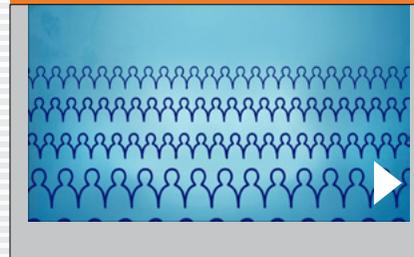


Slovakia

- ▶ Slovakia Profile
- ▶ Slovakia Case Study: Legacy Renewal and IT Overhaul



Journey
of a Jobseeking in Slovakia





DATABANK



Population

5,483,088

GDP (PPP) (US\$ bn)

127

GDP (PPP) Per Capita (US\$)

23,300

Real GDP Growth (2011)

3.3%

Deficit/ Surplus as a % of GDP

-4.9%

HDI

0.834

Slovakia

What we see – economic pointers

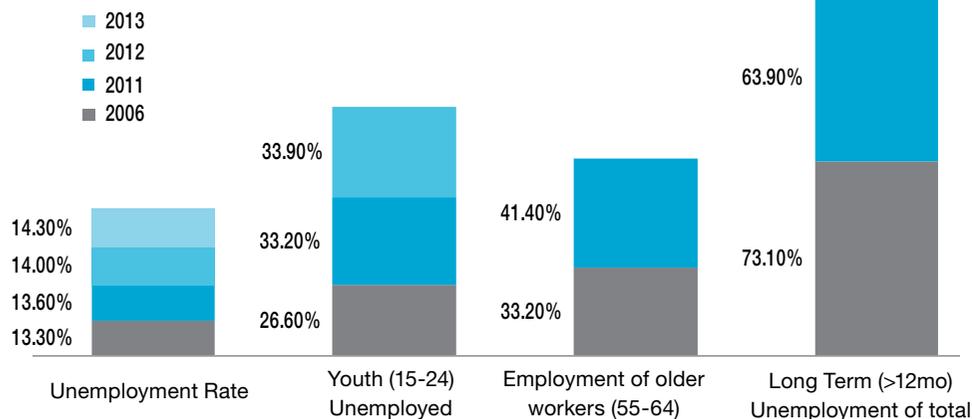
Slovakia is a full member of the EU, Euro Area, Schengen Area, OECD and NATO. After a period of deep structural reform, the country enjoyed high and fast economic development and had the highest GDP growth in the European Union in 2007, followed by the second highest in 2008. With an average real GDP growth of 5.5% in the period 2000-2008, Slovakia was one of the fastest growing economies in the EU during the years that preceded the economic crisis.

Given its large trade openness and specialization in durable manufacturing goods, the Slovak economy was strongly hit by the collapse in world trade and aggregate demand that followed the financial crisis. GDP growth in 2009 was negative. Nonetheless, in 2010 Slovakia maintained the best GDP growth in the EU.

Strong exports supported a healthy economic expansion with real GDP growing 3.3% in 2011. The strong economic performance continued into the first quarter of 2012, resulting in post-crisis economic performance that has been among the strongest in the Eurozone, with real GDP surpassing its pre-crisis peak in the last quarter of 2011.

Other economic factors include:

- Inflation (3.4% in May 2012) remains among the highest in the EU and the Eurozone stress remains a key external risk.
- A frontloaded fiscal consolidation reduced the 2011 headline deficit by 3 percentage points to 4.4% of GDP.
- Despite the sizable deficit reduction, public sector debt climbed up another 3 percentage points, reaching 44% of GDP at the end of 2011.





- A fiscal responsibility law, which sets limits on public debt – 60% of GDP until 2017 and gradually declining to 50% of GDP by 2027 – was adopted in December 2011 with broad political support.

External risks, high fiscal deficits, and the double-digit unemployment rate pose significant policy challenges for the period ahead. As a response the government plans to reform the public administration, strengthen tax administration, and increase the efficiency of public spending, including on healthcare. Effective implementation of the reformed labor code, improved vocational education and the incentives to work could also help reduce unemployment.

What we see – the unemployment situation

Slovakia has had the highest rate of long-term unemployment, and now the third highest young unemployment in Europe.

Unemployment levels have been affected by the external economic environment that influenced the key drivers of national production. This has influenced demand for workforce and, indirectly, the demand for welfare benefits and services.

Clearly, the relatively strong economic growth has yet to put a dent in unemployment.

- The unemployment rate – which surged during the economic crisis by five percentage points to over 14% – declined only slightly to 13% in April 2012.
- Unemployment is particularly high in less developed regions, contributing to an already large regional income disparity between the developed western regions and the developing east and south.
- Youth unemployment is a particular problem (see Fast Fact, below).
- The long-term unemployment (more than two years) rate in 2011 was the highest in the EU, reaching 9.2%. The proportion of the total number of unemployed people that is long-term unemployed remains at around 50%.
- Vulnerable groups, particularly youth, women and the low-skilled, face the most difficult employment situation.



Fast Fact

The youth unemployment rate (33.6%) is the third highest in the EU (after Greece and Spain). Similarly, the share of young people who were not in employment, education or training was relatively high (14.1% vs 12.8% EU average in 2011).

Social Protection (Unemployment)

Slovakia has a System of Social Insurance. This is obligatory insurance paid by citizens to cover loss of income due to unemployment, invalidity, retirement (so called 1st pillar of the pension system), maternity leave, etc. The Social Insurance Agency (SIA) collects (during employment) and pays out the **Unemployment Insurance Benefit** that partially subsidizes the lost salary due to unemployment. The average Unemployment Insurance Benefit in 2011 saw a 12% increase compared to 2010. The cumulative expenditure of SIA on Unemployment Insurance in 2011 was approximately 163m EUR. There are on average 40,000 citizens receiving this benefit at any point in time.¹

Unemployment Insurance benefit is part of so called "Passive Measures on the Labor Market".

Employment Policy

The tools of Slovakia's employment policy are divided into two subgroups: Passive and Active Measures on the Labor Market. The ratio between active and passive measures is usually 70:30.²

- **Passive:** the Labor Market. Unemployment Insurance benefit represents the Passive Measures group.
- **Active:** Slovakia is using a quite different approach compared to other countries. It supports the business directly with subsidies, whereas other countries prefer to do this in the form of tax deductions/credits³. (See 'Welfare and Support in place', below).

Regional differences in social development have been one of the primary challenges. The Slovak labor market is characterized by a relatively high degree of job mismatches that varies considerably across regions. On the demand side, the job vacancy rate in 2008 was only 1.3%, considerably lower than the EU average (2%). At the same time, regional differentiation in the job vacancy rates and unemployment rates were extremely large, reflecting underlying and equally large economic differentials.

¹<http://www.socpoist.sk/kumulativne-vydavky-na-davky-v-nezamestnanosti/1670s>

²http://dspace.k.utb.cz/bitstream/handle/10563/1516/kedrov%C3%A1_2006_dp.pdf?sequence=1

³Info from OLSAF



Fast Fact

Reducing the high level of unemployment among the young and systematically tackling the problem of long-term unemployment and, in particular, regional unemployment, are the top priorities of the current government (2012-2016) expressed in its manifesto.⁴

Welfare & Support in place:

Active employment services are covered by the Office of Labor, Social Affairs and Family (OLSAF). It provides employment services to its clients (employment candidates) through the system of "Active Measures on the Labor Market".

This system covers four basic areas: job matching, consultations, education and allowances. Private organizations can also be part of Employment Services System, namely job matching agencies, temporary placement agencies and agencies of supported employment (for employment of disadvantaged candidates or the long-term unemployed).

As part of the National Program of Reforms for the years 2008-2010 (and as part of the European Economic Recovery Plan set out in 2008), the Government adopted a collection of measures to support the economy. Among these measures was a focus on job opportunities, maintaining employment and increasing labor market flexibility⁵. Five measures to improve labor market conditions were part of this package (and were incorporated into the already applied set of Active Measures on the Labor Market).

Government spending on its "Active Measures on the Labor Market" as a percentage of GDP grew from 0.2 to nearly 0.3% between 2008 and 2010.

Key Issues in Government Welfare Provision

Issue	Rationale
Staff capacity	Insufficient staff capacity to support better client relationships on the part of employees in the OLSAF offices
Administrative overload	Administrative burden relating to the service provisioning
Source: Capgemini Analysis	

⁴http://www.vlada.gov.sk/data/files/2169_manifesto-entrans.pdf

⁵http://www.finance.gov.sk/en/Components/CategoryDocuments/s_LoadDocument.aspx?categoryId=600&documentId=369



Main triggers of unemployment in Slovakia

Trigger 1: Mass lay-offs as an impact of the global economic slowdown

These layoffs reached a peak in March 2009 and have shown a decreasing trend since.

Trigger 2: Export characteristics and openness of the Slovak economy

A strong dependence on export and the open trade environment have amplified the impact of the global crisis on local businesses. In absolute terms, job losses in manufacturing represent nearly three quarters of the total losses during the crisis period (manufacturing being the most important export industry).

Trigger 3: Mismatch between skills and needs of the labor market

This trigger is especially notable in the segment of young and elderly unemployed⁶.

⁶http://www.finance.gov.sk/en/Components/CategoryDocuments/s_LoadDocument.aspx?categoryid=600&documentid=408

Change and the Future

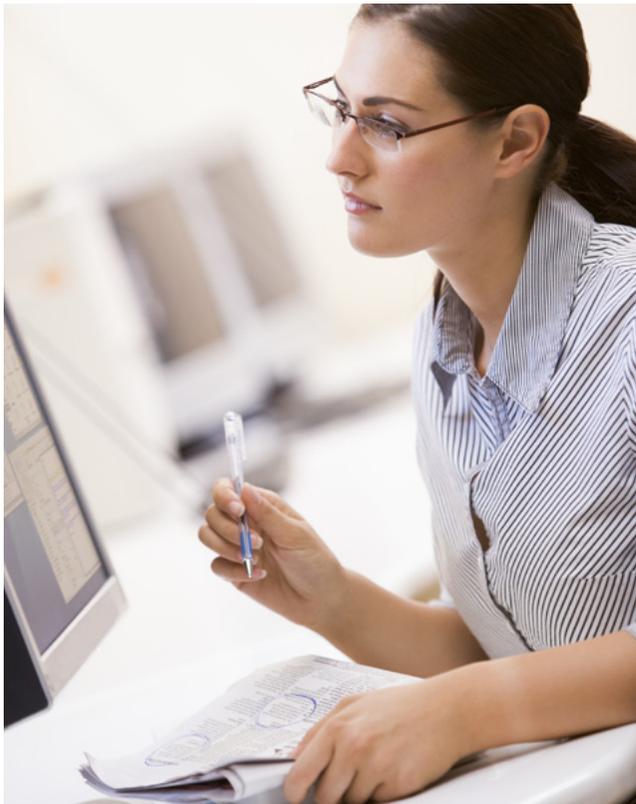
Local OLSAF offices enjoy a reasonable degree of autonomy, which has both advantages and disadvantages. Regionalization of the decision making makes it more relevant for particular regions, however coordination and change management become more complex in such a heterogeneous environment. Any reform being implemented into such an environment requires tight alignment of key stakeholders and a strong coordination body at its helm, including change champions from each entity being affected by the change.

The Ministry of Employment, Social Affairs and Family is looking at two areas of welfare provisioning in terms of the future changes:

- More complex solution to long-term unemployment in relation to material need – i.e. covering the complexity of long-term unemployment not only as a problem of loss of employment but also as a problem of social exclusion and poverty
- Incorporation of regional partners in resolving unemployment (third sector, private sector, municipalities).

The Ministry wants to learn more from its peers in the following areas:

- Specific programs for disadvantaged candidates (long-term unemployed, young unemployed, etc.)
- Measurement of spending efficiency and performance management
- Social economy and means of its incorporation into the labor market (e.g. incorporation of socially excluded candidates)
- The role of “Agents for Employment” and active management of relationships with employers
- Leading practice: optimizing the consultation process (OLSAF and the 3-zone system – see below)



3-zone system

A 3-zone system⁷ of consultation services has been applied since 2009. This is managed by a Personal Adviser that allows better profiling of the client and more personally addressed services. This system is taken from the Austrian model:

Zone 1 - basic information and consultation services

- Administrative activity such as registration
- Services in this zone are provided through the Information Centers where candidates can search for jobs themselves, use the internet and access job databases
- Each candidate is allocated a Personal Adviser who is his/her primary contact for the OLSAF services
- Meetings occur on a monthly basis and the candidate has to provide evidence of active searches for employment
- Phone consultations are offered but the monthly consultation has to be carried out in person
- The key assumption in Zone 1 is that candidates are able to find jobs themselves with some assistance from the Adviser.

Zone 2 - complex job matching services

- Jobseekers work with "Agents for Employment" who act as points of contact between OLSAF (Office of Labour, Social Affairs, and Family) offices and employers and actively search for vacant jobs. This is a new activity on the part of OLSAF that was introduced in 2009 after the obligation for businesses to register vacant jobs in OLSAF was dismissed in 2004
- Agents for Employment are often understaffed (there is always at least 1 agent, but usually no more than 2)

⁷http://www.upsvar.sk/media/medialne-spravy/od-februara-pracuju-vybrane-urady-v-novom-rezime-3-zonoveho-poskytovania-sluzieb.html?page_id=1317



View our Success Story to discover how Slovakia is transforming its IT landscape with the implementation of a new central Employment Services Management System.

- Personal Advisers often becomes the manager of the process in this zone (which is different from Zone 1) and the challenge is that clients are often not motivated; they are “used to” being registered in the OLSAF databases and have lack of active participation in the process
- Understaffing of OLSAF offices results in circa 500 candidates being administered by 1 Personal Adviser at any point of time
- In this zone, candidates are also offered participation in events like job fairs.

Zone 3 - specialized consultations

- An “individual action plan” is created for each client
- Through this zone, clients can be placed into any of the allowance and services of the job centre

There is no measurement framework accessible publically, or officially used, to manage performance. In the past there was a set of criteria to assess OLSAF office performance. These included categories such as: “success rate of employment after participating in training” or the ratio between “candidates who found the job themselves and candidates placed into job by OLSAF”.



Slovakia: legacy renewal and IT overhaul

After almost 20 years of using more than 500 different databases by different Office of Labor, Social Affairs and Family (OLSAF) offices in Slovakia, a new central **Employment Services Management System** was released¹ in April 2012. Implementation of the system was paid for from the European Social Fund, started in 2010² and was worth 12m EUR².

The new system introduced:

- Single candidate file
- Central database of registered job offers
- Performance management across different OLSAF offices
- Scanning of currently paper-based confirmations and reports that can be subsequently shared across each OLSAF office and among particular offices in different regions.

Streamlining internal operations

The focus of this system is on streamlining the internal operations of OLSAF. The central system holds legacy databases from candidate databases, vacant jobs database, a database of mass lay-offs, etc. The system allows OLSAF employees to provide the following services³ to citizens and businesses:

- Request for job matching services
- Request for registration in the database of Employment Candidates
- Request for registration of vacant position (for businesses)
- Request for specialized consultation services
- Request for AMLM allowances
- Personalized information services

¹http://www.upsvar.sk/media/medialne-spravy/nove-informacne-systemy-na-uradach-prace-odburaju-byrokraciu-a-ulahcia-zivot-klientom.html?page_id=163747

²http://www.upsvar.sk/media/medialne-spravy/narodny-projekt-x-2.html?page_id=13205

³http://www.upsvar.sk/buxus/docs/download/Opis_projektu_NP%20X-2_BSK_web.rtf

⁴<http://www.itapa.sk/3834-en/nasadenie-informacneho-systemu-sluzieb-zamestnanosti-pre-upsvar/>



OLSAF also coordinates the **Information System of the Labor Market (ISLM)**. This includes basic information about professions and their characteristics, and provides some basic tools for career planning and skills management. It also centralizes information about training, schools, and average wages for specific jobs, and provides some basic interface with a private database of vacant positions (profesia.sk) and two state administered databases (OLSAF and EURES – European employment database).

The combination of both the new Employment Services Management System and ISLM supports the full breadth of employment services provided by OLSAF. However, it is an internal system and not accessible by the client. This means that clients still need to submit their registration in person, at which time the OLSAF office staff input the relevant requests in the system.

Further digitization of Slovakia's public sector is also having an impact on the country's employment services. For example, technology initiatives to implement central registers and components include a Central System for Social Insurance Agency Services (to be finished in 12/2015⁴) with insurance administered by the Social Insurance Agency, including unemployment insurance.

Key facts

- Central Employment Services Management System replaces multiple systems
- Improving internal efficiency with streamlined operations
- Ongoing digitization of Slovakia's public sector



Sweden



▶ Sweden Profile





DATABANK



Population

9,103,788

GDP (PPP) (US\$ bn)

385

GDP (PPP) Per Capita (US\$)

40,700

Real GDP Growth (2011)

4.0%

Deficit/ Surplus as a % of GDP

0.1%

HDI

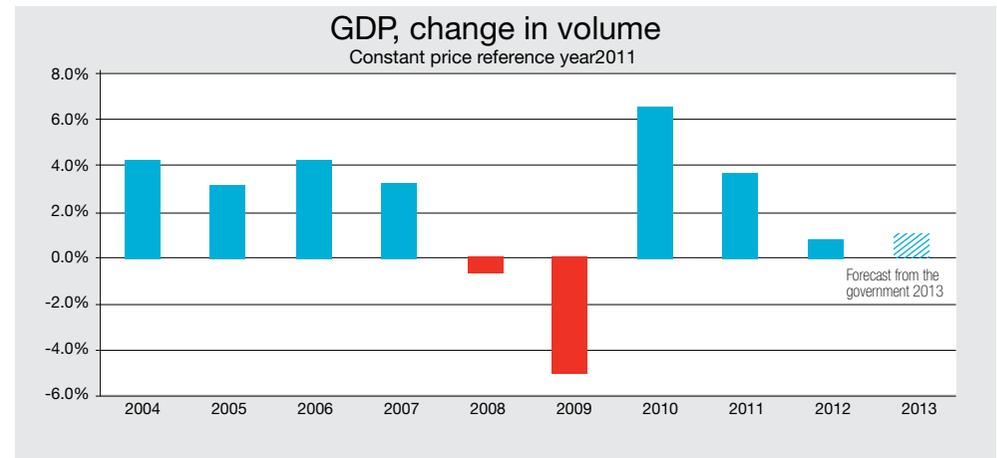
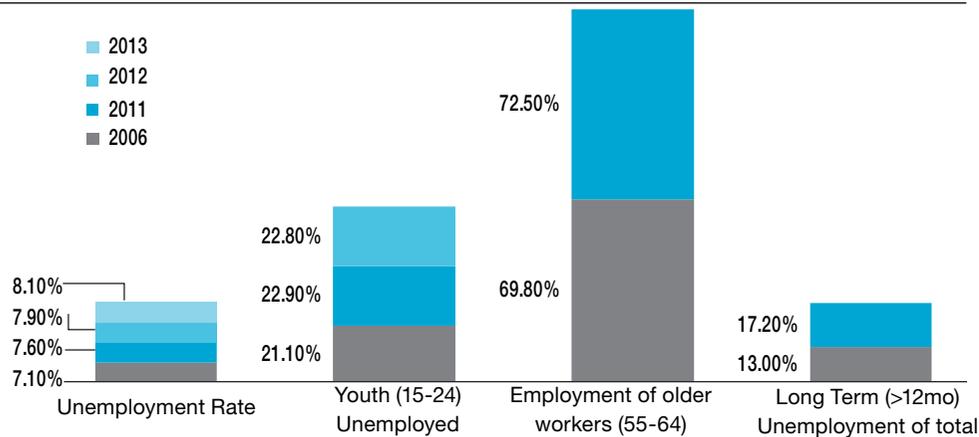
0.904

Sweden

What we see – economic pointers

The Swedish GDP growth has been relatively good in the face of the global economic crisis. The Swedish labor market has shown strong resilience and the number of people in employment continues to grow. Key facts include:

- The unemployment rate was 0.2% higher in 2012 compared with 2011.
- Several key indicators for 2012 came in better than expected and there are positive signals for 2013.
- At the end of 2012, however, the Swedish Government cut its economic growth prediction for 2013, bringing it down from 2.7% to 1.1%.





What we see – the unemployment situation

Overall, the Swedish economy and labor market are stronger than in many other EU countries.

- Redundancy numbers are decreasing
- The economic trend indicators have changed direction and are growing slowly.

The current economic slowdown is likely to be less severe than the last one. The redundancy levels are substantially lower and the economic tendency indicators are stronger than in the corresponding period during the 2008/2009 recession.

The Swedish labor market has created some advantages for itself:

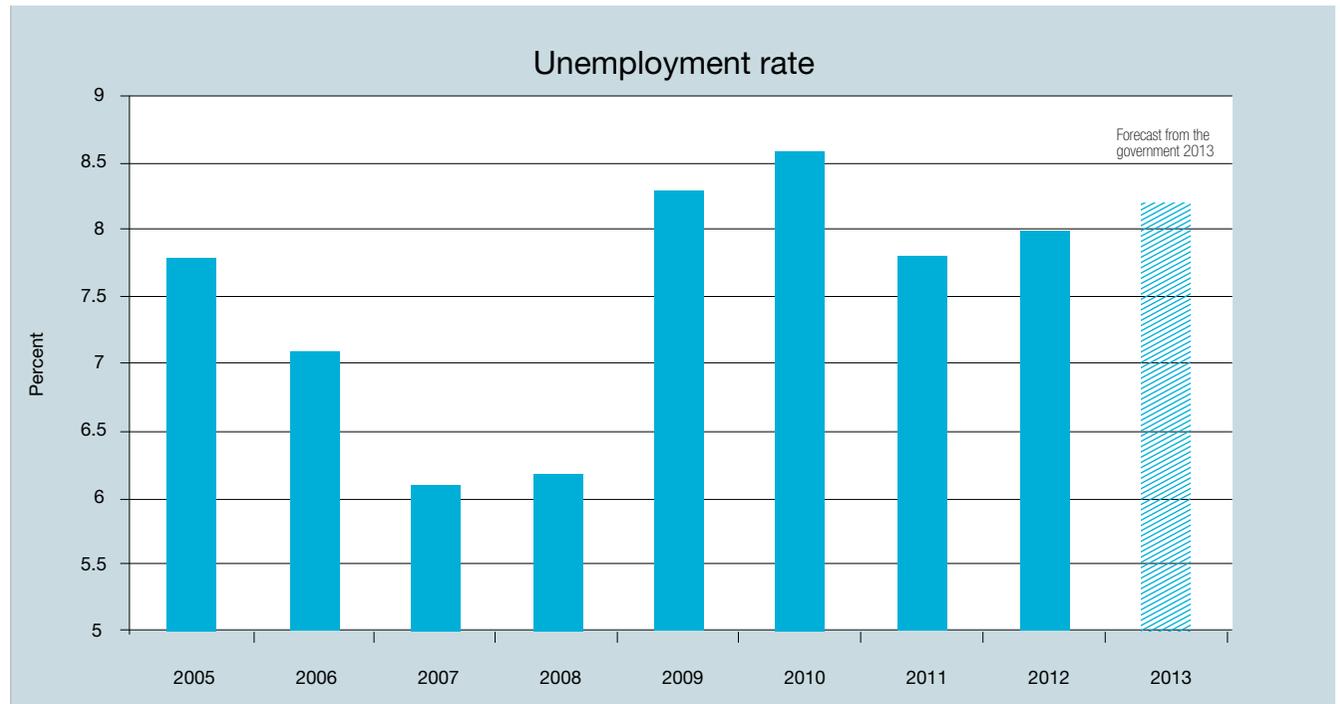
- The union and the employer federations show a willingness to adapt to the economic situation and have, for example, created special restructuring agreements for the majority of employees.
- These agreements allow selected recruitment intermediates to use resources to help redundant employees to move on to new jobs.
- Actions taken within this framework contribute to faster (and more) company restructuring and a lower unemployment rate.

We should note, however, that Sweden has a high youth unemployment rate, although it has a much lower NEET (Youth Not in Education, Employment or Training) rate compared to many other EU-countries.



Fast Fact

The young and foreign-born residents are particularly vulnerable to unemployment in Sweden.





Fast Fact

There is a shift in the nature of work in Sweden with a move away from an industrial base towards service-based employment.

Addressing labor market challenges

The main challenges for the labor market are of both a cyclical and a structural nature.

Sweden is by tradition dependent on a large-scale and efficient export sector. This has been stimulated by a favorable currency situation. Sweden's industrial base is, however, shrinking and is gradually being replaced by increasing service and service-related activities.

Dependence on export

- The high dependence on a large export sector makes it necessary to constantly rationalize structures and streamline processes in order to meet the competition from other countries.
- High levels of international competition and the shift in focus from industry-related jobs to service-related jobs means that the local labor force needs to be able to move between occupations and across regions.

Population and geography

Sweden's small population and large geographical size create long distances between the growth centers. Within this picture there are recommended actions that can contribute to increased levels of employment:

- Geographical flexibility for the workforce should be stimulated to improve job-matching opportunities and labor market efficiency.
- Well-functioning skills development and skills transfer within the workforce is important and should be set up and provided for.
- Good physical and virtual communications across the country and between growth centers are important.
- A well-functioning housing market contributes to a properly functioning labor market. However, a big spread in housing prices is a restraining factor on workforce mobility since a property sale in lower-priced areas makes it difficult to purchase a property in higher-priced areas. The rental market in Sweden should be improved to increase matching possibilities and labor market efficiency.



- In situations where geographical and occupational mobility is reduced this area should attract extra attention from authorities and, if necessary, be compensated with other community efforts.

Youth and immigrants

The high youth unemployment and slow integration of immigrants are other challenges in the Swedish labor market. Addressing these areas is critical to bringing both groups into the workforce and to the long-term success of the labor market. Avoiding this issue could lead to a shortage of labor supply. It also raises the risk of these groups falling into a dependence on the social security insurance system and facing social alienation.

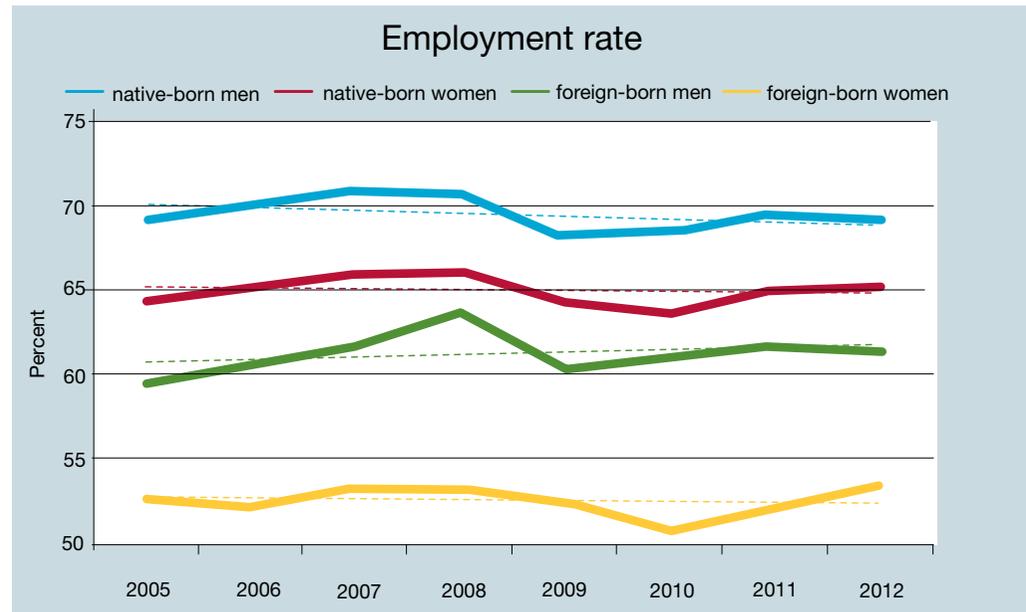
For the young unemployed, incomplete elementary education at secondary level is often a major contributing factor to them experiencing difficulties in establishing a professional life.

- Unemployed young people who are, or risk, becoming long-term unemployed must be given special attention.
- Different forms of intervention should be considered to lower the thresholds for establishing young people in the labor market.

Foreign born individuals have substantially lower employment rates than natives. This is especially true for foreign-born women. This tendency is also diverging over time, where foreign-born men are moving towards the employment rate for native-born men, while for women the situation is the reverse.



- Taking advantage of the assets within the foreign born community will be increasingly important as the demographic trends are leading to a bigger native labor market outflow than inflow.
- Efforts that shorten the lead time for a newcomer to get a job and to improve their establishment in an occupation best suited for the foreign-born workforce are key both for the immigrants themselves and for society's need to fully utilize (and benefit from) its entire workforce.





Change and the Future

A well-functioning labor market is important to allow labor demand to be met as smoothly as possible.

- Incorrect workforce skills or poor geographical availability of skills increase the unemployment rate and unemployment duration.
- Bottlenecks and wrong matching have a negative impact on growth, inflation and interest rates.
- A well-functioning labor market is an important element in the continued expansion of the number of worked hours and the economic growth, both essential for the welfare of society.

Matching in the labor market, where labor demand is matched with supply, is critical for the labor market function. Matching is, in a broader perspective, also influenced by the availability of labor with the right skills in the right place. An adaptable functioning education system with good mobility, geographically and professionally, is – in combination with an effective matching support – important to achieve a strong labor market.

- Quick access to a professional matching function for the unemployed, with special availability and attention to risk groups, is vital for increasing efficiency in labor supply matching.
- The matching function needs to adapt to the structural risks and opportunities and to be flexible to an increasingly volatile environment.
- All potential employees need to be stimulated to quickly enter the labor market and actively search for increasing, or optimal, value creation in the jobs performed.

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UK



- ▶ UK Profile
- ▶ UK Case Study: Working Links: Bridging the Public-Private Divide
- ▶ UK Case Study: Universal Credit changing the Welfare Landscape
- ▶ Capgemini Client Story: Advanced Web Technology Streamlines European Funding at the Welsh Government
- ▶ Capgemini Working Links Video: Overcoming Barriers to Employment in the UK
- ▶ Capgemini Client Story: Department for Education Adopts Pioneering Web 2.0 Initiative





DATABANK



Population

63,047,162

GDP (PPP) (US\$ bn)

2,288

GDP (PPP) Per Capita (US\$)

36,500

Real GDP Growth (2011)

0.8%

Deficit/ Surplus as a % of GDP

-8.3%

HDI

0.863

United Kingdom

What we see – economic pointers

The continued impact of the recession has had far-reaching effects on the UK, as in the rest of Europe and the Western world. The UK economy has faced serious issues since 2008, with a significant reduction in GDP leading to reduced consumer spending and a subsequent need for companies to cut costs.

So what are the numbers?

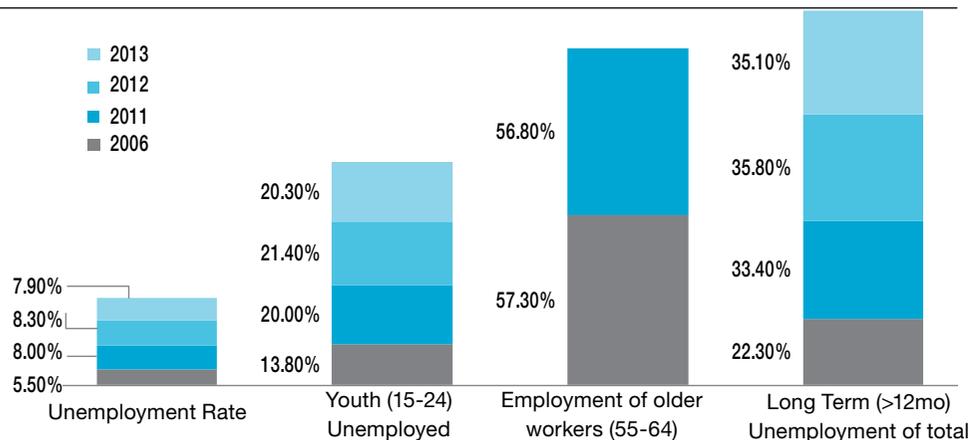
- UK debt rose to £0.91 trillion in 2011 from £0.53 trillion in 2008 and is predicted to hit £1.13 trillion by HM Treasury in 2013¹.
- This has prompted an increased focus on improving efficiency and cutting costs. The Public Sector has borne the brunt of this cost cutting, with the Government's 2010 Spending Review aiming to cut £81bn from the budget over four years².
- This has meant a large reduction in departmental spending and a raft of job cuts – according to the Office of National Statistics the number of Public Sector workers fell for its 13th consecutive quarter to 5.72 million by the end of 2011³.

The Eurozone crisis that has seen severe austerity measures in many European economies has also impacted the UK. Its trade links with the Euro bloc makes it sensitive to fluctuations and deepening crises from the countries involved. Enterprises with links and partnerships

¹<http://www.ukpublicspending.co.uk>

²<http://www.bbc.co.uk/news/uk-politics-11579979>

³<http://www.ons.gov.uk/ons/rel/pse/public-sector-employment/q4-2012/stb-pse-2012q4.html>





Watch a Capgemini Client Story



Working Links: Overcoming Barriers to Employment in the UK .

⁴<http://www.icaew.com/~media/Files/About-ICAE/What-we-do/business-confidence-monitor/special-reports/business-opinions-report-may-2012-impact-of-the-eurozone-crisis.pdf> 'The Impact of the Euro zone Crisis on UK Business', ICAEW, 2012

⁵<http://uk.reuters.com/article/2012/07/25/uk-eurozone-exposure-idUKLNE86O00520120725>

⁶<http://www.bbc.co.uk/news/10604117>

⁷<http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/february-2013/index.html>

⁸Labour Market Statistics July 2012', Office for National Statistics, 2012

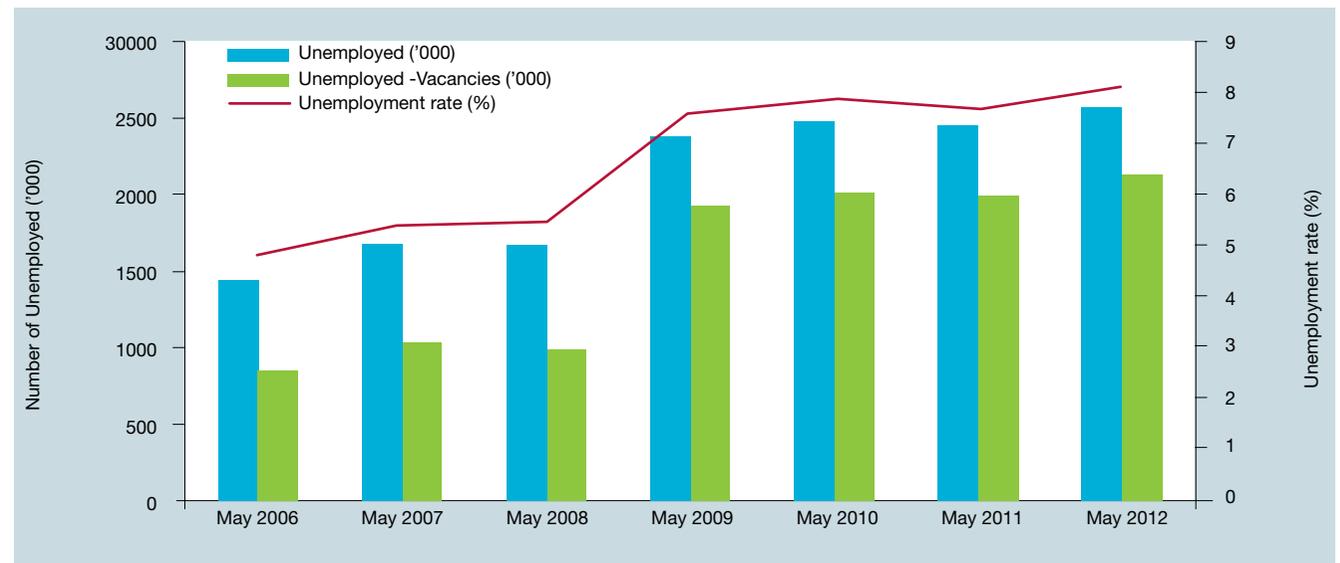
within the Eurozone have felt the impact of budget cuts and a fall in customer and consumer spend. Even those without these links face pressure due to worsening UK confidence as the crisis deepens⁴.

The close relationship between the UK and the Euro will continue to hold dangers for the economy. Political think tank Malpicroft estimates that a collapse of large Eurozone economies would cut Britain's trade by 7% and prompt losses equivalent to 7% of GDP for Britain's banks due to their exposure to the Eurozone banks and sovereign bonds.⁵

What we see – the unemployment situation

The recession led to a sharp rise in unemployment, from 1.62 million in January 2008, to 2.61 million in April 2012, and a consequent rise in the number claiming benefits from 0.79 million to 1.59 million over the same period⁶. Since then, the situation has improved with unemployment dropping to 2.50 million in December 2012⁷

Number of unemployed and unemployment rate 2006-2012⁸





Fast Fact

Youth unemployment is a key concern for the UK Government, with older people staying in work longer, thus not making way for younger people to enter the workforce.

Unemployment has disproportionately affected the young. A paper by the Economic and Social Research Council reported that when the economy was growing strongly before the slump, 50% of young people out of work in 2006 had found a job by 2007. Three years on, that percentage had almost halved; only 27% of those young and unemployed in 2009 were in work a year later⁹.

There are two primary reasons for this rise in youth unemployment:

- Part of the problem may be that older workers are increasingly deferring retirement.
- The perceived inexperience of many younger people looking for work is another reason. In times of austerity, many companies would prefer to hire those with experience and training who are looking for work rather than new-to-the-market young people without the required skills. For example, technology-based employers in particular complain there aren't sufficient competent graduates being equipped with the specialist skills in these growing areas¹⁰.

Public sector decline offset by private sector increase

The reduction in the public sector has also seen a decline in workers in this area with 285,000 posts cut from the public sector in 2011 and 2012. This had reduced the workforce by 4%, to 6.9m¹¹. This reduction has been more than offset by growth in private sector jobs, which increased by 842,000 over the same period (<http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/february-2013/index.html>)¹².

This rise in unemployment and benefits claimants has, of course, come at a time when government spending reductions are an agenda priority, with much of the budget under scrutiny to lower costs. The 2010 Spending Review initially outlined £7bn cuts from the welfare budget by 2014¹³, but the recent 2012 budget targets this figure at £18bn¹⁴.

⁹<http://www.guardian.co.uk/business/economics-blog/2012/mar/07/job-hard-find-young-unemployed>

¹⁰"It's up to business to fill the skills gap: get the young working", Evening Standard, 17th November 2011

¹¹"270,000 public sector jobs lost as cuts bite", The Guardian, 15th March 2012

¹²"Two surprises show we're not in recession", The Independent, 19th July 2012

¹³<http://www.bbc.co.uk/news/uk-politics-11579979>

¹⁴Budget 2012, HM Treasury, 2012



Fast Fact

The retail sector has been hit hard by the economic crisis with 20,000 high street jobs disappearing in the financial year 2010-2011 alone.

Main triggers of unemployment in the UK

The overarching trigger for UK unemployment is the global recession. As mentioned, this has had significant impacts on spending and consumer confidence. This core theme can arguably be seen to lead to three 'sub' triggers for the UK:

Sub trigger 1: Government austerity

The budget cuts imposed by the current coalition government have resulted in the large Public Sector job losses already highlighted.

Sub trigger 2: The Eurozone crisis

The crisis in Euro currency economies continues to have an impact on consumer confidence, as well as damaging the finances of many of all UK businesses with European ties. Commenting on recent unemployment figures, employment minister Chris

Grayling said: "These figures show just how much our economy is being affected by the crisis in the Eurozone"¹⁵.

Sub trigger 3: Private sector troubles

More than 20,000 high street jobs disappeared in the financial year 2010-2011 alone¹⁶ as the downturn in consumer spending saw retailers cut posts, reduce part-time workers hours and close stores. The retail sector had 23,000 fewer workers in September 2011 than in 2010 according to the British Retail Consortium (BRC)¹⁷. Although new figures suggest that this trend has started to reverse, the early struggles in the past 5 years have left a job deficit that still needs to recover. In addition, a number of high street retailers have closed, failing to compete with internet commerce..

¹⁵<http://www.publicfinance.co.uk/news/2011/11/record-unemployment-caused-by-euro-zone-crisis/>

¹⁶"More than 20,000 high street jobs lost as consumers cut back", The Guardian, 27th October 2011

¹⁷"It's up to business to fill the skills gap: get the young working", Evening Standard, 17th November 2011



View Capgemini's Success Story to discover how the UK is targeting the long-term unemployed with its Working Links program.

Welfare & Support in place:

Since 2010, the UK Government, in addition to addressing the impact of the global economic situation, has been developing one of the most radical changes to the benefits landscape through the introduction of Universal Credit to replace a complex system of current working age welfare payments.

The drive to reduce welfare payments to those who could feasibly be engaged in employment is a high priority for the Government. There is a perceived 'culture of entitlement' in society, and there is a move to greatly reduce the payment of benefits to those who are not actively seeking to end their unemployment.

The start of the phased implementation of Universal Credit in April 2013 was designed to simplify the working-age components of the welfare system and will incentivize people to go back to work. Reducing the rate at which benefits are taken away as earnings increase will mean that moving into work will pay. This is in contrast to the old system where a claimant might see no increase in total income after starting work.





Advanced Web Technology Streamlines European Funding at the Welsh Government

How Welsh European Funding Office (WEFO) and Capgemini teams collaborated in an award-winning programme that puts Wales ahead of the rest of Europe in the efficient handling of EU structural funds.

The Situation
Europe faces a reputation in the Welsh economy and Welsh society, with over 2.5 billion available to Wales from the European Regional Development Fund (ERDF) and the European Social Fund (ESF). The Welsh Government's Welsh European Funding Office (WEFO) was determined to ensure the application for funds - from businesses, community, public and third-sector organisations - could be handled quickly, efficiently and with maximum transparency.

The Solution
Working with the Welsh Government long with IT consulting partner, Capgemini UK, the joint WEFO and Capgemini team quickly decided that in a connected world, the logical choice was to study the most secure IT application, streamlining the road to an automated paperwork and lengthy process. The WEFO Online project benefited advanced web technology to produce a user-friendly solution - and the ability to handle the complexity of the European Union (EU) rules involved in implementing the financial and security safeguards essential for handling large sums of public money and to flexibly accommodate frequent changes in EU legislation.

The Result
The project was completed in a tight deadline making Wales the first of 16-40 regions in the EU to have a fully functional online funds processing system. The system successfully processed applications for 120 projects with a total value of €1.3 billion in the first year, cut processing time in half, and won the IT 'Outstanding Project of the Year' award from the European Outsourcing Association, and has a regular awards.

4 The efficiency of WEFO Online is central to the successful delivery of the European Structural Funds. The success of the programme has led to a significant increase in the number of applications received and a significant increase in the number of projects funded.

Source: Office, Acting Director of European Programmes - Welsh Government

People matter, results count.

View Capgemini's Success Story to discover how the UK is targeting the long-term unemployed with its Working Links program

Key Issues in Government Welfare Provision

Implementing more rigorous processes for managing unemployment and trying to get the long-term unemployed back to work has become a key focus of government policy in recent years. The move towards this now means the UK Government faces core issues in changing the benefits system, changing the benefits culture, and getting people into work:

Key Issues in Government welfare provision	
Issue	Rationale
Complexity	Until the recent introduction of Universal Credit (currently on pilot, but a wider rollout planned for later in 2013 through to 2017), the benefits system was a complicated, multi-organizational affair. Different benefits were provided by different bodies and governed at both local and national level. Simplifying the benefit landscape allows better governance and a clearer view on the state of welfare in the UK.
Benefits versus work	Universal Credit will change the situation whereby some claimants are effectively better off on welfare than they would be in employment. A core aspect of improving the benefits system is the removal of this imbalance. The Government is working to ensure that it is always financially more rewarding to work.
Improving labor market efficiency	Once the financial imperatives to work are established, the unemployed need to be hired. Currently job matching and getting people into suitable work is inefficient, with an inadequate 'pull' system in place – claimants must actively seek work themselves. The challenge is to ensure jobs opportunities are made more accessible and to increase incentives for claimants by sanctioning those that do not actively seek to change their situation.
Source: Capgemini Analysis	



Change and the Future

The legacy benefit arrangements are insufficiently flexible and prevent rapid change. Similarly, until recent changes, the benefits legislation meant that there was no mechanism for testing possible changes in benefit policy.

The advent of Universal Credit is changing much of this. In particular, it is now possible to run local pilots of variations in benefit provision. This has opened the way to testing out a range of different innovations in the way in which benefits are administered. The supporting technology infrastructure will also be more flexible, and better placed to enable change.

Universal Credit launched in a number of areas in the North West of England in April 2013. This 'Pathfinder' stage will pave the way for the national launch in October 2013, with the aim of having everyone progressively transferred to the system by 2017¹⁸.

It is expected that initially benefit spend will increase due to entitlement changes and increased take up, expected to be valued at around £4bn. This will be offset by a £2bn saving due to reduced fraud, error and overpayments¹⁹.

The wider ambitions for working age benefit provision are far-reaching. By integrating existing in-work and out of work benefit provision, it is planned that transition into work will be significantly facilitated. Additionally, the new approach to claimant commitments will not just incentivize those out of work to seek employment, but will also encourage and support claimants in low paid work to develop opportunities for better paid employment.

These 'push' measures will be supported by 'pull' initiatives improving the functioning of the labor market. Universal Jobmatch is a step-change in enabling jobseekers to find work, and is being supported by a wide range of innovative ways of enhancing support, from the use of intensive work experience programs for the young, to the application of techniques derived from behavioral economics.

Digitizing service

Service provision will move increasingly on-line. Universal Jobmatch is an early example of this, and Universal Credit provision will be 'digital by default'. This will mean that the standard way of making and maintaining a claim will be on-line.

While it is recognized that a proportion of claimants will need additional support to be able to achieve this, the provision of an on-line service will improve overall service levels, and reduce delivery costs.

Links

http://www.youtube.com/watch?v=PR5Z_FARmxA- guidance to claiming benefits

<http://www.youtube.com/watch?v=Jb2WpT5AfFk-> interview of youths outside Jobcentre after about benefits

<http://www.youtube.com/watch?v=1rld7EbHLDY-> how the jobcentre can help you get back into work, and answering key questions

¹⁸<http://www.dwp.gov.uk/policy/welfare-reform/universal-credit/>

¹⁹<http://www.dwp.gov.uk/docs/universal-credit-wr2011-ia.pdf>



UK: Working Links: bridging the Public-Private divide

The UK Government's Work Programme was established in June 2011 with the aim of providing tailored support for unemployed people who need more help than others in their jobseeking. Services are delivered by 18 providers who are paid by results.

Working Links is one of the leading providers to the Work Programme. Capgemini is part of the shareholder board of Working Links, a public-private-voluntary sector partnership set up in 2000.

Taking a partnership approach

In 1999, faced with high unemployment, the UK Government took the decision to outsource the provision of some jobseeker services to the private sector. Its aim was to stimulate innovation and allow more flexibility to address the issues of long-term unemployment.

With this objective in mind, the Government's Employment Service (now Jobcentre Plus) entered into a joint partnership with Capgemini and the workforce solution company Manpower plc. This three-way public-private partnership was the first of its kind in the UK. It brought together a potent mix of private sector business expertise and public sector insight and client base, under the name Working Links.

Long-term unemployed

Working Links focused at the outset on finding jobs for the long-term unemployed (more than two years out of work) in areas of greatest deprivation. It was run on a payment by results model depending on how many people it had helped find and sustain jobs – the first major use of this financial model in the UK public sector.

Without the constraints on decision making and spend that the Government had previously faced, Working Links adopted a number of original approaches to the market, including:

- Working in partnership with RBS (Royal Bank of Scotland) to become the first business to establish bank accounts for those who previously would have been turned away, such as the homeless and those with poor credit histories. This simplified benefit payment processes.



- Solving practical issues some had with gaining jobs, such as travel costs for those who could not get to work, or providing vouchers for professional clothing ahead of interviews.

Working Links today

Working Links is now active across the UK, and has expanded its focus abroad. It has grown from simply finding work for the unemployed to helping its customers maintain jobs and develop the right skills to advance their careers, with a focus on skills development and training. This additional responsibility has also helped in providing tailored services to specific targeted groups, such as ex-offenders, who benefit from particular development programs.

Working Links has also gained a new partner, Mission Australia, a charitable organization that took a share in the business in 2006. This was the first public-private-voluntary partnership in the UK, and it has proved fruitful, with a turnover of £123m in 2011 alone.

Working Links has helped over 250,000 people find work since its inception in 2000. With the introduction of Universal Credit in 2013 and a move to reduce the size of the welfare budget, the focus for Working Links is now on how to sustain these people in jobs and to provide further employer and employee support services.

Key Facts

- Helped more than 250,000 people find work
- £123m turnover, up from £63m in 2006
- Works in over 100 locations in the UK, Poland and United Arab Emirates
- £4m of profits reinvested into over 150 community projects
- Works directly with the prison probation service to help prisoners in 8 prisons



UK: Universal Credit changing the welfare landscape

The UK's Universal Credit (UC) is a new single payment for people who are looking for work or on a low income¹.

The idea behind UC is to help simplify the benefits landscape and improve the provision of benefits so that it is significantly easier to move into work. It also aims to help people move into better paid work once they have found employment.

Bringing multiple benefits together

Launched with a pilot scheme in April 2013 (with plans for a gradual rollout up to 2017), it combines:

- Income-based Jobseeker's Allowance
- Income-based Employment and Support Allowance
- Income Support
- Child Tax Credits
- Working Tax Credits
- Housing Benefit

UC is being managed by the UK Government's Department for Work and Pensions (DWP). This eliminates the need for the multi-organizational structure in place within the previous system.

UC considers multiple aspects of an individual's or household's situation in order to assign them a single monthly payment.

¹ <http://www.dwp.gov.uk/policy/welfare-reform/universal-credit/>



Making work worthwhile

UC aims to ensure that it will always be financially beneficial to work, with benefits slowly reduced as more hours are worked and more is earned, re-establishing the independence of the claimant. For those who continue to not attempt to find work, strict new measures will see their benefits reduced and even stopped for a significant period depending on circumstance.

Phased rollout

The initial testing rollout 'Pathfinder' began in April 2013 before a full national rollout in October 2013. Whilst at first the system is being used for new claimants, all existing claimants will be transferred by 2017.

From April 2013 the Government has introduced a new benefit called Personal Independence Payment (PIP) to replace Disability Living Allowance (DLA) for eligible working age people aged 16 to 64. This new plan gives payment based on the needs of every individual according to their ability to perform a number of everyday tasks. Proponents of these changes claim that this will simplify the previous system and allow for increased ability to monitor changes in the circumstances of claimants.

Preventing fraud and error

In addition, the approach to fraud and error management is being revised. This reflects the fact that benefits that are currently administered separately by DWP, HM Revenue and Customs, and more than three hundred Local Authorities will all be subsumed within UC, administered centrally by DWP. The fraud detection operations within all these bodies will come together to create a new single Fraud Investigation Service. This will be supported by a sophisticated fraud detection system, making use of extensive multiple data sources.

Key facts

- One single benefit payment replacing many
- Simpler management structure under a single department
- Phased rollout from 2013 to 2017
- Fraud and error being tackled



To learn more about how our solutions can help your business, please contact:

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