

JOB COUNSELLING IN A COMPARATIVE PERSPECTIVE:  
THE CASES OF DENMARK, UNITED KINGDOM AND TURKEY

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## **ABSTRACT**

### **JOB COUNSELLING IN A COMPARATIVE PERSPECTIVE: THE CASES OF DENMARK, UNITED KINGDOM AND TURKEY**

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In this study, “job counselling” services as the central component of the Active Labour Market Policies (ALMPs) in Turkey, Denmark and the UK have been compared in relation to these countries’ labour market performances, different approaches to welfare and job creation practices. Within the context of the contemporary labour market reforms, the ALMPs are considered as the main policy instruments to overcome the unemployment problem and to ensure a well operating labour market. In this context, job counselling is an activity to direct, manage, pilot, aid, steer, assist, lead and support the individuals in their job seeking or finding efforts via effective interaction with a professional counsellor. By solving the problems of job seekers, job counselling services are expected to create more effective equilibrium in the labour market. This study argues that Turkey has a newer and more centralised structure for job counselling, hence a different profile, compared to that of Denmark and the UK. Accordingly, the comparison in this study is intended to be instrumental in better structuring and practice of job counselling services in Turkey.

**Keywords:** Job Counselling, Employment Policy, Labour Market, Active Labour Market Policy (ALMP)

## ÖZ

### KARŞILAŞTIRMALI BİR BAKIŞ AÇISIYLA İŞ DANIŞMANLIĞI: DANİMARKA, BİRLEŞİK KRALLIK VE TÜRKİYE

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Bu tezde, “iş danışmanlığı” hizmetleri Türkiye, Danimarka ve Birleşik Krallık’taki Aktif İstihdam Politikalarının (AİİP) Merkez hizmetleri olarak bu ülkelerin istihdam piyasası performansı, refah ve iş yaratma uygulamalarına farklı yaklaşımları açısından karşılaştırılmıştır. Günümüze ait istihdam piyasası reformları , AİİPler istihdam sorununa yönelik ana politika araçları ve iyi işleyen istihdam politikalarını sağlayıcı olarak değerlendirilmektedir. Bu bağlamda, iş danışmanlığı, bireylerin iş arama ve bulma sürecindeki uğraşlarını profesyonel bir danışmanla etkili bir etkileşim yoluyla yönlendirme, idare etme, örnek olma, yardımcı olma, yön verme, destekleme, öncü olma ve destekleme faaliyetidir. İş arayanların sorunlarını çözmek suretiyle, iş danışmanlığı hizmetlerinin istihdam piyasasında daha etkin denge noktası yaratacağı beklenmektedir. Bu çalışma, Türkiye’nin daha yeni ve daha merkezi yapılı iş danışmanlığı hizmetlerine sahip olduğunu, Danimarka ve Birleşik Krallık’la karşılaştırıldığında farklı bir görünüme sahip olduğunu ileri sürmektedir. Bu doğrultuda, bu çalışmadaki karşılaştırmanın Türkiye’deki iş danışmanlığı hizmetlerinin daha iyi yapılanmasına ve daha iyi uygulamalarına araç olması istenmiştir.

**Anahtar Kelimeler:** İş Danışmanlığı, İstihdam Politikası, İşgücü Piyasası, Aktif İşgücü Piyasası Politikası (AİPP)

To  
my angel, my little happy beetle and my beloved  
for their eternal love

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## LIST OF SYMBOLS/ABBREVIATIONS

ALMP	Active Labour Market Policy
DWP	Department for Work and Pensions (UK)
EASPD	European Association of Service Providers for Persons with disabilities
EIB	European Investment Bank
EU	European Union
EUROSTAT	Statistical Office of the European Union
GDP	Gross Domestic Product
GB	Great Britain
ILO	International Labour Organization
IT	Information Technology
ICT	Information Communication Technology
JCP	Jobcentre Plus (UK)
JSA	Jobseeker's Allowance
LMP	Labour Market Policy
NEET	Not in Education, Employment or Training
NOMIS	Official Labour Market Statistics (UK)
OECD	Organisation for Economic Co-operation and Development
ONS	Office for National Statistics (UK)
p.	Page
PARES	Partnership Between Employment Services

PES	Public Employment Service/s
PLMP	Passive Labour Market Policy
PWP	Public Works Program
R&D	Research and Development
SME	Small and Medium-Sized Enterprise
TURKSTAT	Turkish Statistical Institute
UC	Universal Credit
WPC	Work and Pensions Committee (UK)
WW	World War

## CHAPTER 1

### INTRODUCTION

Unemployment<sup>1</sup> is a serious and chronic socio-economic problem throughout the world today, which bears the risk of getting worse in the coming years unless effective measures are taken. According to the UN Secretary's 2000 Millennium Report (Annan, 2000, p. 19-20) concerning the effects of the globalization; poverty, unemployment, and income inequality are depicted as the unfavourable conditions of the 21<sup>st</sup> century, which will negatively affect the achievement of a fair distribution of wealth worldwide in the coming decades. As Beker (1998, p. 16) also argues, although the globalization can improve productivity, growth and investment, it might not contribute to the employment rate positively and it may even lead to the reduction of the earnings of the workers. ILO (2001, p.3) assesses the globalization of the markets as a cause making the human labour much more productive while specifying that the productivity rise brings the cost of leaving the millions of people especially youth unemployed. Thus, as acknowledged by the ILO report regarding the Global Employment Trends (ILO, 2013, p. 7), the world has been confronting a worsening unemployment crisis, within which young individuals are three times more likely to be unemployed than the adults and more than 73 million young people are seeking for work in the world. Amongst the root causes of unemployment for both adults and young people, ILO (2001, p.3) lists the economies which cannot generate sufficient job opportunities or the lack of skills of the young individuals for the available jobs. Accordingly, as the fundamentals of an employment creating economy, stable

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<sup>1</sup> ILO (1982, p. 3) defines "unemployed" as "all persons above a specified age who during the reference period were: without work, that is, were not in paid employment or self-employment during the reference period; currently available for work, that is, were available for paid employment or self-employment during the reference period, and seeking for work, that is, had taken specific steps in a specified recent period to seek paid employment or self-employment".

macroeconomic policies, institutions and targets; sufficient investments, reasonable level of inflation and prudent economic policy; and efficient and effective laws to be applied consistently are indicated as the necessities for the business to operate efficiently.

This is to say that to be able to tackle with the problem of unemployment, well-planned scientific strategies and prudential policies based on foresighted visions meeting the dynamic labour market demands are required (Ar, 2014, p. 1-2). Government regulations for some reforms are supposed to improve quality and cost effectiveness and they should aim improving labour market. For the optimization of the labour market programmes, in which the incentive programmes are favoured in the majority of the countries worldwide, following suggestions are rendered by ILO (2001, p. 12):

- Strictly targeting measures to particular groups of the unemployed, such as detailed and personalized case management, may increase the effectiveness of the programmes,
- Labour market programmes are better to be in combination with other policy initiatives, such as the ones targeting economic growth,
- Effective labour market programmes put in force by the government are considered to have valuable non-employment effects as well such as reductions in health care costs and crime stemming from the prolonged joblessness.

Two particular conclusions that emerge from the ILO recommendations are the importance of the Active Labour Market Policies (ALMPs) and the need to control, monitor and target schemes to ensure that incentive payments transform into employment. In this context, the EUROSTAT (2018, p.3) categorizes labour market policy under three different titles which are services, measures and supports. While the services and measures are the considered to be the subject of the Active Labour Market Policies, fiscal supports are evaluated in the context of passive labour market policies. The EU Employment Strategy considers the Active Labour Market Policies as to have positive effects on the long-term structural issues of labour markets due to

its triggering mechanism in continuous way to adapt to frequent changes in the labour market accompanied by reaching a desired level of flexibility. At the EU level, ALMP as a policy tool was coupled with four main policy targets, namely improving employability, entrepreneurship, adaptability of individuals and businesses and inclusion of disadvantaged population to the labour market.<sup>2</sup> Thus, ALMPs can easily be considered as the policy instruments based on activation, reflecting a shift from passive to active policy instruments to overcome the unemployment problem and ensure a well operating labour market.

The New Employment Strategy of the EU further considers the ALMPs and preventive interventions as the means to integrate inactive population to labour market. In this context, entrepreneurship and the models to create employment are decided to be supported. Social and technical adaptability are to be improved to support mobilisation. Lifelong learning is suggested to be encouraged. Importance to support the models to ensure active aging got highly suggested. Besides all, gender equality, better wages, registered employment and disadvantaged groups are addressed to be promoted while the importance of preventing any kind of discrimination is underlined (Goetschy, 1999, p. 117-137; Biffl, 2007, p. 10, European Commission Database, 2019).

When the policy tools of the ALMPs are considered, it is possible to identify some categories such as wage and employment subsidies; micro enterprise development; public works and public service employment; training and retraining in the concept of lifelong learning; and, job matching, job counselling and employment services. As a category of the ALMPs, *job counselling* or *guidance* is defined as an activity to direct, manage, pilot, aid, steer, assist, lead and interact; while counselling is considered as the process that a person is helped by a professional counsellor concerning his/her problems directing to change his behaviours voluntarily, to clarify his attitude, ideas and goals so that his problems can be solved. From this point of view, guidance services including counselling are supposed to enhance self-

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<sup>2</sup> Policy targets are elaborated in European Semester Thematic Factsheet Active Labour Market Policies [https://ec.europa.eu/info/sites/info/files/european-semester\\_thematic-factsheet\\_active-labour-market-policies\\_en\\_0.pdf](https://ec.europa.eu/info/sites/info/files/european-semester_thematic-factsheet_active-labour-market-policies_en_0.pdf) Access Date: 11 August 2019

understanding of one's educational, social, moral, emotional, physical and vocational needs. In this regard, job counselling services are also expected to provide guidance to the both job supplier and demander as well related with the needs of professions, to provide the features of the vacancies and unemployed for the databases which show the needs of certain works and workers to assist creating a more effective equilibrium in the labour market (Oluremi, 2014, p. 697).

Within this background, this study aims to focus on "job counselling" as a central component of the ALMPs which are world-wide considered to be instrumental to reduce unemployment. It will be argued that successful job counselling services provide not only job matching, but also lead to effective ALMPs. However, the job counselling mechanisms, actors and practices are not identical everywhere, and different systems of job counselling can be expected to produce different results. Thus, this study is to analyse three country case studies, in which the use of ALMPs in general and job counselling in particular will be compared and contrasted. For this aim, two EU member states, namely Denmark and the United Kingdom (UK) and one EU candidate country, namely Turkey, are chosen to be analysed. The rationale for the case selection is as follows.

Denmark and the UK are to be studied in this study as they are the prominent EU member states with regards to job creation policies and their active labour programmes tightly aiming to attain welfare. According to the EUROSTAT 2019 statistics, the UK and Denmark were two locomotive member states increasing the average situation of the whole EU28 in terms of 15-64 age employment rate involving not only total numbers and activity rates in the labour market but also women's participation the workforce between the years 2006 and 2018. In spite of their similar positive labour market performance, Denmark and the UK display quite distinct characteristics with regards to their ALMPs and job counselling systems/practices. Denmark is known as one of the most prominent state in terms of unemployment benefits which could hamper the effectiveness of the ALMPs. However, Denmark is also one of the most successful job counselling and matching services provider with usually low unemployment rates relative to the other OECD members (Andersen et al., 2009 p. 186). According to the country reviews of the OECD concerning the

policies that help people find employment in the frame of the ALMPs, the UK is pointed out as a state which has a long tradition of activation policies. These activation policies of UK in the labour market have helped limit the increase in unemployment even during the global financial and economic crisis. The UK has also been at the forefront of efforts by the OECD countries to transform and modernise their activation policies.

Compared to Denmark and the UK, unemployment is a more severe problem in Turkey. Moreover, Turkey can be considered as a relatively new comer to the ALMPs and job counselling. Although the history of the ALMPs traces back to the 1980s in Turkey, their scope and content have been considerably very limited (especially limited to the context of privatisation) for two decades. With the driving force of globalization, in order to comply with the necessities of the technological improvements and information society, active labour force programmes were started to be implemented in the 2000s and the Turkish Employment Agency (İŞKUR) was established in 2003 as a part of the EU harmonization process. Co-financed by the EU, more organized and systematic ALMP schemes started to be adopted. Also, with the engagement of the international organisations and finance institutions such as the UN and the World Bank into the field of labour market policies through cooperation with the Turkish government, the coverage of the ALMPs have been extended to all unemployed people especially after 2008.

Thus, this study aims to compare Turkey's job counselling structure and practices, as a late comer to the ALMPs and job counselling and a long-lasting EU candidate country, with those of two EU member states which assume well-established labour markets and ALMPs. Accordingly, informed by the findings of the comparison of two different countries from the viewpoint of Turkey, this study intends to provide a basis for the development of more efficient labour market policy tools in Turkey in the future.

Two countries, Denmark and UK are chosen due to their positive labour market indicators coming into prominence and their long history of labour market policy design and implementation. These countries are chosen to represent role models for

Turkey's future of ALMP and job counselling approach as both have different approaches to labour market policies and job consultation. For instance, Denmark, having a long tradition of high social expenditures with extensive passive supports differ from the UK which adopted a more liberal approach with less administrative role of state and lower level of social expenditures. On the other hand, both countries show remarkable stance in terms of labour market conditions considering the EU averages. In the following chapters and the concluding remarks, the reasons of this choice will be unveiled with details. It is believed that Turkey having lesser experience with the implementation of the ALMPs can adopt or benefit from these different characteristics of the job counselling services in Denmark and the UK with also taking its different needs under consideration.

The main reason for adopting a comparative case study approach in this study is to analyse and identify suggestions from the view of the reference point, which is Turkey. In this study the cases under comparison are chosen not only to analyse the similar features of job counselling but also to identify possible different characteristics based on labour market structures and policies. The common ground is surely the ALMP implementation, particularly job counselling practices of the case actors with their different systems and approach. Denmark and the UK cases have their own differences with each other and with Turkey. Hopefully, limited number of cases in the study will help for the identification of the needs and problems in the Turkish case while at the same time it will enable to control the diversity of the cases to be able to reach concrete and more objective explanations.

The study is mostly focused on ALMPs while providing brief information of passive policies due to their complimentary features and important position in the labour markets. On the other hand, in this study, the ALMPs are advised to be introduced and implemented in a wider stature than the passive policies accompanied by job counselling which is regarded as the main pillar of all labour market policies.

Theoretical discussion (Chapter 2) is structured to allow the reader to understand the background of the emergence of job counselling within the ALMP practices and the needs of workforce. Against this background, this study is structured as a

comparative study of the ALMPs and particularly job counselling in Denmark (Chapter 3), in the United Kingdom (Chapter 4) and in Turkey (Chapter 5). Each chapter follow a similar structure in terms of comparability while Turkey has a specifically extended position. Chapters regarding to cases of Denmark and the UK are designed within a frame to directly guide the analysis of job counselling services (structures and practices) in Turkey. In this regard, each chapter puts special emphasis on the development of labour market policies (flexibilization, activation etc.) in the country; current situation and structure of the labour market in line with the data derived from EUROSTAT; labour market policy actors and mechanisms; outlook of the Active Labour Market Policies in general and job (vocational) counselling practices in particular; and overall conclusions about the job counselling system and practices in the country in question. Naturally, Turkey is given more emphasis in this structure. This means that the country case study of Turkey is elaborated in more detail, and sometimes included further data and evaluations compared to the case of Denmark and the UK, as it is the case for the sub-section on perceptions of unemployed and employees on İŞKUR's job counselling service provision.

## **CHAPTER 2**

### **THEORETICAL BACKGROUND: THE COSTLY PROGRESS OF FINDING THE RIGHT JOB**

This chapter aims to provide a theoretical/conceptual background for this study. For this aim, first the issues of labour market policies and rigidity are discussed. In the second section, the Active Labour Market Policies are introduced. In the last section, evolution of the theoretical basis of job counselling is presented.

#### **2.1 Passive Labour Market Policies**

When the labour market policies are divided into two as passive and active labour market policies, unemployment benefit becomes the primary mechanism of passive interventions. Systematic and comprehensive unemployment benefits were firstly introduced in the UK with the National Insurance Act in 1911 when the British government was greatly affected by the Bismarckian social security schemes or in other words just because of the spread of social demands of the communities. In time, the benefit schemes became more complex (ILO, 2009, p. 2; EASPD, 2014, p. 2-4).

The benefit and risks of unemployment benefits have long been discussed in the literature, especially from the 1980s onwards due to the changing labour market policy paradigm. They are steadily started to be considered not only a tool of redistribution of income, but also as a source of risk.

Unemployment benefit schemes can be classified from many aspects from target groups to sources of fund, from duration to payment styles. The primary systems are labour union led system participated by volunteers (Ghent system), a complex poverty reduction like social supports and obligatory systems with premium payments, in which state and employer have common obligations (Uçkan, 2007, p.

29-57). Unemployment benefits are expected to compensate the economic and social risks of unemployment. Covering the risk of unemployment is a limited time financial support for the individual to decrease the harm of unemployment not to decrease it. In this regard, they are considered as market-correcting policy measures.

The literature also lists some undesired effects of unemployment insurance. Workers may have tendency to leave the work, to work unregistered or work in seasonal manner (directly related with the amount and duration of the benefit). They may prefer to continue being unemployed if the benefits can compensate their potential wages. The registered work demand may increase with motivations to earn unemployment benefits by fulfilment of the criteria to obtain it (directly related with the required duration of working term to get benefit when unemployed) (Carvalho et al., 2018, p. 1; Reich, et al., 2017, p. 1-3).

With regards to expected positive effect of the system, the reduction of the cost of the period of the worker to seek a more suitable job can be mentioned. Especially in male breadwinner driven labour markets, family would stabilize its standard of living. Consumption smoothing will ensure the continuity of production (Cylus and Avendano, 2017, p. 289-296).

**Table 2.1 Work-Welfare Regimes: A Typology**

<b>Social Security Expenditure</b>	<b>Labour Force Participation Rate</b>	
	<b>Low (&lt; 70%)</b>	<b>High (&gt; 70%)</b>
<b>Low (&lt; 20% GDP)</b>	(low-spending corporatist) Germany, Ireland, Italy	(liberal) Australia, Canada, Japan, New Zeland Norway, Switzerland UK, US
<b>High (&gt; 20% GDP)</b>	(high-spending corporatist) Austria, Belgium, France  (post-productivist) Netherlands	(social democratic) Denmark, Finland Sweden

Source: Goodin (2001, p. 20)

In the Table 2.1, Powell and Barrientos (1997, p. 87), Fenger (2005, p. 4) reconfirms the Esping-Andersen's three world capitalism with his analysis on the basis of labour force participation rate and social security expenditures. His argument is standing as a controversy to the argument of decreasing wish of being employed in the presence of high social security expenditure such as unemployment benefits. Interestingly, referring to the Denmark, Finland and Sweden cases, Roosalu and Hofacker (2016, p. 6-7) and Muffels (2008, p. 10) argue that high social spending can go in parallel with increasing labour force participation rates. On the other hand, these cases do not only rely on passive policies but they are also balancing and enforcing Active Labour Market Policies.

EUROSTAT data, the data of which will be used in the following case chapters, identifies a Labour Market Policy (LMP) as public policy interventions in the labour market to realise efficient and correcting disequilibria. According to the EUROSTAT, in order to call an employment policy a LMP, specific groups have to be favoured. The target of the LMP is mostly known as the relatively large group which is registered unemployed, as recognized by the government. In the European Union (EU) context, definition of the target groups is more complex and varied among ages, social conditions, sex etc. The EU understanding shows not only unemployed but also workers at risk of losing their jobs and inactive population are inside the interest area of an LMP.

EUROSTAT recognizes three different LMP types: services, measures and supports. (Ronkowski, 2013, para 8) Services and measures are the subject of the Active Labour Market Policies (ALMPs) while financial supports are covered by Passive Labour Market Policies (PLMP). In general terms, subject of services is job search related and the policy implementation generally does not change the employment status of the job seeker directly. According to the EUROSTAT classification, services also cover the employer related activities. Those measures are mainly other goals rather than job-searching. Most policy measures are designed for limited time duration to provide support in order to favour a disadvantaged group in order to stimulate or maintain their employment. They may provide direct or indirect financial or other kind of assistance to target group in need due to labour market conditions.

## **2.2 Active Labour Market Policies (ALMPs)**

Historically speaking, basic and simple structured active market policy tools can be found even in enforced or voluntarily allocation of workforce to provide shelter or basic irrigation to the community, collective hunting gathering trainings to youth or basket weaving shops for elders or even slavery. Within modern economic understanding Skocpol and Finegold (1982, p. 255) points out the Active Labour Market Policy tools which are practised following The Great Depression in USA under New Deal policy package of F.D. Roosevelt's presidency in order to create new jobs to the workforce who lost theirs. According to Auer et al. (2005, p. 7) similar interventions with different characteristics were made during the Weimar Republic and National Socialist government and starting from the 1950s, the ALMPs became a favourite labour supply shaping tool in Sweden until the 1990s.

Progressive steps from the European Coal and Steel Community to the European Union also changed the understanding of labour market policy. Following the end of the WW-II, during earlier decades of the Community, the policies for the labour market were concentrated to fill the posts required for restructuring of economies. Main aim of these policies was to discourage rising tendency for early retirement and providing vocational education in order to cope with structural unemployment. Börsch-Suphan and Jürges (2011, p. 5) identifies the German retirement system to be stable between 1957 and 1972 starting with the introduction of pay-as-you-go system. Old age retirement ages were 65 for men and 60 for women conditioned on a minimum number of years of service. Earlier retirement was impossible unless one could prove a disability which is over the normal rates due to war. Atchley (1982, p. 263-287), argues that the decrease of the retirement age just after the war in USA was not for the benefit of the workers but a response to severe bouts of unemployment. Correspondingly, according to Atchley (1982, p. 263-287) retirement was somewhat regarded as a luxury to be afforded starting from 1965 to 1975 when the minimum retirement ages were set to increase. Pollmann-Schult and Mayer (2004, p. 121-133), shows the rising trend of education in Germany after post World war period. According to Bell et al. (2004, p. 6-29) after 1964 in USA, the policy was aimed to expand educational and training opportunities for the poor which is believed to be a

way end poverty forever.

The oil crisis also shaped the ALMP approach of the Community as long-term unemployment had been rising and unemployment benefits were inadequate to sustain well-being and employment. The use of ALMP in its modern structure started just after the oil crisis following the year 1973 in order to heal the labour market policies, increase employment and reemployment. These policies, mainly targeted mobilizing and stimulating labour with job creation schemes and subsidies, decreasing structural employment with improved job matching services and retraining of labour. Mostly ALMPs were designed as public work schemes for direct job creation, public employment services, retraining (which can be named as lifelong learning) support for entrepreneurship and Small and Medium-Sized Enterprise (SME) development, employment subsidies for employers.

Despite the arguments which promote the use of the ALMPs as a widespread policy measure, there are also some authors who approach to the implementation of the ALPMs from a critical perspective. An empirical study of Escudero (2018, p. 19) which takes 31 countries into consideration between the years 1985 and 2010 suggests that the ALMPs are mostly effective to the low skilled segments of the labour force. Wunsch and Lechner (2008, p. 29) argued that training and participation to an ALMP do not significantly improve the employability of young workers in Italy. Afterall, as Calmfors et al. (2004, p. 51) stated, one cannot, of course, analyze the proper role of the ALMPs without corresponding evaluations of alternative policy instruments. So, in this study, the ALMP practices, particularly job counselling will be analysed in a frame of their possible benefits considering their complimentary nature of passive policies.

In this context, the ALMPs are expected to reduce the rate of structural unemployment by improving job matching and including discouraged workers back again to the labour supply (Kluve, 2016, p. 1). According to the OECD, Active Labour Market Policies (ALMPs), which are there to help unemployed people back to work, include job placement services, benefit administration, and labour market

programmes such as training and job creation.<sup>3</sup>

Most of the ALMPs target the supply side of the labour market, but still there are also some ALMPs to support the demand side. With their basic nature, on one hand ALMPs try to fit the workforce to required posts accompanied by desired sustainability for production; on the other hand, they are expected to provide livelihood and redistribution of income to the household. At first, neither the active nor the passive market policies were really designed to cope with long-term and wide-spread unemployment; however, with a more complex nature, the ALMPs can also be used to challenge long-term structural issues of labour markets due to its triggering mechanism. Guichard and Rusticelli (2010, p. 15) showed the positive effect of ALMPs on reducing the long-term unemployment tendency in their study measuring the impacts.

The ALMPs are designed and used in all over the world but they differ in frequency, design and size. The impacts also differ from one country, region to another. Experiences show that not every attempt created a positive impact and both developed and developing economies, with higher or lower GDP per capita can experience the negative outcomes. Especially in welfare economies, the main problem may arise from the challenging nature of seeking a job and opting out from the labour force.

In the countries categorised as welfare regimes or in the countries where the income is too low, registered workers may opt out the labour market due to less attractive utility of labour. In countries with higher guarantees to unemployed, the unemployed may prefer not to work but to get the unemployment benefits. In the low-income providing economies, the worker can prefer not to work as it doesn't seem meaningful to work for little money. The ALMP impacts are harder to be positive in those regions as the worker can exploit the ALMP programs' flexibility and do not turn back to work completely. The dominating substitution effect of the labour market would

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<sup>3</sup> For detailed information:

<http://www.oecd.org/els/emp/activelabourmarketpoliciesandactivationstrategies.htm> Access Date: September 08, 2018

reduce the effectiveness of impact. In a similar way Carmichael and Charles (2003, p. 411-415), in their empirical case study showed that even there are subsidies for women to work, the other supports make them not do so.

**Table 2.2 Features of OECD Labour Markets (1989-1994)**

	<b>Direct Rigidities</b>		<b>Treatment of the Unemployed</b>		
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
	<b>Employment Protection</b>	<b>Labour Standards</b>	<b>Benefit Replacement Rate (%)</b>	<b>Benefit Duration (years)</b>	<b>Active Labour Market Policies</b>
<b>Austria</b>	16	5	50	2	8.3
<b>Belgium</b>	17	4	60	4	14.6
<b>Denmark</b>	5	2	90	2.5	10.3
<b>Finland</b>	10	5	63	2	16.4
<b>France</b>	14	6	57	3	8.8
<b>Germany (W)</b>	15	6	63	4	25.7
<b>Ireland</b>	12	4	37	4	9.1
<b>Italy</b>	20	7	20	0.5	10.3
<b>Netherlands</b>	9	5	70	2	6.9
<b>Norway</b>	11	5	65	1.5	14.7
<b>Portugal</b>	18	4	65	0.8	18.8
<b>Spain</b>	19	7	70	3.5	4.7
<b>Sweden</b>	13	7	80	1.2	59.3
<b>Switzerland</b>	6	3	70	1	8.2
<b>UK</b>	7	0	38	4	6.4
<b>Canada</b>	3	2	59	1	5.9
<b>US</b>	1	0	50	0.5	3.0
<b>Japan</b>	8	1	60	0.5	4.3
<b>Australia</b>	4	3	36	4	3.2
<b>New Zealand</b>	2	3	30	4	6.8

Source: OECD Jobs Study (1994), OECD Employment Outlook (1994), OECD Employment Outlook (1995), US Department of Health and Social Services, Social Security Programmes Throughout the World (1993)

The ALMPs are designed mostly in a short term and discontinued manner; however, there is also an argument to use the ALMPs not as an emergency aid but in a continuous way to adapt to frequent changes in the labour market accompanied by reaching a desired level of flexibility<sup>4</sup>. In order to continuously finance the costs of continuous programs, private donors and fund raising can be used besides the governmental budget.

The policy tools under ALMP can be classified under five main categories including wage, employment subsidies, micro enterprise development, public works and public service employment, training and retraining and lastly job matching, counselling and employment services which is particularly put in the centre of all the ALMPs and separately examined in the following chapters.

### **2.2.1 Wage and Employment Subsidies**

Wage and employment subsidies are widely used to decrease long-term unemployment and to improve the chances of newcomers of the labour market, youth. Considering the theory of marginal productivity of wages<sup>5</sup>, the subsidies are used to cover the gap between the productivity and wage levels of the worker through the eyes of the employer which would lead to employ more. This productivity gap could be resulted not only from inadequate experience or lack of job-related skills but also the structural shifts or production and technological requirements of the jobs done. The resources of the policy are used to support the employer to lower its costs basically. This demand-sided support should be understood to take part of the gross salary, total cost of the worker. The part covered can either be social security benefits, income tax, part of the net wage or any other item related to labour cost. Once the policy was implemented, the outputs of intervention can be seen in a rapid manner. Putting aside the inflationary disturbance risk (possible when the program is designed

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<sup>4</sup> For detailed information [http://www.oit.org/global/about-the-ilo/newsroom/news/WCMS\\_005232/lang--en/index.htm](http://www.oit.org/global/about-the-ilo/newsroom/news/WCMS_005232/lang--en/index.htm) access date: August 14, 2018

<sup>5</sup> Stein (1958) explains the theory basically the situation when a firm will combine its inputs in such a manner as to equate the marginal (revenue) product of labour with the wage rate (assuming no monopsony)

massive), the intervention may also give fruits on the prices of goods or services produces which may lead to a more competitive production.

As a flexible and effective policy, wage subsidies can be formulated to target specific various groups such as differentiated with age, social, gender or income groups which would increase the effectiveness of the measure as shown in Jaenichen and Stephan's (2007, p. 24) case study. Subsidies are versatile in funding aspects. The government can choose the item or amount to support the employer and indirectly the employee.

Especially for the young population direct employment subsidies are very important. Contrary to general approach advocating the productivity decrease accompanied by increasing age, Aiyar et al. (2016, p. 163-171) has shown that the effects of aging differ for varying occupations where youth are less productive in several various professions and occupations. Therefore, workers accumulate skills on the job and lose skills when unemployed (Krause and Uhlig, 2011, p. 65). One of the biggest obstacles in front of the young workforce is insufficient experience and their inadequate job-related skills which lead to low productivity compared to middle-aged insiders. Inside the wage and productivity paradox, the employer would not prefer to employ youngsters due to their lower productivity especially in labour markets with high unemployment rates. With wage subsidies, their labour cost can be reduced to cover the gap of marginal costs of low labour productivity. On the other hand, in parallel to Krause and Uhlig's (2011, p. 64-67) arguments, increasing employment with wage subsidies would bring the labour force experience and work-related skills which strengthens their chances in the labour market in the long term.

The subsidies are generally understood to be used for the youth; however, their primary target is to include the less productive worker in general. Insiders of the labour market can also lose their jobs due to new skill requirements or changing industries. Although there are many other options for social groups and older workforce, in case of need subsidies can also be used to make them turn back to the market as effective workers.

Short term outcomes to employment may be contrary to the expected levels. The policy itself may lead to loss of short-term jobs as it creates long term unemployment.

It is mostly about the absorption capacity of the production potential. Still, at long term, the outcome would be more favourable. In the long term, raising profits of the favoured industries may accumulate more investment inside (Lewis, 2001, p. 12-14 ; Pollin et al., 2006, p. 56-57).

The most important negative feature of the policy is the deadweight loss it can create. (Muysken, Riccardo, 2006, p. 1435-1448) One of the main elements of this risk is the possibility of subsidizing a worker who could have found a job anyway. Other element is the possibility of taking the job opportunity from the unsubsidized workers. The employer may take benefit of lower costs by offloading costly workers. Inside a labour market, when the supplier is the weaker side, the employer can abuse the policy with hiring more during the subsidized period and laying off following the end of it. This situation would also hamper the competitive environment of the industry. According to Go et. Al (2010, p. 1481-1502) firms with some market power may be able to capture some of the subsidy as rent. Although there are also assumptions for workers to catch rent by negotiating through industrial relations for higher wages at the expense of low employment (Pauw and Edwards, 2006, p. 1-21); the common unemployment problem, and income issues would not let such gains in most practices. So, if there were no issues or no expected issues in the market, then there would not be a subsidizing mechanism and the market would have already been made available for workers bargaining.

**Table 2.3 Three Overarching Subsidized Employment Program Strategies**

	<b>Duration of Subsidized Employment</b>	<b>Timing in Business Cycle</b>	<b>Target Population</b>	<b>Primary Purpose</b>	<b>Demands on Workers</b>
<b>Strategy 1</b>	Transitional Employment	Anti-recessionary*	Long-term unemployed; low-income	Income support; increasing employment	Identical to unsubsidized employment

Table 2.3 (continued)

<b>Strategy 2</b>	Transitional Employment	Permanent	Disadvantaged workers with serious or multiple barriers	Increasing employment	Eventually approximating unsubsidized employment
<b>Strategy 3</b>	Long-Term Employment	Permanent		Income support	Significantly less than unsubsidized employment

\* Prospects for transitioning into unsubsidized employment may be small when the economy contracts, however, so longer-term subsidies may be appropriate.

Source: “Lessons Learned From 40 Years Of Subsidized Employment Programs A Framework, Review Of Models, And Recommendations For Helping Disadvantaged Workers” (Dutta Gupta et al., 2016)

Subsidized program-based employment strategies can be divided into three as it is seen at Table 2.3. The first strategy is applied when a recession is viable in an economy or there is a risk of stagnant growth. According to their permanent term in the business cycle, last two strategies can be applied when governments want to obsolete certain barriers of employment for disadvantaged target groups. The strategies may concentrate more onto income rather than employment or vice versa. (Dutta-Gupta et al., 2016 p. v)

Hartz IV reforms were put into force around 2005 and during the global crisis of 2008/2009. During these years, the German labour market had risk of increasing unemployment rates (Krause and Uhlig, 2011 p. 64-67). Hijzen and Venn (2011, p. 1-2) argued that short-time work subsidies (Kurzarbeitertgeld) may have had a significant role in preventing massive employment losses, in Germany. Hartz reforms enforced a significant reduction in the level of unemployment benefits for the long-term unemployed. (Krebs and Schefel, 2013, p. 664-701) The labour market interventions of wage and working hours subsidies following the Hartz Reforms of

Germany can be a similar example to the first strategy to be chosen during recession periods.

German economy was among the biggest losers in the OECD countries with large wounds of the recent global crisis. Still Germany showed a good stand against its GDP loss with maintaining the labour market performance. Main reaction of Germany was building a basis of industrial dialogue and voluntary working hour adjustments and subsidizing the income of employees in order to prevent job losses. The firms in Germany had already been able to adjust the working hours and scheduling within the framework of limitation of regulations. (OECD, 2018d). After the 1990s they do not have to compensate overtimes with higher wages but able to provide free time for workers. The legal and organizational determination of working times depend on the collective agreements on working hours, scheduling of them and the compensations of time changes. (Dietz et al., 2011, p. 1-7). Additional and revised regulations were envisaged with the 2004 revision of Working Time Act. Accordingly, employees used their free time which they had accumulated unpaid in their working accounts during the recession periods. In 2009, the firms also tend to choose not to pay for overtime compared to previous year but to compensate previous overtimes with giving free time to the employees (Dietz et al., 2011, p. 1-7). Also reduction of working hours had been made more flexible with collective agreements particularly in manufacturing sector (Caliendo and Hogenacker, 2012, p. 2-9). Although there were retraining schemes for the workers or unemployed both in the ALMPs and short time working, the primary support to hour adjustments were short-time wage supports. One type of the short time allowances arrives when the firm proves its temporary financial difficulty in order to decrease working hours of employees. Other one can be applied in case there are seasonal volatilities of the economy or the sectors. Last one is the permanent loss of employment when firms face with unavoidable loss of workers. In all three types the income loss of the worker is compensated by the short time working fund (Mandl and Schulze-Marmeling, 2010, p. 3). The most common condition that the firms used regarding the effects of the depression stays under first case. Short-time working conditions were extended for the firms not to lay off workers. Therefore the wage subsidies once was paid during maximum period of

six months was increased to 24 months gradually in 2009 (Will, 2011, p. 1).

Although the positive effect and impacts of the wage subsidies are shown in various cases and studies the policy makers should never forget that such the policies are prioritizing and favouring the subsidized. Analysing and estimating the deadweight loss would be very important during the designing phase of the program. The policy maker should better know which group, how long, how much and where to support. The policy maker should consider the monitoring and redistribution effects and decide whether the employer or the employee takes the support. The process of smoothing should also be thought by the designer if the subsidies will be paid lump sum or in instalments or which working period should be covered. Similar to other tools subsidies can also be accompanied by other programs, can be supported from the supply side interventions and can be constructed better with past experiences. It is already clear that without specific vision, target group and method the programs' impacts would be way worse than expected good.

### **2.2.2 Micro Enterprise SME Development**

Especially inside the emerging economies, considerable part of production and employment are sourced by the Small and Medium-sized Enterprises (SMEs) and micro enterprises. Even if it was classified as a developed economy, in Turkey 99.9% of all business are SMEs which are creating 75.8 % of all employment and %56.2 of total production (KOSGEB, 2015, p. i). Entrepreneurship stands as the core of goods and services markets and self-employment which may turn into a massive locomotive in time. As a core element of the labour market, the entrepreneur is also supported under the ALMPs with technical assistance, credit mechanisms and financial subsidies. The support mechanisms are finding the real target group with guaranteed return of “new business”; however, being an intervention deadweight loss should be analysed and minimized during the designing. If the beneficiaries did not have a genuine need for public support but instead would have made the same decisions without aid, there is a greater risk of deadweight loss. The main deadweight loss is related to the entrepreneurs who would open their businesses anyway, even if there

were not any support. Also, small businesses which do not get this support may lose their competitiveness.

Policy makers' long-term expectation is that the new businesses stay alive in following years and they create multipliers by employing more. While providing jobs, the businesses also maintain the source of the income of the household consumption. Another expectation is the externalities of new businesses which could stimulate economy, mainly production and complimentary sectors. Newcomers are mostly vulnerable to the differing conditions of the economy and most of them cannot stand long which means they cannot provide long term employments; however still they include masses inside the labour market for a while until worst circumstances as argued by EU about what happened in the Spain following 2016 (European Union Press Release, 2011).

The intervention could be formulated with various objectives and target groups. The program can try to include vulnerable groups to labour market directly, Although, governments try to support their employment by envisaging administrative rules and regulations, enforce fines to employers who do not follow their employment criteria or subsidize employers; in most cases it cannot succeed to rise employment levels of the disadvantaged persons (ex-convicts, disabled etc.) such as in the case of Turkey. (Çavuş, 2015 p. 145-165) Disadvantages are also groups probably lacking the adequate capital to establish their own businesses In addition when disadvantaged groups try to establish their own job; they face with non-written or informal obstacles to reach the credit mechanisms, to reach trainings, know-how, public services and hidden barriers before disadvantaged self-employed which hopefully to become employers. Measures to challenge such shortcomings are seen and similar examples are Work Opportunity Credit of USA and Women in Business Program<sup>6</sup> of various countries including Turkey. Certain other groups, not socially excluded but lacks capital such as youth or women in some areas are also a common target group of

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<sup>6</sup> For more information about Women in Business programs, refer to <http://www.ebrdwomeninbusiness.com/?s=about> Access date: August 24, 2019

policy implementation such as done in Women in Business programs of EBRD.

IT sector is also often included in the schemes of SME or entrepreneurship supports. IT service providers primarily rely on their individual skills, which can be regarded as a more competitive environment of the economy. The returns of IT service production are higher and policy maker expects a bigger possibility of the SME to live longer and provide more additional value to the economy. On the other hand, shortcomings of various legal identifications of SMEs<sup>7</sup> lead to larger death weight loss as they let stronger businesses to benefit from the supports. Such legislations let big businesses with low employment numbers to benefit from SME programs. Other abusers are the micro firms which are bound to large firms. Large firms trying to benefit from tax supports or SME supports establish smaller individual owned firms and create a link of subcontracting and a covered payroll with also offloading legal liabilities before law.

ILO (2013, p. 7), European Union<sup>8</sup> regard the financial inadequacy to feed SMEs as one of the main reasons for youth unemployment. According to Eurostat, 99.8% of the enterprises out of financial sector were micro, small and medium sized and produced 57.8% of the total value added of non-financial economy. 92.9% of all of the enterprises out of financial sector were micro sized and their value-added contribution was around 20% in 2013 among non-financial producers. 66.8% of the workforce in non-financial sector earning their livelihood from SMEs in 2013. Some 22.8 million persons worked in SMEs in the distributive trades sector, 17.5 million in manufacturing and 10.7 million in construction; together, these three activities

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<sup>7</sup> Law number 3624, related to KOSGEB in Turkey was identifying any firm which has less than 50 employees as SMEs regardless of their budget, turnover and any other production or financial aspect. The identifications were varying between Halk Bankası, Undersecretariat of Treasury and Eximbank. SME identification criteria of KOSGEB was changed with a directive on 24.06.2018 which also includes the turnover rates of businesses.

<sup>8</sup> Investing for Youth programme complements the EU's Youth Employment Initiative, as well as the multiple national and regional schemes at EU Member State level. The programme's goal is twofold: to boost 'Jobs for Youth' across the EU by improving access to finance for SMEs and Midcaps, to enhance youth employability via 'Investment in Skills', targeting projects focused on general education, vocational training and student finance  
<https://www.eib.org/en/projects/priorities/investing-for-youth/index.htm> Access date: August 24, 2019

provided work to 57.4% of the non-financial business economy workforce in SMEs (European Central Bank, 2015).

Micro SME and Entrepreneurship support can be regarded as a substitute of unemployment insurance benefits; because it is expected to help unemployed to find their own jobs. The support can be directly or indirectly; financial or non-financial.<sup>9</sup>

### **2.2.3 Public Works and Public Service Employment**

Public work programs (PWP) take place under active labour market policies of governments in most of the countries regardless of their level of development and economic level. Ideally, the engineering of these programs primarily serves to maintain the links and market conditions of labour supply and demand. So, in case of a market failure, mostly in times of crisis, the programs urge to provide an emergency assistance to provide the short-term job to the household until the market stabilises.<sup>10</sup> Ideally, under these circumstances the formation of jobs is expected to be variable both for qualified and non-qualified workforce. The programs ought to be designed to maintain the links between the unemployed worker and labour market, also to decrease the numbers of long-term unemployed. The programs maintain the work discipline of labour for both skilled and unskilled. By its definition, when the public work tool is designed in an ideal way, particularly with skilled jobs for skilled workers, it is expected to slow down the depreciation of human capital.

Due to short term nature and the opportunity to create simple interventions public works tool and its programs are used to tackle poverty by various countries, especially by countries who what chronic problems of poverty and for citizens inside vicious cycle of poverty. (Subbarao et al., 2013, p. xvi, 25) Those programs target low income households while trying to assist them to stay out of poverty thresholds or to finance their basic needs. Policy makers assume their policies are cutting down

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<sup>9</sup> In order to support the innovation in SME's EU's HORIZON 2020 explains the nature of SME supports. <https://ec.europa.eu/programmes/horizon2020/en/h2020-section/innovation-smes> Access date: 24.08.2019

<sup>10</sup> Public Work Program definitions of Turkish Public Employment Agency <https://www.iskur.gov.tr/en/job-seeker/typ/>

the effects of poverty while stabilises the labour market, especially in crisis situation (Strikwerda, 2001, p. 169-186). However, it is seen that such programs continuously used in economies which struggle to stabilise their labour market/s. These economies mostly lack or cannot provide adequate passive guarantees such as a working insurance or social security system (Strikwerda, 2001, p. 169-186). For both purposes, it is often seen that public work programs introduce low skilled labour-intensive works. These job activities mostly consist infrastructure renovation, gardening, restoration, child and elder care services, agricultural activities (Tcherneva, 2007, p.13). In some economies which are particularly driven by state enterprises, public works also introduce non-qualified short-term jobs to households.<sup>11</sup> In those public work programs mainly targeting income support, it is hard to expect the job itself improves the skills of the worker. If the wage of public programs set high or the program continuously implemented, there is a risk where the low skilled worker may not be reluctant to gain a regular or a registered work.

Cost-benefit criticisms towards public works are very common and it is a considerable risk of the programs to be evaluated carefully. However, the analysis should not only be made with input and output values but considering the nature of the work. The common fallacy of such analysis is to compare the total cost of the program with that of the other ALMPs. As in programmes which are based around service provision (for example providing home based care, or waste collection), the non-labour cost can be as low as 5% to 10% of the total, but in programmes where physical infrastructure is being created typically the labour component is between 30% and 60% of total cost (Del Ninno et al., 2009, p. 31) although a study showed it can rise as high as 80% or 90% of total programme cost (Hoddinot et al., 2001 p. 12).

The criticized feature actually is the main logical reason of PWPs to choose small scale infrastructure works. Still the effects and the impact of the policy is controversial as some sees poverty reduction and growth impacts of PWP income and

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<sup>11</sup> These programs are mostly formulated in labour intensive ways for less qualified labour force with low degree of salaries. İŞKUR provides public work programs in a similar perspective. Please refer: <https://www.iskur.gov.tr/is-arayan/kurs-ve-programlar/toplum-yararına-programlar-typ/> Access date: August 24, 2019

PWP-created assets is poor compared to the other ALMPs (Devereux and Solomon, 2006, p. 1-70; McCord and Slater, 2009, p. 49-51). On the other hand some others argues the effects of PWP is visibly positive. (Holmes et al.,2013 p. 24-26).

Public works and public service employment programs are mostly publicly funded, low wage, short-term, low-skilled employment opportunities to resolve short-term poverty and nutrition. It provides income for households to cover their basic needs. They can also be regarded as income generating schemes to provide livelihood. They have been identified as an instrument which can have a key role to play complementing life-cycle based social protection instruments such as cash transfers (OECD, 2009). This tool is an alternative to cash transfers as the individual becomes a part of labour market and have to work for the earning. This feature also makes this intervention more competitive and harder to abuse by better off individuals.

A well-designed public works can help create useful physical infrastructure which closes the infrastructure gap which reduces the production and transaction costs of doing business (OECD, 2006). The programs mostly focus on infrastructure as it carries a public goods production objective which is a labour-intensive operation. The target groups mostly include low skilled workforce.

Public work programs are classified under three primary branches. First of them is Public employment programs which aims to offer payments in cash or in-kind benefits to beneficiary workers. Main target is to provide income to ones who lose their job due to unexpected distractions in social life or economy. On the other hand, it is expected to sustain work discipline and skills of the individuals to decrease the risk of long-term unemployment. Second type is Employment guarantee schemes (EGSs) refer to long term rights-based programs in which some level of entitlement to work is provided. Third is Public investment programs (PIP) which consist of public investments in rural or urban infrastructure. (ILO, 2014, p. 39)

#### **2.2.4 Training and Retraining Lifelong Learning and Vocational Education**

Trainings and re-trainings of the labour force is the primary supply-sided ALMP. (Meager, 2009, p. 3) Trainings and retraining topics are used to help newcomers to

the labour market or long-term unemployed labour force to improve their skills to match the needs of the jobs. These skills may vary from country to country, and among target groups. While developed countries mostly need to improve vocational or specialized skills of their citizens (Zimmerman et al., 2013, p. 1-15), developing countries may try to teach reading to their illiterate workforce as noted in Roudi-Fahimi and Moghadam's study (2016 p. 2). The target group may also vary as while some countries try to include immigrants to the registered workforce (Ertaş and Çiftçi Kırac, 2017 p. 99-110), others may try to solve elder long-term unemployment issues (Hartlapp and Schmid, 2008 p. 409-431).

Training policies are also important to solve the issues of structural unemployment and crisis or policy led shift of production. Trainings and re-trainings can make the labour to become more productive and force the economy to a more competitive or more value-added production. (Aw et al., 2007 p. 83-104) The major desirable impact of the trainings and re-trainings are productivity increase and inclusion of minor target groups or supporting disadvantaged. The main idea of the re-trainings is to prevent the depreciation of human capital of long term unemployed or insiders of labour market while with trainings it is aimed to fulfil the missing job skills of new comers. The tool also used for skill mismatch of the individual after its formal education; however, this tool should not be seen as a continuous fix for the problem of mismatch.

In a macro view, the low productivity of labour force would result in a way of low value-added production while the jobs will continue to be supplied for low productive labour even there is adequate posts for everyone. On the other hand, in this case, low skilled workers would continue to work in order to produce low skilled output for low marginal income.

The main disadvantage of the program in design would be the deadweight loss due to poor targeting. The supported group of workers would have taken the job anyway, therefore creates the main part of the leak. In short term trainings and re-trainings are naturally expected to decrease job searching of the target group for a while. So, the design should really serve the interest of the target group and needs of employers.

Robalino et al. (2013 p. 85-90) argue that this policy tool should not be used alone, especially while the economy is in stressful conditions and incapable of producing new works. Due to its natural limits, the policy tool itself is not adequate to solve the problem of hidden barriers of employers, even the jobseeker is equipped with necessary capabilities of the vacancy. Therefore, the regulations to remove these discriminative barriers should be executed properly.

While designing trainings, the policy maker should better critically consider the target group, the reason of unemployment, duration of the intervention, supplementing programs, cost effectiveness, private sector financing and passive protection to obtain best impact of the funding.

### **2.3 The Evolution and Theoretical Basis of Job Counselling**

The common understanding related to job counselling draws a frame of a big pool of jobs and big pool of suitable workers to be matched. In this case, it is expected that an unemployed will register himself to the database and wait for an open job suitable for himself to be identified by the job counsellor. Boeri and Burda (1995, p. 1-2) argue that the success of the counselling service would not only provide efficient job matching but also leads to effective ALMPs.

Inside job matching framework of consultation, a market failure related to the cost and benefit of seeking a new job is tried to be solved. The problem mainly occurs with the hesitation of worker to change his job due to loss of income during the time of unemployment which is explained by Stigler Model and Mccall model. Loss of time and the costs are also bound to information failures which are supposed to be solved by perfect consultation. The discussions of the negative effects of costs during job seeking process is more than 50 years old. In 1962 Stigler, in 1965 Mccall, in 1970 Mortensen, in 1971 Diamond and in 1977 Bo Axel have deepened the theoretical arguments on the need of support during the term of job search to the unemployed. These theoretical discussions established the foundations of job counselling policies and studies.

In 1962, on the basis of the assumption that a worker is already aware there are jobs inside the market with varying wages but the worker can learn only the wages of the firms he can contact, Stigler (1962, p. 94-105) tells that each firm to contact creates an extra cost for the worker and the worker optimizes his search with a certain number of firms. Within the firms he contacted, the worker accepts the highest bidder because additional search would lead to diminishing returns of marginal income. Therefore, the optimal acceptance of job is the equivalence of the marginal cost of seeking a work to the marginal return.

In 1965, Mccall developed another search theory and criticized the Stigler optimality. Mccall (1965, p. 300-318) argued that the more optimal way for the worker is to have a “reservation wage” in mind and to accept any offer above or equal to this level even it was the first firm he contacted to. Mccall (1965, p. 300-318) thinks that the marginal return of Stigler’s model should be replaced with “reference wage” and should be equivalent to marginal cost of contacting for a new firm. McCall (1965, p. 300-318) developed his optimality to show that it would be better not to contact with N firms as it is possible to find the best wage at first contact.

In 1970, Mortensen (1970, p. 847-862) with the approach of Phillips Curve tried to include the role of inflation in unemployment problem with market turnover rates. In his works he showed how unemployment changes with the effect of inflation depended to wage levels and distribution. In 1973, Rothschild (1973, 1283- 1308) criticized above studies for only focusing the supply side of the labour market but not the demand side, firms. He tried his “partial – partial equilibrium” to show the reason behind the difference of wages offered by various firms even the market is in equilibrium.

In 1971, Peter Diamond (1971, p. 156-168) put “Diamond Paradox” on the table. He argued that the Diamond Paradox arises when all of the job seekers follow the rules of optimal searching models. In this case, the firms start to offer same wages and the equilibrium price will stand as monopsony decision of firms. The cost of applying another firm can be understood that each firm has a small power for a possible big monopsony. A job seeker will not find a higher wage with more application but could

face with a bit lower wage offer. The firms are aware of the cost of additional job search, so their offer will equal to the distraction of cost for additional job search from the equilibrium price (monopsony price). The cost of additional work search is the weakness of the job seeker to be exploited by the firms. In the Diamond Paradox, if the job seeker follows “optimal search”, all firms offer the same.

In 1977, Bo Axel (1977, p. 20-40) assumed a zero-cost search environment of plentiful workers and concluded that the firms would increase their wage offers to attract those workers at the level of “equilibrium wage dispersion”. In 1979, Reinganum’s (1979, p. 851-858) environment was formed with different search cost workers at the demand side and differing productivity features of firms. As the firms have different productivity which would be on the one side of wage level equilibrium and the workers have different costs which would affect the other side, there would not be a rigid monopsony wage level. As a result, wages will be different and equilibrium would not degenerate.

Kidd (2007, p. 5-12) claims that there are three main group of job counselling approaches/theories which have been most influential on practice over the course of the 20<sup>th</sup> century. The first one is named as “person-environment-fit theories” that are assessed as the backbone of career counselling for many years. Secondly “developmental” and third of all “cognitive-behavioural approaches” come after. In addition to these; “therapeutic counselling” theories are discussed as the perspectives which have been applied to job/career counselling (Kidd, 2007, p. 5-12).

Diagnosis and assessment come as the prominence in the “person-environment-fit” theories to career counselling, and a common outcome is the recommendation to the client on an appropriate course of action. The practitioner uses questionnaires and inventories to be completed before the interview or a series of interviews which have the purpose of assisting the assessment beforehand. According to Holland’s (1985, p.7-9; 1997, p. 3-24) approach which proposes that people seek occupations that are congruent with their occupational interests and that are defined as preferences for particular work activities in the context of person-environment-fit theories; occupational environments and people can be categorized in six interest groups:

realistic, social, enterprising, investigative, artistic and conventional. And, occupational choice is the outcome of attempts to succeed the congruence between interests and environments, so then congruence results in job satisfaction and career stability. Holland's model has provided an important theoretical rationale for a person-environment-fit, diagnostic approach to job counselling. According to his model, the career counsellor's main activity is the assessment of the occupational interests and the identification of occupations that match the client's interest profile (Harmon et al. 1994, p. 2-28). Holland's said fundamental proposition regarding the individuals choose occupations that are congruent with their interests is mainly supported in the frame of researches (Spokane, 1985, p. 37-44), though there are comparatively few counter-approaches which assert that the relationship between congruence and job satisfaction is weak because people now tend to consider more specifically about the job they want rather than what the broader occupation suits them (Tinsley, 2000, p. 147-179; Tranberg et al., 1993, p. 253-264) as well as with an assertion stating that the occupational titles are inadequate descriptors of work environments (Arnold, 2004, p: 95-113).

In order to give more attention on the role of the links interests, personality and values and abilities (Tinsley, 2000, p. 147-179). Ackerman and Heggestad (1997, p. 226) discuss that the abilities, interests and personality progress in sequence, so that the ability levels and personal dispositions define the probability of achievement in a spectacular task domain and interests determine the motivation to attempt the task. In this regard, it suggests that career counsellors should use frameworks of fit that integrate various attributes, including abilities, interests, and personality.

“Developmental theories” to job counselling have two basic features in general. First, they have the point that choosing a career and managing one's career development involve a continuous process throughout life. Second, they use concepts from developmental psychology, such as developmental stages and career maturity, to define and explain the process of career development. It is commonly proposed that career development steps forward through the specific stages as the individual seeks to ‘implement a self-concept’ in an occupation. And, while these stages were mentioned as; ‘growth, exploration, establishment, maintenance, and decline’ before,

in a later proposition they are currently categorized as ‘exploration, establishment, maintenance and disengagement (mostly based on retirement planning)’. In this model, individuals are acknowledged to ‘recycle’: People experiencing mid-career transitions, for example, may need to engage in some of the tasks of early working life (Super et al., 1988, p. 6-15).

Job counsellors who follow the developmental approach capture a comprehensive picture of their clients’ career development, by encouraging them to move towards a greater awareness of themselves and of their situations to develop their own decision-making skills. Besides, developmental theorists argue that job counselling interventions need to be related to the client’s developmental situation. For instance, during the exploratory phase of career development which generally takes place around the ages between 15-24, the concentration will be on educational and vocational decision making and the transition to a job, while later phases have a broader emphasis, taking account of other matters, such as work and life balance. Another key concept in developmental models is admitted as ‘career maturity’. Career maturity is defined as the person’s individual readiness for tackling with the tasks of career development as compared with others who are handling the same tasks. In this concept, job has been carried out to assess the desirable career attitudes and competencies, and measures of career maturity. Some of these measures are strongly value laden, assuming that it is somehow more mature to seek for the intrinsic rather than extrinsic satisfaction from job. It is also assumed that despite the calls for alternative constructs to define the attitudes and skills needed for effective career management in adulthood, such as career adaptability, measures of career maturity are still widely used in career counselling (Super et al., 1981, p. 194-201; Savickas, 2005; Super and Knasel, 1981, p. 194-201).

“Cognitive-behavioural” theories come out of behavioural psychology. In the context of job counselling, they emphasize a change-oriented problem-solving approach and the cognitive processes through which people monitor their behaviour. According to Krumboltz’s (1983, p. 180) theory which was developed from social learning theory of Bandura (1977, p. 22); people develop beliefs with regard to both themselves and job through two kinds of learning experiences which are associative and instrumental.

Associative learning occurs as individuals observe the behaviour of significant others and the ways they are rewarded and punished. Instrumental learning occurs when individuals develop preferences for particular activities when their achievements are rewarded. In this frame, 'self-observation generalizations' (such as beliefs concerning one's own abilities, values and interests) are formed by individuals as a result of these experiences, and in this way, they learn 'task-approach skills' (such as decision-making skills and orientations towards the particular job). Consequently, the followed steps of these sorts of learning experiences makes the basis form for career development. Krumboltz (1983, p. 165-185) claims that the main task for career counsellors using this approach is to assess the 'accuracy, completeness and coherence' of clients' beliefs concerning themselves and the external world. Inaccurate beliefs may be connected with various processes, including comparing oneself with an idealized role model, using a single experience to make inaccurate generalizations regarding job, and emotionally overreacting to negative events. Additionally, the job counsellor is supposed to challenge dysfunctional beliefs and to reinforce rational behaviour by confronting illogical systems of beliefs and identifying inconsistencies (Mitchell and Krumboltz, 1990, p. 145-196).

It is very hard to say which approach is suitable for the optimal job-matching of the seeker; however, practically the main obstacles seem to be time and information for an effective job searching. Therefore, a strong consultation should be provided in such a problematic area and the direct hand of state is definitely needed. Besides time, cost and information failures, the business cycles have determining effects on the effectiveness of job matching services. It is natural to expect the placements to fall down while there is no job around. Davis, et al. (1992, p. 840-861) argued that job creation does not change as much as job destruction within changes of cycles. Therefore, it is evident that the cycles may directly extend the unemployment period.

The employment services are provided by most of the states; however, the practices vary. In some countries it is obligatory to register to the public employment bureaus, in some they are not. In some countries employment bureaus collect labour market information and serves policy makers, in some they do not. The main and common elements of employment services are the caseworkers and the unemployed. Similar

to the wide approval of positive effects of public employment services in the literature, the positive effects of a working link between the caseworker and the job seeker has also been subject to many studies. Those links are established with the meetings of the caseworker and the unemployed and monitoring, counselling and in some administrations with sanctioning routine. Through the meetings with the caseworkers, awareness and concentration of job seeker increases, so job seeker can find a job faster. Better services would lead better job matching and longer term of employment. Caseworkers' approach is also a factor which shouldn't be disregarded. There are evaluation studies such as Pedersen and Svarer (2012, p. 751-778) concentrate on the success of the interaction between the caseworker and the job seeker. Pedersen and Svarer, (2012, p. 751-778) point out the risks of being so rigid to the job seeker causing discouragement, the presence of positive outcomes of counselling and approach regarding the evaluation of job seekers' employability to give no fruit. Although there are risks of reaching a positive outcome through those meetings, within a study focused on public employment services of Denmark. Van den Berg, Kjaersgaard, and Rosholm (2012, p. 16) reached to the conclusion that telling job seeker's placement rates are increased with repeated meetings.

In modern economics it is understood that labour market needs specific policies both in social and economic terms and directly related with other long accepted monetary and fiscal policies responsibilities of a state. The public employment services are provided that still the state should be the top organizer of the employment services and should hold policies together with other policies such as monetary, social, fiscal.

States carried the burden of employment services with the changing global understanding and the emerging needs of the economy via its public employment services. Public employment service institutions are started to be established in the 20<sup>th</sup> century. In the OECD countries they are mostly founded during the 1950s. Their structures vary as they may act regional or centralized. They may be financed by the government or supported by private sector. State can either be monopolistic in-service provision or share the market with private bureaus. Uruguay can be counted among rare examples where all public employment services are provided by private hands. The Turkish system was rather rigid and more state-controlled until 2003 with

the enforcement of the Law No. 4904. Each region adopted and adapted another method according to its needs. For example, the EU adopted a flexicurity approach in its labour markets and sees the PES as a proactive and preventive tool to ensure flexicurity. Ideally, the PES should address the needs or risks of the workforce at earliest possible. The PES aims to provide job placement with identification of skill needs, reduce costs and obstacles to find suitable jobs, guidance and trainings.

## **CHAPTER 3**

### **ACTIVE LABOUR MARKET POLICIES AND JOB COUNSELLING IN DENMARK**

Denmark is known as one of the most prominent states in terms of provision of the unemployment benefits, which are indeed considered to have the risk of hampering the effectiveness of the ALMPs. Denmark is also considered as one of the most successful job counselling and matching services provider with usually low unemployment rates relative to the other OECD members according to the OECD (2016, p. 30-36).<sup>12</sup> Accordingly, it is considered to be convenient to analyse Denmark's approach to public employment services (PES) as it is regarded among the well-developed PES providers (Andersen et. al, 2009, p. 186). Denmark values the turnover rates and unemployment benefits (unemployment insurance and social assistance benefits) inside their labour market. This is to say that 25% of the Danish private sector workers change jobs each year, proving that the costs of job searching are not discouraging, and the unemployment guarantees reach to the level of 90% of lowest paid workers' wages (Van den Berg et al., 2012 p.13). Against this background, this chapter is divided into six sections. The first section summarises the development of the labour market policy in Denmark. The second section explains the current situation of the labour market in light of the data provided by the EUROSTAT. The third section discusses the flexicurity model adopted by Denmark. The fourth section gives a brief outlook of the Active Labour Market Policies in Denmark in a way to provide a background for the implementation of the job

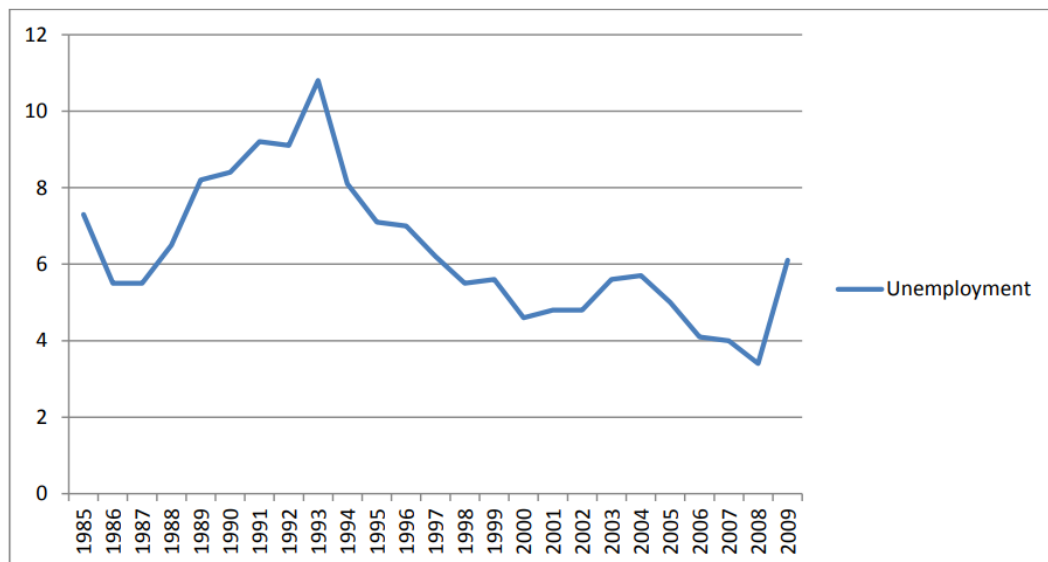
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<sup>12</sup> OECD Economic Surveys includes primary labour market indicators and comments on the market performance. [https://www.oecd-ilibrary.org/economics/oecd-economic-surveys-denmark-2016\\_eco\\_surveys-dnk-2016-en](https://www.oecd-ilibrary.org/economics/oecd-economic-surveys-denmark-2016_eco_surveys-dnk-2016-en)

(vocational) counselling practices, that are to be introduced in the fifth section. The last section provides a brief overview of the Danish case and makes conclusions about the job counselling system and practices in Denmark.

### 3.1 Development of Labour Market Policy in Denmark

In the 1960s, the activation strategies within the labour market became an independent policy field in Denmark. In addition to the specific training programmes for unskilled workers and the institutionalization of continuous education of skilled workers, rather generous unemployment support system was established in comparison to the other states' implementations. Although, this era was the term of economic growth and full employment, later in the 1970s, the 1980s and the early 1990s mass unemployment prevailed as it is shown at the Figure 3.1 below (Larsen 2004 p. 137-153; Jørgensen 2009 p. 337-367). So that, during the 1980s the average Danish unemployment level was 8.16 percent. Also, with a higher rate in 1990, it was 8.4 percent, the long-term unemployment rate (6 months or more) as percentage of the labour force ranged between 3 and 5.5 percent in 1983-1990.



**Figure 3.1 Denmark, Unemployment Rate (Percent) Between Ages 15-64.**

Source: OECD (2012)

Also, Danish figures were much above the countries as the United States and Canada (Furåker, 2003, p. 179-180). Although the period of mass unemployment occupied a heavy burden on public expenditures, the unemployment insurance continued to be very generous as the historical compromise struck in the 1960s to balance the labour market flexibility against security protection for wage earners was upheld (Larsen, 2004, p. 145). The Danish labour market model is assessed as the product of the combination of numerical flexibility, employment and social security models after a long historical and institutional evolutions and social compromises in a number of different policy areas. Historically, the social security network in the frame of the cash benefits and unemployment benefit system for the unemployed people joint with the high flexibility shapes the main axis of the Danish model. And, both mentioned elements have been the main characteristic of the Danish labour market for many years. In this regard, the unemployment benefit system has roots back to the early the 1900s, and in its current form dates back to the late 1960s. So that, the Danish model is not the outcome of a well-planned implications carried out over in a short period in the 1990s. Essential parts of it date back to the welfare reforms of the 1960s bringing strong limitations on the freedom of employers to fire and hire employees while emphasizing that it is not the only way to provide security in the labour market, and while accepting that it is also possible to combine a dynamic labour market with a high level of social and financial security (Bredgaard, et al., 2005, p. 5, 19, 34). The long period of continuous high unemployment rates was of major importance for the Danish labour market reforms in the 1990s (Lindvall, 2010 p. 1-9).

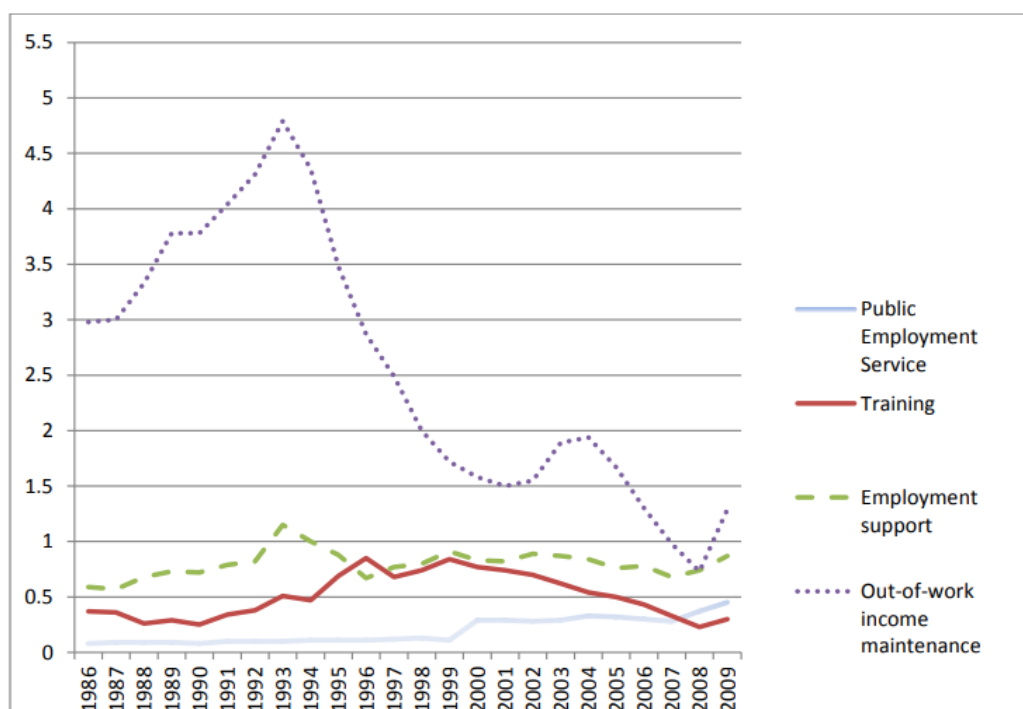
The revised policy for more extended active measures to invest more into the ALMPs was put forward by the Social Democratic Government in the 1990s (Ibsen, 2011, p. 49). In this regard, the Social Democratic-Led Government<sup>13</sup> implemented the labour

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<sup>13</sup> Between 1993-2001, Social Democrat Party led the Danish Government under the prime ministry of Poul Nyrup Rasmussen. In this duration, there was three coalition terms, in the first term between 1994-1994; Centre Democrats, Social Liberal Party and Christian Democrats were in the coalition. In the second term between 1994-1996; Centre Democrats and Social Liberal Party were in the coalition. And lastly between 1996-2001, Social Liberal Party was the only coalition party with Social Democrat Party. For detailed information regarding the domestic political history of Danish Government see, <http://www.wikizero.biz/index.php?q=aHR0cHM6Ly9lbi53aWtpcGVkaWEub3JnL3dpa2kvTGltZDF9vZl9QcmItZV9NaW5pc3RlcnNfb2ZfRGVubWFyYXw=>, access date: January 20, 2018.

market reform act with a particular emphasis on activation policies and reforms of the benefit systems which continued to be comparatively very generous in comparison to the other countries. On the other hand, these comprised a shorter insurance period, more restricted access to the unemployment benefit system, strengthened eligibility rules and compulsory activation through the introduction of individual action plans (Larsen 2004 p. 137-153; Jørgensen 2009, p. 337-367). Danish ALMPs were clearly tending towards growth and employment through skill-upgrading, as job training and education were the main measures offered to the unemployed individual. From this perspective, it was a long-term strategy of improving the skills of the labour force, in other words it was the “learn-fare” approach (Jacobsson 2004 p. 42-62; Bonoli 2010 p. 435- 457). As the outcome of this approach, high numbers of the unemployed people were enrolled into activation (Larsen, 2004 p. 137-153; Jørgensen, 2009 p. 337-367; Jacobsson, 2004, p. 42-62; Bonoli, 2010, 435- 457). The labour market policy that followed the labour market reform act dated 1994 has been assessed as being very successful as it was the prominent period that significantly reduced unemployment which has been also called as “job miracle” and assessed as a consequence of the flexicurity arrangements wide scale implemented and institutionalised at the Danish labour market (Larsen, 2004).

As the obvious outcomes of the reorientation in the mid-1990s towards active policies and training measures can be noticed at the Figure 3.2 below; the unemployment rate quickly decreased and the expenditures on out-of-work income maintenance steeply declined during the final six to seven years of the 1990s (almost three percent of GDP), while the investments in training increased relatively. Additionally, while expenditures in employment support decreased, there was also a minor increase in public employment services on a rather consistent level in the mid-1990s (Bengtsson, 2012, p. 14-19).



**Figure 3.2 Total Expenditures in Denmark between 1986-2009 on Four Areas of Labour Market Programs of Share of GDP.**

Source: OECD (2012)

In 2014, particular employment reform were started to be implemented in two phases: the first phase came into force on 1 January 2015, and the second phase entered into force after a six month-period on 1 July 2015.<sup>14</sup> Subsequently, a number of Information Communication Technology (ICT) tools have been implemented to support digital infrastructure beginning from 2016 onwards. Danish municipalities have been granted more flexibility and freedom in their operations with the unemployed by means of the aforementioned Employment Reform focusing on the educational level and projecting on the personal responsibility of unemployed to find

<sup>14</sup> The Danish Agency for Labour Market and Recruitment official webcast, for detailed information see <https://www.star.dk/en/recent-labour-market-policy-reforms/the-employment-reform-2014/>, access date: November 3, 2018.

the suitable work.

The purpose of the ‘employment reform’ is defined as to ensure that all available resources are utilised and used in a better and more effective way, so that it is aimed to have more unemployed people gain long-term employment in the shortest time period.<sup>15</sup> Another goal of the employment reform is to ensure that employment initiatives, to a broader extent than before, are based on unemployed individuals’ needs by being aware of the fact that all unemployed are different, so they have different needs regarding the guidance and support in getting employed. For this reason, the municipalities and Danish unemployment insurance funds have been granted more flexibility and freedom in organising individually set and arranged interventions for the unemployed persons.<sup>16</sup> Moreover, according to the reform, the unemployed are also considered to be responsible for their own contribution and self-efforts to be employed. This self-responsibility is believed to contribute to the increased sense of ownership of the process among the unemployed people and thus to raise their opportunities to be re-accepted by the labour market.

Aside from increasing employment, another prominent target of the reform is to increase the level of education of the unemployed people who do not have sufficient significant skill sets. In this sense, the unskilled unemployed people with low education formations are provided better opportunities to acquire new skills. Unemployed low-skilled people are entitled to receive benefit from the unemployment insurance fund and they have a respective right for a six-week long vocational training beginning from the first day of the unemployment period. That vocational training is primarily provided via the “Adult Vocational Training” (AMU) programmes targeting at both low-skilled and skilled employees. AMU provides

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<sup>15</sup> The Employment Reform-2014, The Danish Agency for Labour Market and Recruitment <https://www.star.dk/en/recent-labour-market-policy-reforms/the-employment-reform-2014/>, access date: November 3, 2018.

<sup>16</sup> The Employment Reform-2014, The Danish Agency for Labour Market and Recruitment <https://www.star.dk/en/recent-labour-market-policy-reforms/the-employment-reform-2014/>, access date: November 3, 2018.

skills and competences required by the labour market for the participants, and it is mainly directed at specific job functions and particular sectors. Furthermore, these unemployed persons with low education background are given more opportunities to take part in short-term courses in accordance with the specific labour market needs.<sup>17</sup>

The employment reform provides guarantee for the unemployed persons against the risk of losing contact with the labour market as well. The reform also supports the young and the elderly people in receiving a right-and-duty offer, an offer in the frame of activation measures in which the minimum requirements are defined in the regulation, earlier in comparison with the past practices (Raisanen et. al, 2012, p.17). Moreover, new graduates from higher education are presented greater opportunities to have satisfying jobs in the labour market. Meanwhile, the persons who have been long-term unemployed are supported with individually-tailored and more intensive effort. Additionally, for the unemployed who are at the greater risk of long-term unemployment, dynamic improvements are also carried out aiming to strengthen the quality of the policy initiatives, so that the initiatives bring comprehensive offers to all unemployed persons including the ones with disabilities.<sup>18</sup>

The maximum duration of the unemployment insurance payments to an unemployed reach to a long 4 years period which attracts the workers to be registered and to be a part of the scheme. A worker has to be inside the unemployment insurance fund for at least 1 year and must be employed for minimum 52 weeks in last three years until losing the job. After a year of unemployment, the beneficiary of insurance has to participate in an ALMP. The public employment services with the job seeker starts with the gathering of CV of the seeker by the caseworker. The first meeting, the CV meeting, takes place in the first three months following the registration of the seeker as unemployed. They have to come together at contact meetings at least once in every

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<sup>17</sup> Vocational Training and Education Initiatives in the Employment Reform, for detailed information see <https://www.star.dk/en/active-labour-market-policy-measures/vocational-training-and-education-initiatives-in-the-employment-reform-2014/>, access date: January 20, 2019.

<sup>18</sup> Recent Labour Market Policy Reforms, for the detailed information; see Danish Agency for Labour Market and Recruitment official webcast at <https://www.star.dk/en/recent-labour-market-policy-reforms/the-employment-reform-2014/>, access date: February 7, 2019.

3 months following the first meeting. Within 1 year of unemployment caseworker and the seeker meet for job plans or job assignments meetings if there is an interview for vacancy or assignment to a job. Near the end of the year they discuss on an ALMP for participation if the seeker is still unemployed. Recent analysis on the programs entitled “Quickly Back to Work” and “Quickly Back to Work 2” both correlated the fast job placement with the frequency and urgency of those meetings (Rosholm, 2014).

On 21<sup>st</sup> November 2016, The Danish Ministry of Employment enacted the Active Employment Act that brings number of amendments to the previous regulations concerning the domestic labour market in Denmark (Bazzani, 2017 p. 117-118). With the Act, the respective efforts of the job centres have been directed towards providing job opportunities to the unemployed in the most possible and shortest duration. The Act also regulates when and how unemployed people should be in contact with the job centres, and the active offers that the unemployed can receive or ought to receive. In pursuance of the Section VI Chapter 16 Article 84 and Article 91a of the Active Employment Act, the unemployed persons who have been receiving unemployment benefit under the Act on Unemployment Insurance are obliged to accept offers lodged by the job centres.<sup>19</sup>

### **3.2 Situation of Labour Market in Denmark**

Denmark is one of the top contributors of increasing labour market stature of the European Union (EU). In terms of employment, unemployment and activity rates of both genders, Denmark is a good example of a better functioning market.

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<sup>19</sup> The Danish Ministry of Employment official webcast, for the detailed information regarding the Active Employment Act and for the whole text of the Act; see <https://www.bm.dk/lovgivning/gældende-love-og-regler/lovgivning-om-beskaeftigelsesindsatsen/> and <https://www.retsinformation.dk/Forms/R0710.aspx?id=184891#idb174367e-b7e4-424a-9036-9e24d9b101c0>, access date: November 3, 2018.

**Table 3.1 Employment, Unemployment, Inactivity (% of the Active Workforce)**

<b>15-64 Age Employment Rate (Total)% - Annual</b>													
<b>Place/ Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	64.2	65.2	65.7	64.4	64.1	64.2	64.1	64.1	64.8	65.6	66.6	67.6	68.6
<b>Denmark</b>	77.4	77.0	77.9	75.3	73.3	73.1	72.6	72.5	72.8	73.5	74.9	74.2	75.4
<b>15-64 Age Employment Rate (Male)% - Annual</b>													
<b>Place/ Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	71.4	72.4	72.6	70.6	70.1	70.0	69.6	69.4	70.1	70.8	71.8	72.9	73.8
<b>Denmark</b>	81.2	80.8	81.6	78.0	75.6	75.9	75.2	75.0	75.8	76.6	77.7	76.9	78.0
<b>15-64 Age Employment Rate (Female)% - Annual</b>													
<b>Place/ Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	57.0	58.1	58.8	58.3	58.2	58.4	58.6	58.8	59.6	60.4	61.4	62.4	63.3
<b>Denmark</b>	73.4	73.2	74.1	72.7	71.1	70.4	70.0	70.0	69.8	70.4	72.0	71.5	72.6
<b>15-64 Age Activity Rate (Total)- Annual</b>													
<b>Place/ Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	70.0	70.3	70.7	70.8	71.0	71.1	71.7	72.0	72.3	72.5	72.9	73.3	73.7
<b>Denmark</b>	80.6	80.1	80.7	80.2	79.4	79.3	78.6	78.1	78.1	78.5	80.0	78.8	79.4
<b>15-64 Age Activity Rate (Male)- Annual</b>													
<b>Place/ Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	77.4	77.5	77.8	77.6	77.6	77.5	77.8	78.0	78.1	78.3	78.5	78.9	79.2
<b>Denmark</b>	84.1	83.7	84.3	83.6	82.6	82.3	81.4	80.6	81.1	81.6	82.6	81.5	82.1
<b>15-64 Age Activity Rate (Female) % - Annual</b>													
<b>Place/ Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	62.7	63.1	63.6	64.0	64.4	64.8	65.5	66.1	66.5	66.8	67.3	67.8	68.2
<b>Denmark</b>	77.0	76.4	77.0	76.8	76.0	76.1	75.8	75.6	75.0	75.3	77.2	76.1	76.6

Source: EUROSTAT Database 2019, Retrieved from <https://ec.europa.eu/eurostat/data/database>, July 14, 2019.

Labour force participation rates are higher in Denmark than most of the EU member states and the EU28 averages both for men and women, as shown in Table 3.1. Although male employment rates are higher in Denmark than those for female, the activity rates of women are 8 point higher than the EU average while activity rate of men has been around 3 percentage points above the average. The data utilised in this study is limited to 15-64 age interval, Denmark has higher differences than the EU28 in terms of older ages as elderly activity rates are also high.

Denmark is one of the countries which experienced the effects of the recent crisis. Still the measures and the structure of the labour market helped its performance stabilize a better level than the downturn, but a bit worse position than the pre-crisis situation. Table 3.2 shows that from 2006 to the end of 2008, with a rather flexible and secure environment, Denmark enjoyed a favourable unemployment rate below 4%. In 2009 with the effects of the worsening global economic situation, the unemployment rates started to rise till 2012 to 7.7%. The decrease tendency showed itself in the following year and lastly it dropped to a level of 5.1% in 2018. Denmark unemployment rates not only show a better performance in every year than EU averages, but also a higher recovery rate and speed starting from 2013 when EU averages show that unemployment problem was still valid that year. It is seen that men unemployment decreased much more than women in 2013, which is the starting year of recovery of unemployment rates. This fact may show that even in Denmark where the gender equality in the market is one of the most admirable, employment of men is prior to women.

**Table 3.2 Unemployment (Total and gender based)**

15-64 Age Unemployment Rate (Total)% - Annual													
Place/ Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>EU 28</b>	8.3	7.3	7.1	9.0	9.7	9.8	10.6	11.0	10.4	9.6	8.7	7.8	7.0
<b>Denmark</b>	4.0	3.8	3.5	6.1	7.6	7.7	7.7	7.2	6.8	6.3	6.3	5.9	5.1

Table 3.2 (continued)

15-64 Age Unemployment Rate (Male)% - Annual													
Place/ Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EU28	7.7	6.7	6.7	9.1	9.7	9.7	10.6	11.0	10.3	9.5	8.5	7.6	6.8
Denmark	3.4	3.5	3.2	6.8	8.5	7.9	7.7	6.9	6.6	6.1	6.0	5.7	5.0
15-64 Age Unemployment Rate (Female)% - Annual													
Place/ Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EU28	9.1	8.0	7.6	9.0	9.7	9.8	10.6	11.0	10.5	9.6	8.9	8.0	7.2
Denmark	4.6	4.2	3.8	5.4	6.5	7.6	7.7	7.4	6.9	6.5	6.8	6.0	5.2

Source: EUROSTAT Database 2019, Retrieved from <https://ec.europa.eu/eurostat/data/database>, July 14, 2019.

Long term unemployment rates in Denmark are reflecting the stronger performance of the labour market. In 2018 43% rate of the EU28 is two folds of Denmark's 21.1%. Still Denmark tries to reduce this rate to a level around 2009 averages of 9.5%.

Table 3.3 Long Term Unemployment (Total Age, Gender Based)

Long-term Unemployment 15 to 74 Years Percentage of Unemployment													
Place/Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EU28	45.0	42.5	36.9	33.1	39.7	42.8	44.3	47.1	49.3	48.1	46.4	44.7	43.0
Denmark	20.8	16.1	13.5	9.5	20.2	24.4	28.0	25.5	25.2	26.9	22.3	22.6	21.1
Long-term Unemployment 15 to 74 Years Percentage of Unemployment Male													
Place/Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EU28	45.2	42.7	36.6	31.8	40.3	43.4	44.6	47.4	49.7	48.6	46.6	45.1	43.1
Denmark	20.7	15.6	14.2	9.3	21.9	26.2	28.5	23.5	25.9	27.5	23.0	23.7	20.5

Table 3.3 (continued)

<b>Long-term unemployment 15 to 74 years Percentage of unemployment Female</b>													
<b>Place/Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	44.8	42.4	37.1	34.7	39.0	42.0	44.0	46.8	48.7	47.6	46.1	44.3	42.8
<b>Denmark</b>	20.8	16.6	12.7	9.8	17.8	22.3	27.5	27.5	24.4	26.2	21.6	21.5	21.8

Source: EUROSTAT Database 2019, Retrieved from <https://ec.europa.eu/eurostat/data/database>, July 14, 2019.

According to recent data shown in Table 3.3, in 2018 21.1% of total unemployed is long term unemployed in Denmark while the rate is around 42.8% in the EU28. In 2009 the long term unemployed showed the lowest records. The main reason of such a low rate is the success of the market during previous years as long-term unemployment rate shows naturally lagging conditions of previous years. Although having better grades than EU28, Denmark tries to cope with long term unemployment rates with the solutions which flexicurity may offer. The age segments mostly effected with the long-term unemployment problem would become a very specialised case within the framework of this study; however, the vulnerability of the youth should be examined within the scope of youth performance in the market.

Denmark is one of the Member States having relatively more active elder workforce but also having the disadvantages of aging population. It is important to include the youth in employment to have a sustainable pension scheme of retirees and continuation of the social standards.<sup>20</sup>

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<sup>20</sup> Working Better with Age in Denmark Assessment and key recommendations <https://www.oecd.org/els/emp/Assessment-and-key-recommendations-denmark.pdf>

**Table 3.4 Youth Unemployment and NEET (Gender Based)**

<b>Less than 25 Age Unemployment Rate (Total)% Active population- Annual</b>													
Place/Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EU28	17.7	15.5	15.6	19.9	21	21.7	23.2	23.6	22.2	20.3	18.7	16.8	15.2
Denmark	7.7	7.5	8	11.8	13.9	14.2	14.1	13	12.6	10.8	12	11	9.3
<b>15-24 Age Unemployment Rate (Male) % - Annual</b>													
Place/Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EU28	17.4	15.6	16	21.4	22.2	22.4	24	24.4	22.8	21.1	19.4	17.4	15.7
Denmark	7.9	7.6	7.3	13.2	16	15.6	14.7	14.2	13.7	11.6	13.1	11.4	10.5
<b>15-24 Age Unemployment Rate (Female) % - Annual</b>													
Place/Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EU28	18.1	15.9	15.6	18.6	20.1	21	22.4	22.9	21.4	19.5	17.9	16.1	14.5
Denmark	7.5	16.2	15.8	19	20.4	21	22.4	23	21.4	19.5	17.9	16.1	14.5
<b>15-24 Age NEET (Total) % Population - Annual</b>													
Place/Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EU28	11.4	11.1	10.9	12.4	12.8	12.9	13.2	13.0	12.4	12.0	11.5	10.9	10.4
Denmark	3.6	4.3	4.3	5.4	6.0	6.3	6.6	6.0	5.8	6.2	5.8	7.0	6.8
<b>15-24 Age NEET (Male) % Population - Annual</b>													
Place/Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EU28	10.4	9.9	9.7	12.0	12.4	12.6	13.0	12.8	12.2	11.7	11.2	10.6	10.0
Denmark	3.4	4.7	4.4	5.8	6.7	6.4	6.6	6.3	6.2	6.3	6.5	7.0	6.9
<b>15-24 Age NEET (Female) % Population - Annual</b>													
Place/Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EU28	12.5	12.3	12.1	12.9	13.2	13.3	13.4	13.2	12.6	12.3	11.8	11.1	10.8
Denmark	3.8	3.8	4.2	4.9	5.4	6.1	6.7	5.8	5.4	6.1	5.1	6.9	6.7

Source: EUROSTAT Database, 2019 <https://ec.europa.eu/eurostat/data/database> Access Date: 14.07.2019

Youth unemployment is one of the problems of Denmark labour market. Difference between male and female unemployment among youth represents a higher gap than older age groups. Unemployment rate of male youngsters of Denmark is lower than EU28 in 13-year period starting from 2006. On the other hand, female unemployment averages had been around the same level with EU28. NEET data shows that Denmark channelizes its youth to education when they are not in employment as it can be understood from the lower NEET ratios among women in 2018 than EU28 compared to similar level of unemployment rates.

In order to utilize its aging population and to sustain their activity in the market, Denmark should better create the grounds for elder to update their skills.

**Table 3.5 Participation to Education and Training (Gender Based)**

<b>25-64 Age Participation to Education and Training (Female ve Male) % - Annual</b>													
<b>Place/Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	9.6	9.4	9.5	9.5	9.3	9.1	9.2	10.7	10.8	10.7	10.8	10.9	11.1
<b>Denmark</b>	29.2	29.1	30.0	31.3	32.6	32.3	31.6	31.4	31.9	31.3	27.7	26.8	23.5
<b>25-64 Age Participation to Education and Training (Male) % - Annual</b>													
<b>Place/Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	8.7	8.5	8.6	8.6	8.4	8.3	8.5	9.7	9.9	9.7	9.8	10.0	10.1
<b>Denmark</b>	24.6	23.9	24.8	25.3	26.0	25.6	25.4	25.7	26.1	25.3	22.8	22.3	19.2
<b>25-64 Age Participation to Education and Training (Female) % - Annual</b>													
<b>Place/Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	10.5	10.3	10.4	10.4	10.2	9.8	9.9	11.6	11.8	11.7	11.7	11.8	12.1
<b>Denmark</b>	33.8	34.4	35.3	37.3	39.2	39.0	37.8	37.2	37.7	37.3	32.7	31.4	27.8

Source: EUROSTAT Database, 2019 <https://ec.europa.eu/eurostat/data/database> Access Date: 14.07.2019

Denmark has a good performance in terms of training and retraining its labour force. The rates of education and training participation had been mostly two times higher than EU28 averages. The participation to education and training is higher among women which may be due to their disadvantaged position in the market. Especially between 2007 and 2015 the rates of education participation are higher than it was in remaining terms. In the cases where unemployment is low, flexible conditions of the market have better chance to lead to faster transition from education to training.

**Table 3.6 Transition from Education to Work (ISCED 1997 Levels)**

Average time between leaving formal education and starting the first job by for persons who left within the last 3 or 5 years -15:34 years						
GEO	All	levels 0-4	levels 0-2	levels 3-6	levels 3 and 4	levels 5 and 6
EU27	6.5	7.8	9.9	6.2	7.3	5.1
Denmark	4.6	5.1	8.5	3.7	3.7	3.7
Average time between leaving formal education and starting the first job by for persons who left within the last 3 or 5 years -15:34 years male						
GEO	All	levels 0-4	levels 0-2	levels 3-6	levels 3 and 4	levels 5 and 6
EU27	6.8	8.0	9.9	6.3	7.5	4.9
Denmark	4.7	5.2	9.0	3.3	3.2	3.4
Average time between leaving formal education and starting the first job by for persons who left within the last 3 or 5 years -15:34 years female						
GEO	All	levels 0-4	levels 0-2	levels 3-6	levels 3 and 4	levels 5 and 6
EU27	6.3	7.6	9.9	6.0	7.1	5.3
Denmark	4.6	5.0	7.8	4.1	4.2	3.9

Levels 0-4: Pre-primary, primary, secondary and post-secondary non-tertiary education

Levels 0-2 : Pre-primary, primary and lower secondary education

Levels 3-6: Upper secondary, post-secondary non-tertiary, first and second stage of tertiary education

Levels 3-4: Upper secondary and post-secondary non-tertiary education

Levels 5-6: First and second stage of tertiary education

EUROSTAT Database, 2019 <https://ec.europa.eu/eurostat/data/database> Access Date: 14.07.2019

Years required to find a job after leaving formal education in Denmark takes shorter compared to the EU member state averages for all levels of education. The high performance of Denmark in terms of transition reflects its better position in terms of long-term unemployment among the EU Member States.

From 2008 to 2015, social security expenditures had an increasing tendency even while the unemployment rates were decreasing. Only in 2016 the social security expenditures showed a decrease in total. This rise is parallel to the shape of the age pyramid of the demographic structure. Still the effects of aging on rising social expenditure should be subject of further research.

**Table 3.7 Social Security Expenditures per capita (PPS based)**

<b>Total Social Security Expenditure € - Annual</b>									
<b>Place/ Year</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>EU28</b>	6,774	7,041	7,292	7,437	7,669,75	7,764	7,942	8,264	8,233
<b>Denmark</b>	9,175	9,656	10,158	10,198	10,404	10,764	11,150	11,439	10,940
<b>Administration Costs € - Annual</b>									
<b>Place/ Year</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>EU28</b>	203	220	224	222	227	227	226	225	220
<b>Denmark</b>	287	319	339	341	370	406	419	420	446
<b>Unemployment Expenditure € - Annual</b>									
<b>Place/ Year</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>EU28</b>	325,79	417,60	419,96	408,04	405,52	412,40	392,23	378,72	368,73
<b>Denmark</b>	317,06	468,13	608,73	602,25	619,45	608,18	557,51	537,48	489,16

EUROSTAT Database, 2019 <https://ec.europa.eu/eurostat/data/database> Access Date: 14.07.2019

Denmark has higher social security and unemployment expenditures compared to the EU. Especially during the downturn of global economy between 2007 and 2013, it is evident that Denmark supported its unemployed for a smooth transition.

### **3.3 Flexicurity Model of Denmark**

The Danish flexicurity model can be summarised in its three main pillars:

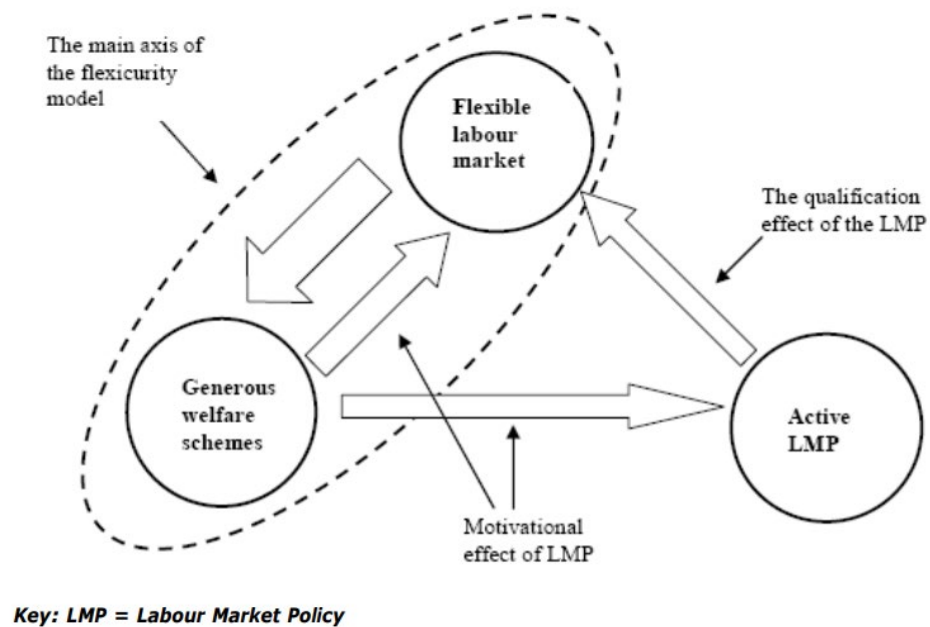
✓ A feature consistent with labour markets in the liberal Anglo-Saxon welfare regime, a relatively limited job security, with a high level of external numerical flexibility and high margin of job mobility. It is also supposed to be stated that; in spite of its low unemployment rate, Denmark has a European record in the percentage of employed who are every year affected by unemployment and receive unemployment or cash benefits at around 20 percent (Madsen, 2010, p. 63).

✓ Generous unemployment benefits and a well-built social safety net. In the Danish model, the major part of the unemployment insurance is highly dependent on the state finances, but also dependent on public services such as the extensive educational system as well as the developed child care system and the public healthcare. This is to be as a 'heavy-social service burden' by Gøsta Esping-Andersen (1990, p. 28) with a claim that accepts this so-called burden as the main element of the social democratic welfare regime. In the frame of this flexicurity model, a developed welfare State with high tax and benefit levels is not considered as opposing to a more flexible labour market as understood from the studies of Strøby Jensen, (2009, p. 5-12); Berglund (2010, p. 46-52) and Madsen (2011, p. 8-21). From another point of view, the generosity of the unemployment insurance has been defended by both the unions and the employers. It is seen as 'a reasonable price to pay' in exchange for the continuation of the managerial privilege to hire and fire personnel which is following the less strict employment protection legislation (van den Berg, 2008, p. 10).

✓ The third pillar of the Danish flexicurity model is the Active Labour Market Measures despite some authors argue that the Danish employment schemes have traditionally had a passive nature in a large scale (Strøby, 2009 p. 10; Berglund, 2010

p. 50; Madsen, 2011 p. 20). In this context, the ALMPs have two principal effects. The first one is the qualification effect which refers to upgrading jobless people, and ultimately, their improved job chances. The second one is based upon improving the motivation of the unemployed people while approaching the date to participate in active measures, so that it is aimed to keep them motivated to search for jobs, while they consider this short time as a matter making them feel that they will fail (Madsen, 2010, p. 64-65).

The flexicurity model of the Danish employment system is described as a triangle as shown in Figure 3.3. (Bredgaard et al., 2005 p. 6; Hendeliowitz, 2008 p. 9).



**Figure 3.3 The Danish “Flexicurity Model”**

Source: Employment Region Copenhagen and Zealand-The Danish National Labour Market Authority (2008)

As shown in Figure 3.3, the first component of the model indicates the flexible rules governing both the hiring and dismissal of employees. Flexibility makes it easy for employers to dismiss employees during the periods of recession and to hire new employees in case the economy picks up back, while enabling them to adapt to the varying conditions and demands of economic activity and production. The second component of the model indicates the security for wage earners in the comprehensive social safety net during unemployment. Finally, the active labour market policy (ALMP) forms the third component of the flexicurity model. The arrows forming the angles of the triangle indicate the flows of people. The two-sided arrows linking the social security system and the flexible labour market illustrate the situation that lots of workers are affected by circumstances of unemployment. According to the data driven, from the Danish Ministry of Employment as of 2005, approximately half million wage earners, or nearly 20 percent of the labour force, fall in unemployment every year (Hendeliowitz, 2008, p. 9). Yet, the majority of those quickly find new jobs in a short time, while a small group remains unemployed for a longer interval. Those who are unable to find new jobs are assisted by the active labour market measures, such as training and education programs, which are mainly designed to direct and help them re-enter the labour market quickly. Another important additional aim of the ALMP is to ensure that those receiving unemployment benefits do not find it attractive to remain unemployed, despite the relatively generous allowances (Hendeliowitz, 2008 p. 9).

The high degree of flexibility that exists in the Danish labour market is supported by various welfare state services, such as the adult vocational training and education as well as comprehensive education programs beside the childcare, health care supports etc., which are mostly financed by the extensive national taxation system. The outcome of “learn-fare” approach is based upon the long-term strategy to improve the skills of the labour force; high numbers of the unemployed people were enrolled into the labour market. Therefore, the flexicurity model can be regarded as a compromise between the reduced job security in exchange for high employment security and income security (Ibsen, 2011, p. 46). This compromise has been founded in a grid of industrial relations in which employers and strong trade unions have had

notable freedom to regulate the working conditions by means of collective bargaining. Danish unemployment reaching approximately to 11 percent in 1993 got successively declined to 3.4 percent in 2008. However, in the same year, the global financial crisis and its negative effects had a major impact on the Danish economy with a rise in unemployment to 6.1 percent in 2009 (OECD 2012).<sup>21</sup>

### **3.4 Active Labour Market Policies of Denmark**

The primary purpose of active labour market policy measures designated by the Danish Agency for Labour Market and Recruitment is to contribute to a well-functioning labour market by assisting unemployed people to find work, to provide services to employers seeking labour or wishing to retain employees, and to support people with special needs, or a reduced ability to work, to find work.<sup>22</sup> Thus, active employment measures are considered to be relatively widespread in Denmark and they encompass all categories of unemployed people.

Active employment measures which are offered by the job centres to unemployed people are compiled under three categories/types:<sup>23</sup>

Education, upgrading of skills and guidance: This consists of guidance and clarification activities, education to be certified by the formal educational institutions, training for specifically arranged projects and training periods. The past initiatives in the context of this updated category, the majority of participants took part in “other types of counselling and training” which have included a diverse category covering different municipal activation projects and job search trainings.

In the second category of the active employment measures, jobs subject to wage subsidy at private or public employers are used to retrain and improve the

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<sup>21</sup> In EU perspective, Denmark had the 7th highest unemployment rises in terms of percentage, following the Baltic countries, Ireland, Spain and Slovakia (Madsen 2011: 9).

<sup>22</sup> Active Labour Market Policy Measures, for detailed information see <https://www.star.dk/en/active-labour-market-policy-measures/>, access date: February 7, 2019.

<sup>23</sup> The Danish Agency for Labour Market and Recruitment official webcast, for detailed information see <https://www.star.dk/en/active-labour-market-policy-measures/>, access date: October 12, 2018.

professional and social competences of unemployed people. The wage subsidies, both in public and private sector, are provided to the employers in case they hire a person who has been unemployed for at least 6 months. Private and public companies are also eligible for a wage subsidy to hire an unemployed person for a period of 4 or 12 months depending on which category of unemployment the person in.

In the third category, practical, at work, trainings at private and public enterprises are used to retrain and improve the capabilities of the jobseekers and in this way to develop their qualifications. Meanwhile, the jobseeker keeps on to get unemployment insurance benefit in the duration of the internship to upgrade his/her skills.

In the context of the vocational guidance<sup>24</sup> within the education system, The Ministry of Education is regarded as responsible for continuous development and supervision of guidance services in the educational field. In this regard, the various guidance services consist of:

- ✓ Youth Guidance Centres: Municipal level institutions that are responsible for guidance concerning the transition from compulsory school education to youth education.

- ✓ Regional Guidance Centres: Institutions responsible for guidance concerning the transition from youth education to higher education.

- ✓ VEU Centres: The purpose of these ‘regional adult education and training centres’ is to improve the overall infrastructure for guidance and provision of vocational training and education for adults.

- ✓ eGuidance Centre: The virtual guidance centre that is made up of a national

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<sup>24</sup> “Vocational Guidance” is defined as covering all unemployed people by the Danish Agency for Labour Market and Recruitment (see <https://www.star.dk/en/active-labour-market-policy-measures/vocational-guidance-in-the-employment-system/>, access date: February 7, 2019.). But in general, this term specially points out to the youth such as either the students just before the graduation or unemployed right after the graduation (concerning the vocational guidance for youth, see [http://www.ascd.org/ASCD/pdf/journals/ed\\_lead/el\\_196504\\_gilkey.pdf](http://www.ascd.org/ASCD/pdf/journals/ed_lead/el_196504_gilkey.pdf) and [https://www.usherbrooke.ca/ssp/fileadmin/sites/ssp/documents/Fiches\\_de\\_programme/education/Ud\\_eS\\_Career-counseling\\_EN.pdf](https://www.usherbrooke.ca/ssp/fileadmin/sites/ssp/documents/Fiches_de_programme/education/Ud_eS_Career-counseling_EN.pdf), access date: February 7, 2019).

guidance unit which was set up in January 2011. It provides guidance via virtual communication to all in public who need and/or require information regarding the education as well as employment.

✓ The National Guidance Portal<sup>25</sup>

There is a total of 91 job centres spreading across the 98 municipalities of Denmark, which are responsible for conducting the ALMPs. Two elements are considered to be important for administering the ALMPs. The ALMP system is characterized by a reciprocal obligations view, which means that in order to claim a right, one must fulfil his obligations. This expresses that the unemployed person has to search for a job actively and to participate in any sort of labour market program willingly to which he is assigned by his caseworker. Meanwhile, an unemployed worker has a right to participate in an education program which depends upon his choice for the duration of averagely six weeks. In case he has been unemployed for nine months, he is required to attend one education program. These, public employment institutions have become more pro-active in job-matching services. They abandoned being a job office, waiting for applications and vacancies but rather act to contact with employers and job seekers about their needs, consult them and help them find the suitable job and skills. Consultation also includes orientation, monitoring individuals' progress, establishment of job clubs, raising awareness, job development.

### **3.5 Job (Vocational) Counselling Practices**

Vocational guidance in the national employment system is presented as a well-organized system in Denmark, so that according to the information provided by the Danish Agency for Labour Market and Recruitment, the unemployed people are given vocational guidance by the job centres through various guidance services. Additionally, the Ministry of Education holds the responsibility for supervision and development. In this organizational framework, municipalities, by means of the job centres, provide vocational guidance to jobseekers, involving all young unemployed

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<sup>25</sup> <https://www.ug.dk/>

persons. And, Denmark has 51 municipal youth guidance centres which give guidance services for young people up to the age of 25. And, these youth guidance centres, under the auspices of the Ministry of Education, are also responsible for cooperation with the school system. The youth guidance centres work as mainly based on guidance concerning the transition from compulsory school education to youth education or, selectively, to the labour market. There are 7 regional guidance centres which focus on the transition from youth education to higher education and in addition, as of 2010, 13 regional adult education and training centres (VEU centres) that resume responsibility for guidance particularly for the adult education and training purposes.

The feature that particularly characterizes the ALMP institutional setting in Denmark is the frequent contact between the unemployed and the job centre. All unemployed persons are supposed to make a CV available during their first four weeks of unemployment, and they should participate in mandatory meetings at least every 13 weeks. While the Danish labour market authorities execute randomized watch and trials in selected job centres, the caseload in the job centres is to be addressed. According to the report presented by Graversen et al. (2007, p. 5), the job centres have a large scope of autonomy with regard to the implementation. In this context, each job centre may make a decision on whether the increased meetings monitored by the caseworkers or external entities specializing in job search and counselling. Furthermore, no reason is accepted to assume that caseworkers feel pressured by the increased caseload, so that such meetings in many cases are transferred to third parties. The report issued by Rambøll (2009, p. 15) indicates that caseworkers taking part in the randomized trials claim that their role is not changed and their overall satisfaction degree with the trials is high.

While ALMPs play a crucial role in ensuring qualifications and availability of the labour force in Denmark, caseworkers are responsible for actively carrying out the ALMPs, and mostly a large body of previous work has been establishing a significant effect and part of meetings conducted between caseworkers and unemployed workers on individual unemployment duration and subsequent employment results. According to the results of the experiments led by Brodersen (2014, p. 154), such

meetings clearly affect labour supply in a positive manner and in this context, it is assumed that the intensified caseworker meetings contribute to shortening the duration of online posted vacancies. The supply side, the unemployed workers, benefit from the increased counselling where information of possible job matches is made available to them, consequently this situation significantly decreases the search expenses for the applicants. On the other hand, these meetings have a monitoring component, as this was also a period of strict search requirements which were documented at these meetings. Besides, insufficient search leads to the imposition of various sanctions (Svarer, 2011, p. 756). So, it is claimed as a control asset leading the unemployed to increased search. From the demand side, the firms proclaiming the vacancies benefit as well in the virtue of a better suited applicants in the broader field thanks to the intensified search which is directly related to the increase in the meeting intensity.

In the frame of the ALMPs implemented in Denmark, the purposes of the meetings between caseworkers and unemployed individuals eventually have been assessed in four aspects: providing job search assistance, monitoring that the unemployed individuals fulfil their duties in terms of program participation and active job search, referring the unemployed to related vacancies, and assessing the overall job-related aptitude of the unemployed. In case of non-compliance with the guidelines brought up by the caseworker, the unemployment insurance-benefits may be forfeited for a short (temporary exclusion beginning from a couple of days and up to three weeks) or longer period of time. Additionally, specific sanctions and search requirements are applied as necessary in order to prohibit moral hazard related with the very generous unemployment insurance benefits which actually characterize the Danish flexicurity model. The manner of monitoring of these policy initiatives roles as to ensure that the generous unemployment benefits would not become an income substitution by abuse. It makes sure if the benefit is gained after the one is entitled, if requirements of skills upgrading and active search are properly met (Andersen and Svaver, 2007 p. 389-429).

According to the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission<sup>26</sup>; in Denmark, job counselling sessions and other conversations in the job centres are the integrated part of the various schemes designed to help citizens who need to attain employment. With regard to ‘fleksjob’ - the option for people with lasting and significant reductions in work capacity to work for a small amount of hours with public supplements to the income – citizens are engaged in dialogue about what kinds of jobs they could apply for, but it is also designated as the responsibility of the job centres to assure that a specific job is compatible with the reduced work capacity. And with regard to ‘*kontanthjælp*’ (financial aid for people with very limited income and possessions), one of the conditions for receiving this aid is ‘being available to the labour market’ which involves attending meetings etc. Besides, the absence from these meetings can impact the right to receive *kontanthjælp* pursuant to the latest amendments in the domestic law (§ [Section] 13) which was enacted on 21 March, 2017.<sup>27</sup> On the other side, an important right of the citizens in Denmark is the option to complain about the way that the municipality/job entre handles the administration of one’s case. And, this right is individually used by contacting the local mayor.

Employment services of Denmark has a decentralized structure executed by around 100 job centres, including the offices of the municipalities. Employment service provision of Denmark had a transformation reform as the state led responsibilities are started to be transferred to municipalities as it is mentioned in the subsequent paragraphs. This transformation aims to merge the experiences of central state and the municipality on labour market. On the other hand, it is highly criticised as it would become a part of de-corporatisation and would lead a fragmented labour market structure decreasing the effectiveness of labour unions (Knuth and Larsen, 2010, p. 182). Although public employment service authority delegates responsibilities and

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<sup>26</sup> The information mentioned in the paragraph is from “Your social security rights in Denmark” which was published by EU Commission in 2019, <https://ec.europa.eu/social/BlobServlet?docId=13746&langId=en> access date: August 25, 2019

<sup>27</sup> For the hole text of the amendments to the Denmark domestic laws, see <https://www.retsinformation.dk/Forms/R0710.aspx?id=188312#idd3150e10-a36f-46be-a3a4-fb851d94b2af>, access date: December 22, 2018.

increases the role of municipalities regarding employment services, it is still more convenient to say that the job centres of public employment services deal with the unemployment issue of insurance beneficiaries, municipality job centres are responsible for social assistance and unemployed out of insurance. Employment services of Denmark follow usual framework including job seminars, CV database, phone hotline and meetings for job seekers whereas worker placements and administrative assistance for employers.

### **3.6 Conclusions**

Denmark, still being a social welfare state, adapted itself to a more liberal welfare regime with higher level of flexibility and a relatively limited job security compared to 1990s. Denmark is an example of the hardly accepted combination of social welfare with less rigidity where high tax and benefit levels is not considered as opposing to a more flexible labour market. It is seen that different than the previous approach of 90s, Denmark channelize a considerable share of high taxes to ALMPs rather than passive measures. It seems that Denmark no longer relies on unemployment benefits to stabilize its social welfare but encourage people to work more by supporting them via ALMPs.

The actors of the labour market are not numerously various but also not centralized. Danish Agency for Labour Market and Recruitment is the central structure of labour market policies where the policy planning is fed by around 100 regional offices. Municipalities as job centres have a share of budget to provide vocational guidance to job seekers to benefit from the ALMPs provided and planned. Ministry of Education is supervising and development of the training and retraining programs where the implementation is carried out by Danish Agency and regional offices. Although there are criticisms regarding de fragmented operation of the system, the labour market situation and effectiveness of Denmark shows a good projection. Denmark is still a good example of higher unionization rates and in order to evade the fragmentation reducing the effectiveness of unions, centralized bodies should ensure constant dialogue with the stakeholders.

It is positive feature of the strong Danish labour market to consider the balance between the turnover rates and unemployment benefits. This balance provides a well-functioning flexible welfare system. Job search costs are not discouraging as the system supports 25% of private sector workers to shift between jobs. Still it may be important to ensure sustainable expertise on the workplaces by not letting shifts too much than needed.

In every aspect examined in this study, Denmark proved to have one of the strongest labour markets in the EU. Denmark enjoyed a favourable unemployment rate below 4%. Gender balance in labour market is in good shape. In addition, Denmark focused its aging and possible future social welfare problems by focusing youth more. The gender balance issues and unemployment problem is more common among youth and the solution of channelizing more to education may not serve as a long-term solution as unemployment may be leading youth to participate in education and trainings rather than employment. On the other hand, transition to labour market from education shows the opposite, it is seen that Danish youth has a chance to find a job faster than the EU's thanks to low unemployment rates. This may lead a question if Denmark channelize the youth to education in purpose to not to increase youth unemployment or Danish youth does not need to become wage-earners. While the trainings could improve the future productivity of the market, lack of vocational experience and cost of education on the budget may also be not covered by this increase in the future.

The reforms of Denmark put into effect during 1990s created the "job miracle". These reforms are the main key of reducing over 10% unemployment rate in 1993 to below 6% following 1997. Until the economic slowdown, 2009, the rates have been stayed below 6%. The main formulation of the reforms is to decrease passive unemployment benefits and channelizing them to ALMPs in balance of protecting the welfare state.

In this study, the analysis of success of Denmark ALMP approach is mainly within the frame of the development and current indicators of its labour market. The idea of regionalisation on implementation of ALMPs showed success in terms of the indicators. According the EUROSTAT data provided in earlier chapters, Denmark

passed the negative effects of the crisis much faster than the EU28. Communication Technology (ICT) tools, the freedom of Danish municipalities on Employment Reform and ALMPs work in terms of the indicators. Jobs have been created the people is provided with sufficient skill sets in needs of each region.

Denmark have an institutional measure set to cope with youth unemployment issue. It has 51 municipal youth guidance centres cooperating with Ministry of Education give guidance services for young people up to the age of 25. Faster transition from school to work and highly adaptive workforce is supported with this cooperation. Still among many positives, these job centres should focus more on gender equality which is a showing future risk of imbalance.

To cope with the aging issue and youth unemployment right-and-duty based provision of services are adopted. Whole set of ALMPs which can be provided to unemployed are bound to minimum requirements of regulations. All ALMP provision is bound to job counselling services and the necessary progress is drawn in a systematic approach. The responsibility given to the job seeker to benefit from the unemployment supports and ALMPs is their presence in the job counselling process. Job counsellors' meetings and the progress of the unemployed is closely monitored in individual basis. This approach and system of Denmark would surely increase the effectiveness of the funds allocated and better policy making in the future.

## **CHAPTER 4**

### **THE ACTIVE LABOUR MARKET POLICIES AND JOB COUNSELLING IN THE UNITED KINGDOM**

According to the latest country reviews of the OECD<sup>28</sup> on policies that help people find employment in the frame of the ALMPs, the United Kingdom is pointed as a state which has a long tradition of activation policies. These labour market activation policies of the UK aiming to promote the effective reintegration into employment of working-age benefit recipients have helped limit the rise in unemployment even during the global financial and economic crisis. The UK has also been at the forefront of efforts by the OECD countries to transform and modernise their activation policies. This policy has continued with two major recent initiatives, the Universal Credit (UC) and the Work Programme which will be discussed in detail in the subsequent paragraphs.<sup>29</sup>

Taking the UK as a case to examine the job counselling practices, this chapter is divided into six sections. The first section summarises the development of the labour market activation strategies in the UK. The second section explains the current situation of the labour market in the UK in light of the EUROSTAT data. The third section introduces the policy actors and labour market mechanisms in the EU. The fourth section gives a brief outlook of the Active Labour Market Policies in the UK and in this context the fifth section introduces job (vocational) counselling practices.

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<sup>28</sup> For OECD country reviews; see <http://www.oecd.org/employment/activation.htm>, access date: November 6, 2018.

<sup>29</sup> For detailed information regarding the employment activation process in UK according to the OECD review; see [https://read.oecd-ilibrary.org/employment/connecting-people-with-jobs/executive-summary\\_9789264217188-3-en#page1](https://read.oecd-ilibrary.org/employment/connecting-people-with-jobs/executive-summary_9789264217188-3-en#page1), access date: November 6, 2018.

The last section gives an overview of the UK case and makes conclusions about the job counselling system and practices in the UK.

#### **4.1 Development of Activation Strategies in the UK**

In the case of the UK, the activation strategies within the labour market for the unemployed can be traced back to the 1980s, with activation strategies for recipients of other benefits (who were not formerly required to actively search for work) following from the mid-1990s (Martin, 2016, p. 5). Later, in 2010, the UC plans were announced by targeting to replace most out-of-work benefits and personal tax credits with a single monthly payment, so that the systems of rights and responsibilities for claimants have become more flexible and individualised. In this frame, the UC enables smooth transitions between unemployment and work, and ensures that work always pays. As the UC facilitates the combination of part-time work with the benefits still being paid, it also introduces the principle that job-search and related requirements apply when earnings are below an expected minimum (in-work conditionality), but plans for large-scale or intensive implementation of in-work conditionality are considered as still at a fairly early stage. The Department for Work and Pensions (DWP) expects that overall, more people will work because of the changes, and for longer (period of time) while total labour supply is increasing because the said new system is argued to ensure that the work always pays relative to not working, besides the benefit withdrawal rates are being reduced for the individuals who face the highest rates today.<sup>30</sup>

On the other side, the UC introduces some new challenges. The majority of people who are going to receive the UC will be working, so that one out of six employed people in the UK will be claiming the UC. In most cases, it is expected that a reduction in their earnings will increase their UC payment, which may act as an incentive to work less. In comparison to few other OECD States that pay moderate

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<sup>30</sup> For detailed information regarding the UC disclosed by the DWP; see <https://www.gov.uk/government/organisations/department-for-work-pensions>, access date: November 6, 2018

or high out-of-work benefits allow them to be retained in combination with earnings from part time work to the extent that the UK will do with UC. In some OECD States, this possibility exists for workers on full unemployment insurance benefits, but it is subject to restrictions and time-limits. And, this situation is assessed as a suggestion that the UK might also need to restrict the mentioned possibility for groups that are expected to be available for full-time work.<sup>31</sup>

In the frame of historical development process, UK's traditional activation policies aiming to promote quick re-integration of working-age benefit recipients has brought requirement from the claimants of unemployed benefits to seek work actively as a requisite for benefit receipt. The eligibility conditions have further been tightened with the Jobseeker's Allowance (JSA) implementation in 1996. Later changes in the benefit implementations and regimes have led to an increase of benefit claimants required to engage with the labour market.

## **4.2 Situation of Labour Market in the UK**

The United Kingdom is one of the countries which is regarded to have flexible labour market conditions with a strong structure. The UK labour market has proved its resilience to Brexit-related uncertainty, with official data showing employment reached its highest level on record towards the end of 2018.

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<sup>31</sup> For detailed information related with the functions and activities of DWP, see <https://www.gov.uk/government/organisations/department-for-work-pensions> and (through the OECD review) [https://read.oecd-ilibrary.org/employment/connecting-people-with-jobs/the-background-to-active-labour-market-policies-in-the-united-kingdom\\_9789264217188-5-en#page16](https://read.oecd-ilibrary.org/employment/connecting-people-with-jobs/the-background-to-active-labour-market-policies-in-the-united-kingdom_9789264217188-5-en#page16), access date: November 26, 2018.

**Table 4.1 Employment, Unemployment, Inactivity (Percentage of active workforce)**

<b>15-64 Age Employment Rate (Total)% - Annual</b>													
Place/Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EU28	64.2	65.2	65.7	64.4	64.1	64.2	64.1	64.1	64.8	65.6	66.6	67.6	68.6
UK	71.6	71.5	71.5	69.9	69.4	69.3	69.9	70.5	71.9	72.7	73.5	74.1	74.7
<b>15-64 Age Employment Rate (Male)% - Annual</b>													
Place/Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EU28	71.4	72.4	72.6	70.6	70.1	70.0	69.6	69.4	70.1	70.8	71.8	72.9	73.8
UK	77.6	77.6	77.4	74.9	74.4	74.3	75.0	75.4	76.8	77.6	78.2	78.6	79.1
<b>15-64 Age Employment Rate (Female)% - Annual</b>													
Place/Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EU28	57.0	58.1	58.8	58.3	58.2	58.4	58.6	58.8	59.6	60.4	61.4	62.4	63.3
UK	65.8	65.5	65.7	64.9	64.5	64.4	64.9	65.8	67.1	67.9	68.8	69.7	70.3
<b>15-64 Activity Rate (Total)- Annual</b>													
Place/Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EU28	70.0	70.3	70.7	70.8	71.0	71.1	71.7	72.0	72.3	72.5	72.9	73.3	73.7
UK	75.7	75.5	75.8	75.7	75.4	75.5	76.1	76.4	76.7	76.9	77.3	77.6	77.9
<b>15-64 Activity Rate (Male)- Annual</b>													
Place/Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EU28	77.4	77.5	77.8	77.6	77.6	77.5	77.8	78.0	78.1	78.3	78.5	78.9	79.2
UK	82.3	82.2	82.4	82.0	81.5	81.5	82.0	82.1	82.2	82.2	82.4	82.3	82.6
<b>15-64 Activity Rate(Female) % - Annual</b>													
Place/Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EU28	62.7	63.1	63.6	64.0	64.4	64.8	65.5	66.1	66.5	66.8	67.3	67.8	68.2
UK	69.2	68.9	69.3	69.5	69.3	69.6	70.2	70.9	71.3	71.7	72.2	72.9	73.2

Source: EUROSTAT Database, 2019 <https://ec.europa.eu/eurostat/data/database> Access Date: 14.07.2019

In the 13-year period starting from 2006, the UK proved better performances with regards to activity and employment rates. One distinguishing fact of the UK case is having a higher gap in terms of female activity than male activity compared to the EU averages. In 2018 female activity rate was around 5 percentage points higher than the EU28, while that of male was around 3.5 points. On the other hand, female activity rates are still behind the men with 73.2% and 82.6% respectively.

Unemployment does not seem to be as an issue in the UK labour market as it showed a significant decreasing trend from 2012 onwards where the EU28 could start this kind of trend only after 2013. Briefly, the UK seems to be one of the EU Member States to recover from the slowdown of crisis in terms of unemployment rates.

**Table 4.2 Unemployment (Total and gender based)**

<b>15-64 Age Unemployment Rate (Total)% - Annual</b>													
<b>Place/Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU 28</b>	8.3	7.3	7.1	9.0	9.7	9.8	10.6	11.0	10.4	9.6	8.7	7.8	7.0
<b>UK</b>	5.4	5.3	5.7	7.7	7.9	8.2	8.1	7.7	6.3	5.4	4.9	4.4	4.1
<b>15-64 Age Unemployment Rate (Male)% - Annual</b>													
<b>Place/Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	7.7	6.7	6.7	9.1	9.7	9.7	10.6	11.0	10.3	9.5	8.5	7.6	6.8
<b>UK</b>	5.8	5.6	6.2	8.6	8.7	8.8	8.5	8.2	6.5	5.6	5.1	4.6	4.2
<b>15-64 Age Unemployment Rate (Female)% - Annual</b>													
<b>Place/Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	9.1	8.0	7.6	9.0	9.7	9.8	10.6	11.0	10.5	9.6	8.9	8.0	7.2
<b>UK</b>	5.0	5.0	5.2	6.5	7.0	7.5	7.5	7.2	6.0	5.2	4.8	4.3	4.0

Source: EUROSTAT Database, 2019 <https://ec.europa.eu/eurostat/data/database> Access Date: 14.07.2019

Unemployment rates for male and female are close to each other. This proves the strong presence of both male and female in the labour market. In addition, the unemployment rates among female had been lower than male. It is a very special fact of the UK labour market with remarkable gender balance in terms of unemployment in the market. Still the UK can show efforts to activate more female to fulfil the demand in the market. With regards to long term unemployment, it is possible to state that the UK had shown better performance than the EU28. While the EU28 experiences nearly 43% long term unemployment in 2018, the UK shows a performance equal to 26.2%.

Providing better chances to female workforce is also a distinguishing feature of the UK labour market. Female workforce seems to have better employability compared to male considering the long-term unemployment averages. Although unemployment rates and long-term unemployment rates are proving a more capable structure of the labour market, the UK does not have a similar grade sheet on younger age segments.

**Table 4.3 Long Term Unemployment (Total Age, Gender Based)**

<b>Long-term unemployment 15 to 74 years Percentage of unemployment</b>													
<b>Place/Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	45.0	42.5	36.9	33.1	39.7	42.8	44.3	47.1	49.3	48.1	46.4	44.7	43.0
<b>UK</b>	22.3	23.7	24.1	24.5	32.5	33.4	34.7	36.1	35.8	30.7	27.1	25.9	26.2
<b>Long-term unemployment 15 to 74 years Percentage of unemployment Male</b>													
<b>Place/Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	45.2	42.7	36.6	31.8	40.3	43.4	44.6	47.4	49.7	48.6	46.6	45.1	43.1
<b>UK</b>	26.8	28.4	28.4	26.6	37.1	37.8	38.0	39.5	40.2	34.3	30.3	28.7	29.4
<b>Long-term unemployment 15 to 74 years Percentage of unemployment Female</b>													
<b>Place/Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	44.8	42.4	37.1	34.7	39.0	42.0	44.0	46.8	48.7	47.6	46.1	44.3	42.8
<b>UK</b>	16.2	17.6	18.1	21.4	25.9	27.6	30.3	31.6	30.2	26.3	23.3	22.5	22.4

Source: EUROSTAT Database, 2019 <https://ec.europa.eu/eurostat/data/database> Access Date: 14.07.2019

**Table 4.4 Youth Unemployment and NEET (Gender Based)**

<b>Less than 25 Age Unemployment Rate (Total)% Active population- Annual</b>													
<b>Place/Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	17.7	15.5	15.6	19.9	21	21.7	23.2	23.6	22.2	20.3	18.7	16.8	15.2
<b>UK</b>	13.9	14.3	15	19.1	19.9	21.3	21.2	20.7	17	14.6	13	12.1	11.3
<b>15-24 Age Unemployment Rate (Male) % - Annual</b>													
<b>Place/Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	17.4	15.6	16	21.4	22.2	22.4	24	24.4	22.8	21.1	19.4	17.4	15.7
<b>UK</b>	15.6	15.8	17.1	21.9	22	23.8	23.9	23	18.9	16.2	14.8	13.5	12.2
<b>15-24 Age Unemployment Rate (Female) % - Annual</b>													
<b>Place/Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	18.1	15.9	15.6	18.6	20.1	21	22.4	22.9	21.4	19.5	17.9	16.1	14.5
<b>UK</b>	12	7.4	8.7	10.3	11.8	12.7	13.5	11.8	11.5	10	10.9	10.7	8.2
<b>15-24 Age NEET (Total) % Population - Annual</b>													
<b>Place/Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	11.4	11.1	10.9	12.4	12.8	12.9	13.2	13.0	12.4	12.0	11.5	10.9	10.4
<b>UK</b>	8.6	11.9	12.1	13.2	13.6	14.2	13.9	13.2	11.9	11.1	10.9	10.3	10.4
<b>15-24 Age NEET (Male) % Population - Annual</b>													
<b>Place/Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	10.4	9.9	9.7	12.0	12.4	12.6	13.0	12.8	12.2	11.7	11.2	10.6	10.0
<b>UK</b>	7.5	10.1	10.1	11.9	12.1	13.1	12.8	12.1	10.7	9.7	10.3	10.2	9.7
<b>15-24 Age NEET (Female) % Population - Annual</b>													
<b>Place/Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	12.5	12.3	12.1	12.9	13.2	13.3	13.4	13.2	12.6	12.3	11.8	11.1	10.8
<b>UK</b>	9.6	13.7	14.1	14.5	15.1	15.4	15.0	14.4	13.1	12.4	11.5	10.4	11.2

Source: EUROSTAT Database, 2019 <https://ec.europa.eu/eurostat/data/database> Access Date: 14.07.2019

Once again, female workforce proves to have better performance within the youth but even the lower percentages of unemployment, they have could not improve the worse conditions of male and overall rates compared to the EU28. It is evident that the main problem of the UK labour market is the youth unemployment. The UK had higher rates of training and education participation than the EU28 averages. On the other hand, this rate decreased from 27.4% in 2006 to 14.6% in 2018. In 2006, the UK was the main contributor of the EU28 averages with its three times higher rate of participation, which is only 30% higher nowadays.

**Table 4.5 Participation to Education and Training**

<b>25-64 Age Participation to Education and Training (Female ve Male) % - Annual</b>													
<b>Place/ Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	9.6	9.4	9.5	9.5	9.3	9.1	9.2	10.7	10.8	10.7	10.8	10.9	11.1
<b>UK</b>	27.4	20.5	20.5	20.7	20.1	16.3	16.3	16.6	16.3	15.7	14.4	14.3	14.6
<b>25-64 Age Participation to Education and Training (Male) % - Annual</b>													
<b>Place/ Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	8.7	8.5	8.6	8.6	8.4	8.3	8.5	9.7	9.9	9.7	9.8	10.0	10.1
<b>UK</b>	22.7	17.1	17.1	17.2	16.9	14.4	14.6	15.0	14.6	13.9	13.0	12.9	12.9
<b>25-64 Age Participation to Education and Training (Female) % - Annual</b>													
<b>Place/ Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	10.5	10.3	10.4	10.4	10.2	9.8	9.9	11.6	11.8	11.7	11.7	11.8	12.1
<b>UK</b>	32.2	23.9	23.9	24.1	23.3	18.2	18.0	18.3	18.0	17.5	15.8	15.8	16.2

Source: EUROSTAT Database, 2019 <https://ec.europa.eu/eurostat/data/database> Access Date: 14.07.2019

Economic slowdown during this 13-year period did not affect the decreasing trend of participation in the UK unlike the case of Denmark. Similar to Denmark, the UK which is known with its flexible conditions, gives better chance to youth in terms of

creating chances to start to their first job. It is evident that high skilled workforce is demanded more by the employers.

**Table 4.6 Transition from Education to Work (ISCED 1997 Levels)**

Average time between leaving formal education and starting the first job by for persons who left within the last 3 or 5 years -15:34 years						
GEO	All	levels 0-4	levels 0-2	levels 3-6	levels 3 and 4	levels 5 and 6
EU27	6.5	7.8	9.9	6.2	7.3	5.1
UK	3.5	3.9	6.4	3.1	3.2	3.0
Average time between leaving formal education and starting the first job by for persons who left within the last 3 or 5 years -15:34 years male						
GEO	All	levels 0-4	levels 0-2	levels 3-6	levels 3 and 4	levels 5 and 6
EU27	6.8	8.0	9.9	6.3	7.5	4.9
UK	3.4	3.4	6.3	2.9	2.6	3.2
Average time between leaving formal education and starting the first job by for persons who left within the last 3 or 5 years -15:34 years female						
GEO	All	levels 0-4	levels 0-2	levels 3-6	levels 3 and 4	levels 5 and 6
EU27	6.3	7.6	9.9	6.0	7.1	5.3
UK	3.8	4.5	6.5	3.4	4.0	2.8

Levels 0-4: Pre-primary, primary, secondary and post-secondary non-tertiary education

Levels 0-2 : Pre-primary, primary and lower secondary education

Levels 3-6: Upper secondary, post-secondary non-tertiary, first and second stage of tertiary education

Levels 3-4: Upper secondary and post-secondary non-tertiary education

Levels 5-6: First and second stage of tertiary education

EUROSTAT Database, 2019 <https://ec.europa.eu/eurostat/data/database> Access Date: 14.07.2019

Social security expenditures in the UK are not parallel to the unemployment rates. The UK approach shows signs of reducing the expenditures per capita. In 2006, for the social security, the UK spent higher than the EU28 averages, but in 2016 it is lower.

**Table 4.7 Social Security Expenditures per capita (PPS based)**

<b>Total Social Security Expenditure € - Annual</b>									
<b>Place/ Year</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>EU28</b>	6,774.6	7,041.7	7,292.9	7,437.1	7,669.7	7,764.7	7,942.5	8,264.4	8,233.2
<b>UK</b>	7,224.37	7,327.42	7,628.89	7,766.45	7,999.11	7,823.43	7,872.6	8,227.2	7,764.0
<b>Administration Costs € - Annual</b>									
<b>Place/ Year</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>EU28</b>	203.53	220.20	224.70	222.43	227.96	227.36	226.19	225.04	220.03
<b>UK</b>	102.28	102.79	97.66	102.05	98.40	87.35	69.43	64.93	59.06
<b>Unemployment Expenditure € - Annual</b>									
<b>Place/ Year</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>EU28</b>	325.79	417.60	419.96	408.04	405.52	412.40	392.23	378.72	368.73
<b>UK</b>	155.64	202.42	185.48	180.16	185.29	159.96	127.50	115.64	109.11

EUROSTAT Database, 2019 <https://ec.europa.eu/eurostat/data/database> Access Date: 14.07.2019

The administration costs are rather low in the UK, which is mainly due to private and regional engagement into such services rather than state funding. Similar to the EU member states, the UK increased the unemployment expenditure during the economic slowdown, however the overall approach of the UK is to decrease unemployment expenditures to increase activity rates.

### **4.3 Policy Actors and Labour Market Mechanisms in the UK**

In the UK, a large part of the work of the House of Commons and the House of Lords takes place in committees, made up of the MPs (Members of Parliament) or Lords. These committees consider policy issues, scrutinise the work and expenditure of the government, and examine proposals for primary and secondary legislation. The Work

and Pensions Committee (WPC) examines the expenditure, administration and policy of the Department for Work and Pensions (DWP) and its associated public bodies.<sup>32</sup> In this framework, the Department for Work and Pensions (DWP) is the main government department responsible for the labour market policy in the UK.

The creation of the DWP in 2001 is considered as a major step providing a more active approach to the UK labour market.<sup>33</sup> It brought together the Department of Social Security which was primarily responsible for the administration of social security benefits, with the employment assets from the then Department for Education and Employment. The DWP is responsible for the labour market policy making and for the employment programmes, as well as unemployment benefits and income support, housing, disability, family and health-related benefits, pensions, child maintenance, and health and safety in the workplaces.

The public employment service in the UK, namely the Jobcentre Plus (JCP), contributes to the efficient matching of jobseekers with available vacancies and develops the employability of the unemployed through guidance, counselling and referrals to active labour market programmes. The JCPs are the government-funded employment agencies and social security offices that can be found in all around the UK aiming to help people at working age find employment in the UK. This system was first introduced in October 2001, and it was formed as a government executive agency when the Employment Service merged with the Benefits Agency into one organisation and was renamed as Jobcentre Plus in 2002. As a brand and part of the DWP, the JCPs help jobseekers in the UK enter or re-enter the workforce. The JCPs provide resources to enable job-searchers to find work, through the Jobpoints (touch-screen computer terminals), via the Jobseeker Direct (telephone service) and the JCP website. They offer information about training opportunities for the chronic

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<sup>32</sup> For detailed information please refer to <https://www.parliament.uk/business/committees/> Access date: June 24, 2019

<sup>33</sup> European Commission regards the establishment of DWP as a result of national reform <https://ec.europa.eu/social/BlobServlet?docId=16989&langId=en> Access date: June 24, 2019

unemployed. They administer claims for benefits such as Income Support, Incapacity Benefit, and Jobseeker's Allowance.<sup>34</sup>

#### **4.4 The Active Labour Market Policies in the UK**

The British Public Employment Service (PES)-JCP, as stated above, has a fundamental role in all reforms, contributing to an efficient matching of unemployed jobseekers with available vacancies and improving the employability of the labour force through the provision of specialised services, such as counselling, guidance and referrals to active labour market programmes.

In 2011, the UK Government put a new contracted-out 'back to work' scheme - the Work Programme - for the long term unemployed and the most disadvantaged jobseekers. The Work Programme, by replacing more than 20 previous welfare-to-work programmes, has followed a *black box approach* in which the providers are free to choose the sort of the services of interventions to provide. In the context of the Programme, as a result-based approach, the payment concept has placed a strong emphasis on sustained employment outcomes as well as the expectations of high performance placed on providers (OECD, 2018).

The UK Government launched a number of employment programmes, under the concept of "welfare to work programmes" aiming to improve the labour market and involving unemployed as well as to support people back to work. These programmes were funded by the Government and covered not only Central England and Home Counties but also the England Wales beginning from late 2017. The primary ones of these programmes were<sup>35</sup>:

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<sup>34</sup> For additional information regarding JCPs functional activities, see <https://www.jobcentreguide.co.uk/jobcentre-plus-guide/4/what-is-the-jobcentre-plus> and <https://www.reed.co.uk/career-advice/how-jobcentre-plus-can-help-your-career/>, and in order to find the contact procedures with the JCP throughout UK, see <https://www.gov.uk/contact-jobcentre-plus>, <https://find-your-nearest-jobcentre.dwp.gov.uk/>, access date: November 22, 2018.

<sup>35</sup> For the detailed information regarding the mentioned employment programmes of the UK Government; see <https://www.base-uk.org/programmes>, access date: November 5, 2018.

✓ The Work and Health Programme: Through the jobcentres, aimed at people who are long-term unemployed or who have a disability or a health problem precluding the one from effective working.

✓ Access to Work Programme: Funded scheme that funds workplace support and workplace adjustments.

#### **4.5 Job (Vocational) Counselling Practices in the UK**

As independent local units, majority of the JCPs are connected with one another in a network and they are usually founded at the most common and crowded streets of the city (Biçerli, 2004, p. 191). Financed by the government the specialised services conducted by the JCPs are called as a job-brokerage function which defines the process that aims to match unemployed jobseekers with employers having vacancies. This matching process is assessed to be efficient when individuals obtain jobs which maximise their wage and their productive contribution to the overall economy. As accurate information is crucial in the labour market to attain efficient work since inefficient job matching may cause prolonged unemployment, at the JCPs, jobseekers need to be informed well regarding the available jobs and related job requirements, and employers need to know who is willing and qualified for the jobs they offer. Because both the job searching and the search for the most compatible person for the specific vacancy, one of the roles of the PES, and so of the JCPs, is to reduce the overall cost while executing the matching process between jobseekers and employers (Cabuc et al., 2014, p. 902). The JCPs offer a wide scope of services to facilitate the job matching process and according to analysis on the JCP job-brokerage activities, the JCPs process a high proportion of the total vacancies in the UK labour market (House of Commons, 2016 p. 5-15). The JCPs provide one-stop-shop service of advice and support for job search, benefits as well as training opportunities for claimants of the JSA. The information, guidance, advice and job-broking activities of the JCPs are executed in primarily local offices in the UK offering a wide range of

services involving<sup>36</sup>:

- ✓ Advisory services for jobseekers, involving more intensive activity with long-term unemployed people and other specific groups such as people with disabilities,
- ✓ Services for employers primarily assisting them to fill vacancies by referring suitable jobseekers,
- ✓ Referrals to active labour market programmes,
- ✓ Access to the online portal “Universal Jobmatch” in JCP offices for jobseekers.

Online vacancy database service is provided by the JCPs for both the jobseekers and employers which has been available since 2005. Its previous version was called ‘Employer Direct Online’ before the Universal Jobmatch. Only employers who are registered with a JCP could advertise vacancies in the database and the main target group was the claimants of unemployment benefits while other jobseekers were also free to use the database. Later in 2012, the Department for Work and Pensions (DWP) introduced Universal Jobmatch as the new online service<sup>37</sup> for the jobseekers. The introduction of the Universal Jobmatch brought a distinctive change to the overall services which were available for employers to notify vacancies and for the jobseekers searching for proper jobs for themselves. Moreover, the Universal Jobmatch is open for all employers who would like to notify vacancies notwithstanding they are registered at the JCP system, and the service rendered by the Universal Jobmatch is free of charge to both jobseekers and employers. Jobseekers can upload or create their CVs to be accessed by the potential employers as well as they can connect the Universal Jobmatch, if they are without individual

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<sup>36</sup> For detailed information, please check European Commission booklet <https://ec.europa.eu/social/BlobServlet?docId=16989&langId=en> Access date: June 24, 2019

<sup>37</sup> Universal Jobmatch can be accessed at <https://www.gov.uk/jobsearch>, access date: November 21, 2018.

computer availability, via the JCP offices. Since March 2013, the JSA claimants are required either to register with the Universal Jobmatch or to risk losing their benefit that they are entitled to receive. For the time being, the Universal Jobmatch is the only way for the employers, both from the UK and abroad, to post jobs via the JCPs. When they are registered with the Universal Jobmatch, employers are able to advertise vacancies and search for the proper candidates-jobseekers who have attached their CVs by getting a list of suitable jobseekers matching the CVs as well as the skills needed and contact the chosen jobseekers. According to the statistics in 2005 and 2006, in the year that the “Employer Direct Online” was first launched as the online vacancy database in the UK, %17 of the employers used the previous JCP online service-Employer Direct Online. Additionally, another survey before the roll-out of the Universal Jobmatch demonstrated that despite almost two-thirds of the employers used internet for recruitment, less than one-third of the employers used the Employer Direct Online, and the proportion was higher for large employers than for smaller employers. (Pollard et al., 2012, p. 20) On this result, in 2014, WPC (Work and Pensions Committee)<sup>38</sup> suggested that some employers have difficulties using the internet based new database, as it was observed that online up-skilling and removing barriers on using internet is important for making the Universal Jobmatch system a real universal job-search platform for both the employers and employees, in order to develop the latter online service after Employer Direct Online . (Oakley et al., 2013 p. 30-45).<sup>39</sup> The analysis of JCP job-broking activities suggests that the JCP

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<sup>38</sup> For detailed information regarding the committee structure of the UK Parliament, see <https://www.parliament.uk/business/committees/>, and for detailed information regarding WPC, see <https://www.parliament.uk/business/committees/committees-a-z/commons-select/work-and-pensions-committee/>, access date: November 23, 2018.

<sup>39</sup> DWP Research Reports, No. 806, for detailed information regarding Research at DWP, see <https://www.gov.uk/government/organisations/departments-for-work-pensions/about/research#research-and-analysis-publications>, and for Research Reports Since 2010, see <https://www.gov.uk/government/collections/research-reports>, access date: November 23, 2018; Jobcentre Plus Annual Report and Accounts from 2005 to 2006, see <https://www.gov.uk/government/publications/jobcentre-plus-annual-report-and-accounts-2005-to-2006>, access date: November 23, 2018; Her Majesty's (HM) Government (2014), “Role of Jobcentre Plus in the Reformed Welfare System: Government Response to the Committee’s Second Report of Session 2013-2014”, WPC, House of Commons; WPC (2014), “The Role of Jobcentre Plus in the Reformed Welfare System-Volume I: Report, With Formal Minutes, Oral and Written Evidence”, WPC, House of Commons, for detailed information regarding the reports, responses to the reports, estimates memoranda and other correspondences of WPC, see

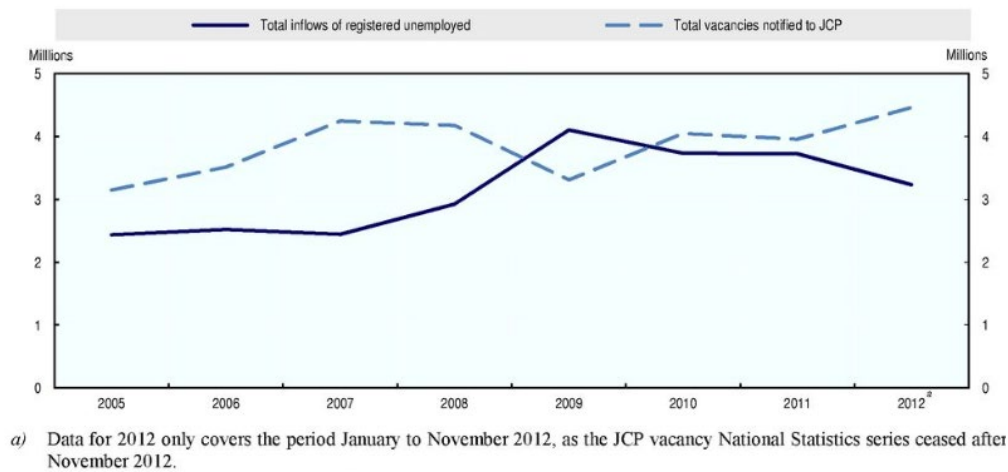
receives a high number of the total vacancies in the labour market in the UK. In this context, the indicators of the JCP performance include the stocks of benefit claimants and unfilled vacancies in absolute terms and relative to the survey estimates for the total-economy unemployment and unfilled vacancies; and the flow of the new job vacancies reported to the JCP system, relative to the total-economy job openings or new hires.

The flows of vacancies and registered unemployed in Great Britain (GB) in the period of 2005 to 2012 are shown in the Figure 4.1 below. Before the economic downswing, the number of the vacancies reported to the JCPs rose from more than three million compared to the vacancies notified in 2005, and four million in 2007. Following the decrease in 2009, issued vacancies rose back, and in 2012 the total number got higher than the pre-recession. But, on the other hand, the inflows of registered number of unemployed was observed above pre-recession levels as of 2012. In this regard, Figure 4.1 demonstrates the general dynamic matching process with an intense inflow of vacancies into JCPs.<sup>40</sup>

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<https://www.parliament.uk/business/committees/committees-a-z/commons-select/work-and-pensions-committee/publications/>, access date: November 23, 2018.

<sup>40</sup> For detailed information regarding the quantitative analysis of job-broking activities in the UK labour market through the OECD report, see [https://read.oecd-ilibrary.org/employment/connecting-people-with-jobs/the-role-of-the-uk-public-employment-service-in-job-brokerage-and-activation-strategies\\_9789264217188-7-en#page5](https://read.oecd-ilibrary.org/employment/connecting-people-with-jobs/the-role-of-the-uk-public-employment-service-in-job-brokerage-and-activation-strategies_9789264217188-7-en#page5), access date: November 23, 2018.

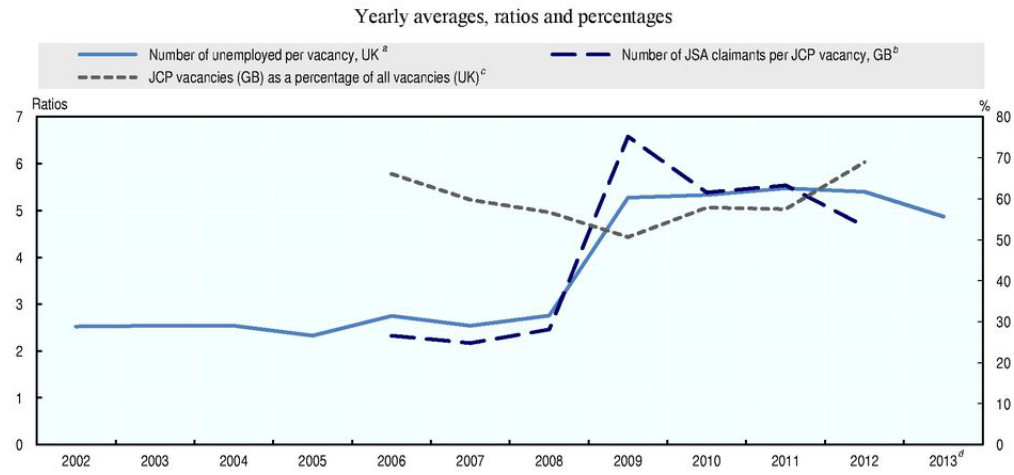


**Figure 4.1 Flows of Vacancies and Registered Unemployed in Great Britain (2005-2012)**

Source: Official Labour Market Statistics (NOMIS)-UK Office for National Statistics<sup>41</sup>

In contrast to the summarized statistical information above, Figure 4.2 displays the analysis of stocks of unemployed and vacancies below, both for the economy as a whole and the JCP. The chart indicates the JCP market share in terms of vacancies registered at the JCPs in Great Britain in comparison to the vacancies estimated from the ONS (UK Office for National Statistics) vacancy survey for the UK labour market overall. Following a descent during the recession period, the ratio of the stock of vacancies registered at the JCP platform to the survey estimation for all vacancies recovered to almost %70 as of 2012.

<sup>41</sup> For additional UK labour market statistics, see <http://www.nomisweb.co.uk/>, access date: November 24, 2018.



- a) UK data for the ratio of the total number of unemployed (LFS data) to total vacancies (ONS vacancy survey). Unemployment estimates are produced from the LFS and are always one period behind the ONS Vacancy Survey estimates.
- b) GB data for the ratio of registered unemployed (JSA claimant count) to the JCP stock of open vacancies. Vacancies handled by PES in Northern Ireland not included. JCP vacancy data are only shown for the period 2006-12. The time series is available since 2004, however, only since 2006 have employers needed to specify a closure data for their vacancies notified to JCP. Stock data pre-2006 therefore includes a high proportion of vacancies with durations exceeding six months, which are unlikely to be true reflections of unfilled posts. No JCP vacancy data from 2013 onwards as the National Statistics series ceased in November 2012.
- c) The JCP market share compares vacancies registered with JCP in Great Britain with all vacancies registered in the whole United Kingdom economy. Whereas the latter is based on survey data, the former is based on administrative data. The ONS vacancy estimates are derived from a survey of employers' unfilled vacancies at a point in time. Contrary, the JCP figures are derived from administrative data, which will always be recorded as unfilled until a vacancy is followed up and closed (filled, cancelled, or withdrawn). Follow-up is not instantaneous; rather vacancies remain live for a standard period, as agreed with the employer. Therefore the JCP stock series will always reflect natural lags in the system. Bentley (2005) reports that from 2004 JCP adopted an "Intelligent Follow Up" system. This system involved agreeing with the employer at the time the vacancy was taken when the follow-up would be conducted and then closing vacancies down were repeated follow-up was unsuccessful in order to avoid a build-up of no longer available vacancies in the operational systems.
- d) Average for the year until August 2013 where applicable.

**Figure 4.2 Unemployed per Vacancy (Total Economy and JCP) and JCP Market Share Estimate in UK and GB (2012-2013)**

Source: OECD Calculations Based on NOMIS Database

From the figures above, the JCP-based and the survey-based ratios of unemployed to vacancies can be assessed at similar size by following a similar tendency as well with the exception of the year 2009, hence according to the Figure 4.2. JCP platform has a share of the vacancies market as high as its share in the jobseeker market. So, the mentioned balance in Figure 4.2, between vacancies and the number of jobseekers on the JCP platform basis indicates that the optimum efficiency is attained in the UK labour market aiming to maintain the minimum level of unemployed.

From a critical point of view, because of the insufficient availabilities for employment and because of the increasing costs of the higher education, it is assessed that the youth is confronting difficulties and hard choices. Thus, the importance of the JCPs are increasing accordingly since the need of the young people for support and assistance is increasing as well. In this case, the structural progress of the JCPs are considered with some troubles due to the lack of face-to-face interviews replaced with the online counselling and guidance services (Westergaard, 2012, p. 327-328).

#### **4.6 Conclusions**

The UK has a long tradition of activation policies. The UK's policies target rapid re-integration of workforce by making benefit recipients to find a job for better conditions. In addition, one must actively seek job to benefit from the passive supports and the eligibility criteria is tightened especially after 1996.

The shift towards a more liberal approach is just after the peak of unemployment rates above 10% during 1993. Although the unemployment decreased after 1993, in order to sustain a better functioning labour market, the UK applied considerable reform packages following 1995. These packages provided an unemployment rate lower than 6 between 2000 and 2008 as shown in Figure 4.3 below. The fast pace of recovery in terms of labour market indicators also prove the good positioning of the pillars of the market against Brexit talks; on the other hand, Clegg (2017, p.45) argues that the society feels to left out.

Within the labour market, one distinguishing fact of the UK case is having a higher gap in terms of female activity than male activity compared to the EU averages. Although being behind that of male, female activity rate gap is much higher than male compared to the EU averages. Considering the indicators, the UK does not seem to have an unemployment or activity rate problem with regards to women. Still the rate of activity can be increased among women to supply the demand for them. The most problematic ground is youth unemployment and the NEET issue. The unemployment among youth is relatively higher than other age segments and the efforts to train and educate them is less than before as the participation to education and training decreased from 30% of 2006 to 16% in 2018 according to Eurostat

database. This picture shows that the productivity level of the UK workforce may not reach to its current state in the future. Youth programs are implemented in the UK to deal with the growing issue, however according to Eurostat indicators analysed previously, they could not prove expected results yet.

The reforms of the 1990s and the creation of the DWP to work with the Department of Social Security and Department for Education and Employment are important steps because of the extensive features of the labour markets including, education, passive and active labour market measures at the same time.

The UK adopted a centrally funded nationwide employment offices called the JCP in 2001. The JCPs provide informative resources and ALMP opportunities to unemployed; they administer claims for benefits such as the Income Support, Incapacity Benefit, and Jobseeker's Allowance. ALMP provision is somewhat a privately held organisation in the UK, as the initiatives become providers of the ALMPs. By this way, the UK tends to increase the effectiveness and fulfil the regional needs of the unemployed by reducing the administrative costs to pursue the same aim. Electronic platforms such as automated job matching services, matching the CVs to the vacancies and points provided by the offices let job seekers to be informed easily and much less costly. On the other hand, the approach of the UK low level of the state role and relatively lower costs for provision of consultation services considering the EU28 average proves insufficient responsibility to be hold by the state itself. Electronic services consist and important part of the job matching for sake of reduced face to face counselling to the unemployed. In this study's framework, the UK seems to have the most liberal structure of job (vocational) counselling compared to Denmark and Turkey, as will be presented in the next chapter.

## **CHAPTER 5**

### **ACTIVE LABOUR MARKET POLICIES AND JOB COUNSELLING IN TURKEY**

The era of globalization beginning in the 1980's was considered to witness recurring episodes of financial and macroeconomic instability and crises in a number of developing countries such as Turkey in 1994 and, more severely, in the early 2000's. According to Altuğ et al. (2008, p. 201), in the era of globalization, particularly for Turkey as a developing country, human capital has been the core of the diffusion of technology and of the society's ability to catch up to income levels in other rapidly developing parts of the world. On the other side, Celasun and Rodrik (1989, p. 198) assesses that, until the January 1980, the various adjustment measures undertaken by the government authorities can be defined as 'too little, too late.' The reduction in government spending was only half-hearted, and exchange rate policy, albeit more active, remained behind the rising inflation. The policymakers were too conscious of the political support to manage radical shock treatment, and too divided to apply any profitable and feasible alternative (Celasun and Rodrik, 1989, p. 198). Therefore, as Nas (2008, p. 28) claims major revisions in Turkey's development and growth strategy had to be made, and that led to the dramatic change in macroeconomic policy making as well as the critical stabilization and economic restructuring of the 1980's. Ertuğrul and Selçuk (2001, p. 22) analyses the Turkish economy in two distinct periods for the 20 years period between the years 1980 and 2000: an export-led growth period (1980-1988) characterized by sustained growth, and a fluctuating growth period in which the national economy became dependent on the short-term capital flows due to the alluring "hot money policy" (1989-1999). Önder (2015, p. 283-293) claims that the key aspect of the economic policy of the beginning of the 1980s was the neoliberal restructuring, and integral to this was the exclusion of

organised labour from the political process. She highlights the irony of the era which was at an official level was the emphasis upon neoliberal economic values, for instance limited state involvement. And at the same time, policies were enacted to aim at a more interventionist position when industrial relations were concerned. It was through the bureaucratisation and new legislations in the industrial relations system that transformed the Turkish economy attempting to open it up to trade and foreign investment (Önder, 2015, p. 283).

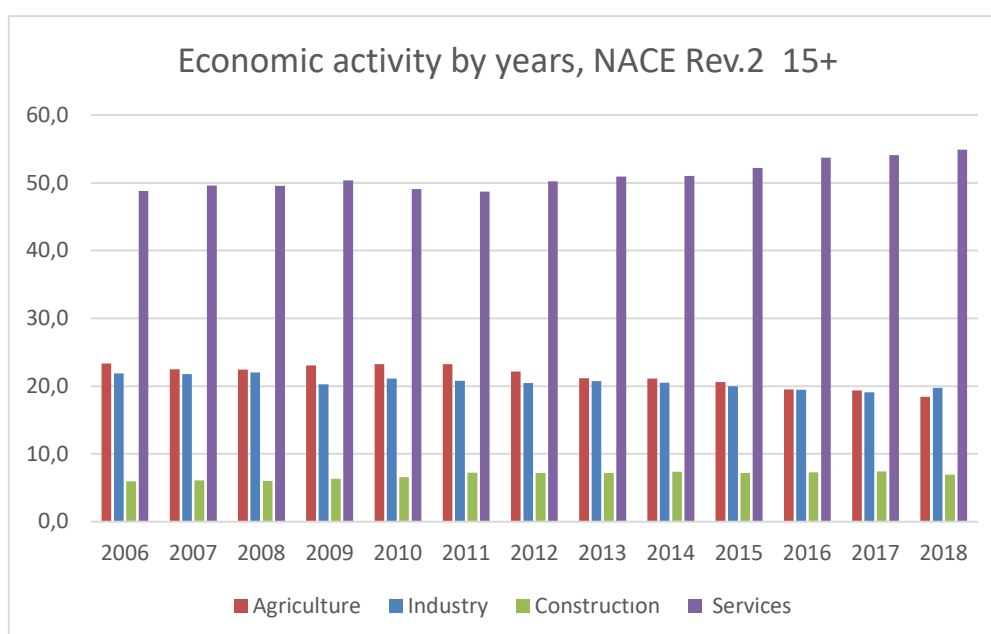
### **5.1 Development of Labour Market Policy in Turkey**

Dertli (2007, p. 120) specifies that the history of ALMPs goes back to the 1980s in Turkey although their scope and content were very limited. The 24 January 1980 decisions gave the way to increase trainings in the ALMPs particularly to train people in line with the needs of internationalization of the labour markets as a result of globalization (Dertli, 2007, p. 120) and according to Auer et al. (2003, p. 3) to mitigate the negative consequences of privatization through providing trainings to the workers laid-off. In the 2000's, the EU, UN and World Bank got involved into the labour market policies through cooperation with the Turkish government. The ALMPs have been extended to all unemployed people after 2008. Number of beneficiaries increased tenfold. Additionally, entrepreneurship and internship programmes as well as public works have been introduced. Vocational training courses were initiated for unemployed in order to improve vocational skills and to support people who were tending to change their vocations. They were also aiming directly labour demand in the market. Job counselling in the context of ALMPs has been the new scheme to struggle with the unemployment by aiming "every unemployed will have a counsellor" (Keskin, 2012 p. 13).

### **5.2 Situation of Labour Market in Turkey**

Against this background, this chapter will focus on the labour market situation of Turkey including the data of Denmark, the UK and EU which are previously explained under previous chapters. Within this context, it is aimed to show the gap between the rates of the states while focusing on Turkey's issues.

When the labour market in Turkey is concerned, from 2006 to 2018, continuous increase was observed in employment rates of all four main sectors of production excluding the fluctuations of agricultural employment in various years. Employment mainly focused on services sector in Turkey. It is followed by industry, agriculture and construction. High technology industry is relatively lower than many developed economies and its share is closely on the same level with agriculture. Due to its nature, it can be understood that around 18% of total employment is in agricultural production, around 7% is in construction which may be counted to consist relatively lower skilled labour force. From 2006 to the end of 2018, employment share of agriculture decreased around 4%, employment share of industry decreased around 3%, which was replaced by the increase of construction and services sector employments.



**Figure 5.1 Employment Distribution in Sectors Between 2005-2014**

Source: Turkstat- Economic Activity By Years And Sex, Nace Rev.2.

In order to create decent employment, there has to be decent job opportunities. From 2006 to 2018, employment rate raised from 44,6% to 52,0%. Between those years increase in women's employment rates were higher than that of men. Between 2011-

2014, unemployment rates in Turkey were less than the EU28 average where Turkey could not solve the problem of high female unemployment rates and critically low activity rates of workforce. Except the four-year interval, Turkey never experienced lower unemployment percentage that of the EU28. The UK and Denmark were two locomotive member states increasing the average situation of whole.

**Table 5.1 Employment, Unemployment, Inactivity (Percentage of active workforce)**

<b>15-64 Age Employment Rate (Total)% - Annual</b>													
<b>Place/ Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU 28</b>	64.2	65.2	65.7	64.4	64.1	64.2	64.1	64.1	64.8	65.6	66.6	67.6	68.6
<b>Denmark</b>	77.4	77.0	77.9	75.3	73.3	73.1	72.6	72.5	72.8	73.5	74.9	74.2	75.4
<b>UK</b>	71.6	71.5	71.5	69.9	69.4	69.3	69.9	70.5	71.9	72.7	73.5	74.1	74.7
<b>Turkey</b>	44.6	44.6	44.9	44.3	46.3	48.4	48.9	49.5	49.5	50.2	50.6	51.5	52.0
<b>15-64 Age Employment Rate (Male)% - Annual</b>													
<b>Place/ Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU 28</b>	71.4	72.4	72.6	70.6	70.1	70.0	69.6	69.4	70.1	70.8	71.8	72.9	73.8
<b>Denmark</b>	81.2	80.8	81.6	78.0	75.6	75.9	75.2	75.0	75.8	76.6	77.7	76.9	78.0
<b>UK</b>	77.6	77.6	77.4	74.9	74.4	74.3	75.0	75.4	76.8	77.6	78.2	78.6	79.1
<b>Turkey</b>	66.9	66.8	66.6	64.5	66.7	69.2	69.2	69.5	69.5	69.8	70.0	70.7	70.9
<b>15-64 Age Employment Rate (Female)% - Annual</b>													
<b>Place/ Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU 28</b>	57.0	58.1	58.8	58.3	58.2	58.4	58.6	58.8	59.6	60.4	61.4	62.4	63.3
<b>Denmark</b>	73.4	73.2	74.1	72.7	71.1	70.4	70.0	70.0	69.8	70.4	72.0	71.5	72.6
<b>UK</b>	65.8	65.5	65.7	64.9	64.5	64.4	64.9	65.8	67.1	67.9	68.8	69.7	70.3
<b>Turkey</b>	22.7	22.8	23.5	24.2	26.2	27.8	28.7	29.6	29.5	30.4	31.2	32.2	32.9
<b>15-64 Activity Rate (Total)- Annual</b>													
<b>Place/ Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU 28</b>	70.0	70.3	70.7	70.8	71.0	71.1	71.7	72.0	72.3	72.5	72.9	73.3	73.7
<b>Denmark</b>	80.6	80.1	80.7	80.2	79.4	79.3	78.6	78.1	78.1	78.5	80.0	78.8	79.4
<b>UK</b>	75.7	75.5	75.8	75.7	75.4	75.5	76.1	76.4	76.7	76.9	77.3	77.6	77.9
<b>Turkey</b>	49.0	49.1	49.8	50.8	51.9	53.2	53.3	54.4	55.1	56.0	56.9	57.9	58.5

Table 5.1 (continued)

<b>15-64 Activity Rate (Total)- Annual</b>													
<b>Place/ Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU 28</b>	70.0	70.3	70.7	70.8	71.0	71.1	71.7	72.0	72.3	72.5	72.9	73.3	73.7
<b>Denmark</b>	80.6	80.1	80.7	80.2	79.4	79.3	78.6	78.1	78.1	78.5	80.0	78.8	79.4
<b>UK</b>	75.7	75.5	75.8	75.7	75.4	75.5	76.1	76.4	76.7	76.9	77.3	77.6	77.9
<b>Turkey</b>	49.0	49.1	49.8	50.8	51.9	53.2	53.3	54.4	55.1	56.0	56.9	57.9	58.5
<b>15-64 Activity Rate (Male)- Annual</b>													
<b>Place/ Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU 28</b>	77.4	77.5	77.8	77.6	77.6	77.5	77.8	78.0	78.1	78.3	78.5	78.9	79.2
<b>Denmark</b>	84.1	83.7	84.3	83.6	82.6	82.3	81.4	80.6	81.1	81.6	82.6	81.5	82.1
<b>UK</b>	82.3	82.2	82.4	82.0	81.5	81.5	82.0	82.1	82.2	82.2	82.4	82.3	82.6
<b>Turkey</b>	73.3	73.4	73.8	74.0	74.5	75.6	75.0	75.6	76.6	77.0	77.6	78.2	78.5
<b>15-64 Activity Rate (Female) % - Annual</b>													
<b>Place/ Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU 28</b>	62.7	63.1	63.6	64.0	64.4	64.8	65.5	66.1	66.5	66.8	67.3	67.8	68.2
<b>Denmark</b>	77.0	76.4	77.0	76.8	76.0	76.1	75.8	75.6	75.0	75.3	77.2	76.1	76.6
<b>UK</b>	69.2	68.9	69.3	69.5	69.3	69.6	70.2	70.9	71.3	71.7	72.2	72.9	73.2
<b>Turkey</b>	25.1	25.2	26.2	27.8	29.6	31.0	31.8	33.2	33.6	34.9	36.2	37.5	38.3

Source: EUROSTAT Database, 2019 <https://ec.europa.eu/eurostat/data/database> Access Date: 14.07.2019

As shown in Table 5.1, labour force participation rates are way lower in Turkey than in the EU member states. Although men participation converges to the EU28 average, 61,7% of women opts out of labour market. In the EU28 around two-fold of women activity rate of Turkey is observed during this 12-year period between 2006 and 2018. Activeness of women has increased from 25.1% to 38.3% which still seems a high jump. One possible reason of unemployment rates and long-term unemployment in Turkey is existence of inactive population, mostly women, who either think there is no job for them or there is no wish to work.

TURKSTAT's data show that in 2018, 28.38 million people were inactive including 2.484 million who do not seek but ready for work. 1/3 of the no-seekers who are

equivalent to 0.19% of total inactive are discouraged to search for jobs. Estimated 11.061 million women, more than the population of numerous EU Member States, are out of the work force due to various reasons such as domestic duties.<sup>42</sup> 4,472 million is out for educational purposes, including 2,275 million women. 4,5 million inactive retirees are still inside the working age interval. Old, ill, disabled population, which are the core part of ideal inactive population, is estimated around 4,040 million. There is also a group of seasonal workers consisting around 155 thousand. Inactivity reasons of the considerable remaining 1.944 million are not exposed in TURKSTAT statistical studies.<sup>43</sup>

When unemployment is concerned, it is possible to see that unemployment is a long term down pulling phenomenon on Turkey's production capacity. Rates between 2006 and 2018 has never decreased under 8.3%. This rate is higher among women and youth.

**Table 5.2 Unemployment (Total and gender based)**

<b>15-64 Age Unemployment Rate (Total)% - Annual</b>													
<b>Place/Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU 28</b>	8.3	7.3	7.1	9.0	9.7	9.8	10.6	11.0	10.4	9.6	8.7	7.8	7.0
<b>Denmark</b>	4.0	3.8	3.5	6.1	7.6	7.7	7.7	7.2	6.8	6.3	6.3	5.9	5.1
<b>UK</b>	5.4	5.3	5.7	7.7	7.9	8.2	8.1	7.7	6.3	5.4	4.9	4.4	4.1
<b>Turkey</b>	8.9	9.1	9.9	12.8	10.9	9.0	8.3	8.9	10.1	10.4	11.1	11.1	11.1

<sup>42</sup> Supporting Registered Employment of Women Through Home-Based Childcare Services ("NANNY") is a Project mainly funded by Instrument of Preaccession Funds (IPA) in order to increase registered employment of women via taking over the responsibilities of childcare to caretakers.

<sup>43</sup> TURKSTAT Statistical Tables Reasons for being out of labour force [http://www.tuik.gov.tr/PrelstatistikTablo.do?istab\\_id=2260](http://www.tuik.gov.tr/PrelstatistikTablo.do?istab_id=2260) Access Date: 10.06.2019

Table 5.2 (continued)

15-64 Age Unemployment Rate (Male)% - Annual													
Place/Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EU 28	7.7	6.7	6.7	9.1	9.7	9.7	10.6	11.0	10.3	9.5	8.5	7.6	6.8
Denmark	3.4	3.5	3.2	6.8	8.5	7.9	7.7	6.9	6.6	6.1	6.0	5.7	5.0
UK	5.8	5.6	6.2	8.6	8.7	8.8	8.5	8.2	6.5	5.6	5.1	4.6	4.2
Turkey	8.8	9.0	9.8	12.8	10.6	8.4	7.8	8.1	9.2	9.3	9.7	9.6	9.7
15-64 Age Unemployment Rate (Female)% - Annual													
Place/Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EU 28	9.1	8.0	7.6	9.0	9.7	9.8	10.6	11.0	10.5	9.6	8.9	8.0	7.2
Denmark	4.6	4.2	3.8	5.4	6.5	7.6	7.7	7.4	6.9	6.5	6.8	6.0	5.2
UK	5.0	5.0	5.2	6.5	7.0	7.5	7.5	7.2	6.0	5.2	4.8	4.3	4.0
Turkey	9.3	9.4	10.2	12.9	11.7	10.3	9.6	10.8	12.1	12.9	13.9	14.2	14.0

Source: EUROSTAT Database, 2019 <https://ec.europa.eu/eurostat/data/database> Access Date: 14.07.2019

Unemployment in Turkey has shown a fluctuating and stagnating performance between 2006-2018 except the sharp shift in 2009 with 12.8% and 2012 with 8.3% (Table 5.2). In 2009 unemployment rose nearly by 3% to 12.8% and decreased to 10.9% in 2010, 9% in 2011 and 8.3% in 2012 gradually. The reasons of the rise of unemployment in 2009 and 2010 were sought in increasing global risks and the effects of widening global crisis (Yaprak, 2009, p. 44). Following 2012, unemployment has shown a levelling up by levelling over 11.1%. At first, it was linked to the political turmoil in Syria which led to immigrant flow in Turkey starting from April 2011<sup>44</sup>, but in time macro imbalances became more visible showing that the only reason was not the Syrian migrants. Unemployment of men are lower than that of women in Turkey. Gender gap in unemployment is not as high as the gap in participation rates. Although women are less numerous in the market actively; their

<sup>44</sup> [https://www.goc.gov.tr/icerik3/turkiye%E2%80%99de-gecici-koruma\\_409\\_558\\_1097](https://www.goc.gov.tr/icerik3/turkiye%E2%80%99de-gecici-koruma_409_558_1097)

unemployment rates have been higher than men's. This leads one to think that there is a possibility of either skill mismatch due to gender roles tailored for professions or barriers before women to improve their skills to fulfil the needs of the jobs. Ünal et al. (2018, p. 39) made an empirical study on professions and gender stereotypes and showed that the perception of certain professions is clearly divided between genders. Tan (2007, p. 14) gave brief notes of a survey study of barriers before girls to education and argues that the economic conditions and cultural values of the family are negatively related with the educational attainment of the girls. In addition, Tan (2007, p. 14) relying on the testimonies underlines that girls' presence as child labour are more common in fighting poverty than boys. Women in Turkey are also earning lower wages than men which also make them to go on with the traditional responsibilities of domestic work.

One interesting feature of Turkey's labour market is the low long-term unemployment rates compared to the EU28 averages.

**Table 5.3 Long Term Unemployment (Total Age, Gender Based)**

<b>Long-term unemployment 15 to 74 years Percentage of unemployment</b>													
<b>Place/Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU 28</b>	45.0	42.5	36.9	33.1	39.7	42.8	44.3	47.1	49.3	48.1	46.4	44.7	43.0
<b>Denmark</b>	20.8	16.1	13.5	9.5	20.2	24.4	28.0	25.5	25.2	26.9	22.3	22.6	21.1
<b>UK</b>	22.3	23.7	24.1	24.5	32.5	33.4	34.7	36.1	35.8	30.7	27.1	25.9	26.2
<b>Turkey</b>	30.4	26.3	23.8	22.7	26.1	23.7	22.0	21.6	20.5	21.0	20.6	21.8	22.3
<b>Long-term unemployment 15 to 74 years Percentage of unemployment Male</b>													
<b>Place/Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU 28</b>	45.2	42.7	36.6	31.8	40.3	43.4	44.6	47.4	49.7	48.6	46.6	45.1	43.1
<b>Denmark</b>	20.7	15.6	14.2	9.3	21.9	26.2	28.5	23.5	25.9	27.5	23.0	23.7	20.5
<b>UK</b>	26.8	28.4	28.4	26.6	37.1	37.8	38.0	39.5	40.2	34.3	30.3	28.7	29.4
<b>Turkey</b>	27.2	23.4	21.2	20.0	22.6	19.6	18.4	17.5	16.9	17.5	17.3	17.5	18.0

Table 5.3 (continued)

<b>Long-term unemployment 15 to 74 years Percentage of unemployment Female</b>													
<b>Place/Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU 28</b>	44.8	42.4	37.1	34.7	39.0	42.0	44.0	46.8	48.7	47.6	46.1	44.3	42.8
<b>Denmark</b>	20.8	16.6	12.7	9.8	17.8	22.3	27.5	27.5	24.4	26.2	21.6	21.5	21.8
<b>UK</b>	16.2	17.6	18.1	21.4	25.9	27.6	30.3	31.6	30.2	26.3	23.3	22.5	22.4
<b>Turkey</b>	39.4	34.3	31.0	30.0	34.2	31.7	28.9	28.5	26.7	26.6	25.7	28.0	28.5

Source: EUROSTAT Database, 2019 <https://ec.europa.eu/eurostat/data/database> Access Date: 14.07.2019

According to recent data as shown in Table 5.3, in 2018 28.5% of total unemployed is long-term unemployed in Turkey while the rate is around 42.8% in the EU28. This case does not prove the successful organisation of labour market; but it may much possibly show that workforce of Turkey quits seeking a job much easily and faster than the EU workforce or considerable part of the unemployed may be out of active workforce or may be working unregistered.

Labour market of Turkey and its demographic structure is different than many Member States, considering its young active population. In 2004, Murat Başesgioğlu, one of the former ministers of Turkey in charge of labour issues, called this demographic situation a possible opportunity window against aging European population. Presence of the young population is seen as an “opportunity window” particularly by the policy makers; however, this “opportunity window” may lead to specific long term economic and social problems if not successfully managed.<sup>45</sup>

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<sup>45</sup> The term, demographic opportunity window was first used by Barlow in 1994. Demographic opportunity window is related to the changes of age structure of the society and can be divided into three phases. At the beginning, youth population is high, later on these youngsters are expected to participate to active labour force, and lastly this generation will become older. Demographic opportunities are felt mainly during the second phase where dependency rates are expected to be lowest, tax basis is the largest with high rate of public savings which may lead to more investment. During the second phase policies may shift to the increase of the quality of education rather than the quantities to be served; families may spend more to education and health which is expected to create healthier, more skilful and efficient generations. (Tansel, 2012, p. 37-38).

**Table 5.4 Youth Unemployment and NEET (Gender Based)**

<b>Less than 25 Age Unemployment Rate (Total)% Active population- Annual</b>													
<b>Place/Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	17.7	15.5	15.6	19.9	21	21.7	23.2	23.6	22.2	20.3	18.7	16.8	15.2
<b>Denmark</b>	7.7	7.5	8	11.8	13.9	14.2	14.1	13	12.6	10.8	12	11	9.3
<b>UK</b>	13.9	14.3	15	19.1	19.9	21.3	21.2	20.7	17	14.6	13	12.1	11.3
<b>Turkey</b>	16.5	17.2	18.5	22.8	19.7	16.7	15.7	16.9	17.8	18.6	19.6	20.7	20.3
<b>15-24 Age Unemployment Rate (Male) % - Annual</b>													
<b>Place/Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	17.4	15.6	16	21.4	22.2	22.4	24	24.4	22.8	21.1	19.4	17.4	15.7
<b>Denmark</b>	7.9	7.6	7.3	13.2	16	15.6	14.7	14.2	13.7	11.6	13.1	11.4	10.5
<b>UK</b>	15.6	15.8	17.1	21.9	22	23.8	23.9	23	18.9	16.2	14.8	13.5	12.2
<b>Turkey</b>	15.9	17.1	18.3	22.9	19.2	15.5	14.6	15.5	16.6	-	-	-	-
<b>15-24 Age Unemployment Rate (Female) % - Annual</b>													
<b>Place/Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	18.1	15.9	15.6	18.6	20.1	21	22.4	22.9	21.4	19.5	17.9	16.1	14.5
<b>Denmark</b>	7.5	16.2	15.8	19	20.4	21	22.4	23	21.4	19.5	17.9	16.1	14.5
<b>UK</b>	12	7.4	8.7	10.3	11.8	12.7	13.5	11.8	11.5	10	10.9	10.7	8.2
<b>Turkey</b>	17.4	17.5	18.9	22.5	20.7	19	17.8	19.7	20.2	-	-	-	-
<b>15-24 Age NEET (Total) % Population - Annual</b>													
<b>Place/Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	11.4	11.1	10.9	12.4	12.8	12.9	13.2	13.0	12.4	12.0	11.5	10.9	10.4
<b>Denmark</b>	3.6	4.3	4.3	5.4	6.0	6.3	6.6	6.0	5.8	6.2	5.8	7.0	6.8
<b>UK</b>	8.6	11.9	12.1	13.2	13.6	14.2	13.9	13.2	11.9	11.1	10.9	10.3	10.4
<b>Turkey</b>	38.6	39.2	37.0	34.9	32.3	29.6	28.7	25.5	24.8	23.9	23.9	24.2	24.4
<b>15-24 Age NEET (Male) % Population - Annual</b>													
<b>Place/Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	10.4	9.9	9.7	12.0	12.4	12.6	13.0	12.8	12.2	11.7	11.2	10.6	10.0
<b>Denmark</b>	3.4	4.7	4.4	5.8	6.7	6.4	6.6	6.3	6.2	6.3	6.5	7.0	6.9
<b>UK</b>	7.5	10.1	10.1	11.9	12.1	13.1	12.8	12.1	10.7	9.7	10.3	10.2	9.7
<b>Turkey</b>	22.7	23.7	22.4	22.0	19.6	17.1	17.5	15.0	14.6	14.1	14.5	14.6	15.6
<b>15-24 Age NEET (Female) % Population - Annual</b>													
<b>Place/Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	12.5	12.3	12.1	12.9	13.2	13.3	13.4	13.2	12.6	12.3	11.8	11.1	10.8
<b>Denmark</b>	3.8	3.8	4.2	4.9	5.4	6.1	6.7	5.8	5.4	6.1	5.1	6.9	6.7
<b>UK</b>	9.6	13.7	14.1	14.5	15.1	15.4	15.0	14.4	13.1	12.4	11.5	10.4	11.2
<b>Turkey</b>	53.6	54.0	51.0	47.3	44.4	41.5	39.7	35.9	35.0	33.7	33.5	34.0	33.5

Source: EUROSTAT Database, 2019 <https://ec.europa.eu/eurostat/data/database> Access Date: 14.07.2019

In Turkey, population projections were based on calculations of TURKSTAT. The population over 65 is 8.7% in 2018 and expected to rise gradually to 11% until 2023 according the projections on the basis of calculations of 2017. Parallel to the increase of share of old persons in population, Turkey should expect a burden of increasing dependency in near future.

According to Eurostat, (Table 5.4) at first glance, between 2006 and 2015, youth unemployment of Turkey did not reflect a pessimist picture. However, the idea of Turkey to experience its demographic dynamism in work life and production seems to fail following 2015. Similar to general illness of high inactivity rates of various education and gender segments of the workforce, youth stays out of labour force. According to the NEET figures, while opting out work, youth also opts out education and the reason is not the educational occupancy.

In 2006, as shown in Table 5.4, Eurostat figures proves that 38,6% of the youth within 15-24 age interval were NEETs. This rate fell down to 24,4% in 2018, accompanied by new formal education facilities, automatic enrolment of school age children to formal education (where their attendance is not considered) and increased number and capacity of higher education institutions. Educational attainment seems to be easier and more common wide spread year by year. The substitutional impact between work and education is a different wide range of study; however, it is expected for discouraged youth to switch to university when the education is more attainable; which means that decrease of the NEET rates may also be led by school registration. Young women employment and education, similar to the characteristics of the labour market in general is way less than male population. A considerable size of young women does not be a part of education nor the labour supply. Negative features attributed to youth in the Turkish labour market also can also be seen in various age intervals as within the OECD members, Turkey has the worst image between the ages of 15-29 in the NEET case. In Turkey, young population and women stand as the most disadvantaged group with regards to employment.

Although 10<sup>th</sup> Development Plan of Turkey aimed to decrease youth unemployment to 13% by 2018; Turkey could only succeed to stand around 20%. This may lead to

further problems for social security systems and social life of the economy in the future.

The strong link between employment and education is no longer debatable. Especially, to activate masses of youth with more productive skills. In order to attain a better functioning labour market with more productive environment, skills of labour force have to be increased not only via formal education but also lifelong learning. It is very important to provide required skills to youth via long term planned formal education. On the other hand, when it is not the case or the labour is not young anymore, this gap should better be covered by lifelong learning.

Turkey faces a challenge to deliver sustainable formal training to youth. Although enrolment rates seem to be increasing children are leaving formal education practically. In 2006, %48,8, nearly half of the 18-24 age group was counted being early school leaver<sup>46</sup>. In 2018, the percentage decreased to 31%. In the last 12 years, Turkey succeeded to decrease these rates both for male and female, but particularly for female. In terms of gender balance, male early school leavers occupy a share larger than women in the EU in contrast to Turkey. Still, it can be easily observed that Turkey has chronic shortcoming to reach an acceptable level of continuing education for children and youth.

Lifelong learning concept is not only for improvement and ensuring adaptability of the workforce but also an important solution to insufficiency of skill improvement during formal education of the labour force. Turkey, showing insufficiencies compared to the EU28 within the field shows no better performance in terms of participation to education and training (Table 5.5).

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<sup>46</sup> An early school leaver is the individual in the age interval of 18-24 without a basic qualification (an upper secondary qualification and not active anymore in formal education).

**Table 5.5 Participation to Education and Training (Gender Based)**

<b>25-64 Age Participation to Education and Training (Total) % - Annual</b>													
<b>Place/Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	9.6	9.4	9.5	9.5	9.3	9.1	9.2	10.7	10.8	10.7	10.8	10.9	11.1
<b>Denmark</b>	29.2	29.1	30.0	31.3	32.6	32.3	31.6	31.4	31.9	31.3	27.7	26.8	23.5
<b>UK</b>	27.4	20.5	20.5	20.7	20.1	16.3	16.3	16.6	16.3	15.7	14.4	14.3	14.6
<b>Turkey</b>	2.0	1.8	2.1	2.6	2.9	3.4	3.9	4.5	5.7	5.5	5.8	5.8	6.2
<b>25-64 Age Participation to Education and Training (Male) % - Annual</b>													
<b>Place/Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	8.7	8.5	8.6	8.6	8.4	8.3	8.5	9.7	9.9	9.7	9.8	10.0	10.1
<b>Denmark</b>	24.6	23.9	24.8	25.3	26.0	25.6	25.4	25.7	26.1	25.3	22.8	22.3	19.2
<b>UK</b>	22.7	17.1	17.1	17.2	16.9	14.4	14.6	15.0	14.6	13.9	13.0	12.9	12.9
<b>Turkey</b>	2.4	2.1	2.4	2.8	3.1	3.5	4.0	4.6	5.8	5.6	6.0	6.1	6.3
<b>25-64 Age Participation to Education and Training (Female) % - Annual</b>													
<b>Place/Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>EU28</b>	10.5	10.3	10.4	10.4	10.2	9.8	9.9	11.6	11.8	11.7	11.7	11.8	12.1
<b>Denmark</b>	33.8	34.4	35.3	37.3	39.2	39.0	37.8	37.2	37.7	37.3	32.7	31.4	27.8
<b>UK</b>	32.2	23.9	23.9	24.1	23.3	18.2	18.0	18.3	18.0	17.5	15.8	15.8	16.2
<b>Turkey</b>	1.7	1.4	1.8	2.4	2.8	3.2	3.8	4.5	5.5	5.3	5.6	5.6	6.0

Source: EUROSTAT Database, 2019 <https://ec.europa.eu/eurostat/data/database> Access Date: 14.07.2019

Economic theories create links between labour productivity and wages; as well as aggregate income and aggregate outputs (Done, 2011, p. 43-54). In his empirical study, Van Biesebeek (2015, p. 31) showed that developing countries have a wider gap between the income and productivity of its labour force. Creation of jobs should not only be expected with the investments but also the expected returns of it, coming particularly from labour productivity. Turkish workforce shows weaknesses in educational background which result in low skills. In this case in order to increase

productivity and reach to long term outcomes, it is also important to look for lifelong learning efforts to increase skills and productivity of the older segments of workforce. As shown in Table 5.5., Turkey does not reflect a good picture of lifelong learning as only 5-6% of the 25-64 aged population participates to trainings and education.

**Table 5.6 Transition from Education to Work (ISCED 1997 Levels)**

Average time between leaving formal education and starting the first job by for persons who left within the last 3 or 5 years -15:34 years						
GEO	All	levels 0-4	levels 0-2	levels 3-6	levels 3 and 4	levels 5 and 6
EU27	6.5	7.8	9.9	6.2	7.3	5.1
Denmark	4.6	5.1	8.5	3.7	3.7	3.7
UK	3.5	3.9	6.4	3.1	3.2	3.0
Turkey	9.5	10.8	11.3	8.7	10.3	7.3
Average time between leaving formal education and starting the first job by for persons who left within the last 3 or 5 years -15:34 years male						
GEO	All	levels 0-4	levels 0-2	levels 3-6	levels 3 and 4	levels 5 and 6
EU27	6.8	8.0	9.9	6.3	7.5	4.9
Denmark	4.7	5.2	9.0	3.3	3.2	3.4
UK	3.4	3.4	6.3	2.9	2.6	3.2
Turkey	9.3	10.1	10.7	8.4	9.5	7.2
Average time between leaving formal education and starting the first job by for persons who left within the last 3 or 5 years -15:34 years female						
GEO	All	levels 0-4	levels 0-2	levels 3-6	levels 3 and 4	levels 5 and 6
EU27	6.3	7.6	9.9	6.0	7.1	5.3
Denmark	4.6	5.0	7.8	4.1	4.2	3.9
UK	3.8	4.5	6.5	3.4	4.0	2.8
Turkey	10.0	12.1	12.9	9.1	11.5	7.4

Levels 0-4: Pre-primary, primary, secondary and post-secondary non-tertiary education

Levels 0-2 : Pre-primary, primary and lower secondary education

Levels 3-6: Upper secondary, post-secondary non-tertiary, first and second stage of tertiary education

Levels 3-4: Upper secondary and post-secondary non-tertiary education

Levels 5-6: First and second stage of tertiary education

Source: EUROSTAT Database, 2019 <https://ec.europa.eu/eurostat/data/database> Access Date: 14.07.2019

Years required to find a job after leaving formal education in Turkey takes much more than the EU member state averages (1.5 times than EU28 and 2 times more than Denmark and the EU averages in most cases as illustrated in Table 5.6). Educated portion of youth struggles to find a job more than less educated in the EU. Contrary to the EU28 waiting time to get a job for the most educated is lower in Turkey. Waiting time does not show big gaps between female and male in Turkey in this case.

Another important shortcoming of the labour market in Turkey is unregistered employment. In 2018 TURKSTAT declared the unregistered employment rates above 30% in all primary production sectors.<sup>47</sup> Estimated 30% of the employed workforce is beyond the reach of state's steering. In agriculture, this ratio is over 80%. Non-agricultural sectors carry a burden of 20% unregistered. Unregistered work is more and very common within female workers as they are densely occupied with agricultural production. The 20-25% of unregistered workers are unpaid family workers and this percentage raises to a level of 50% in agriculture. A distinguishing fact is that 71% of unregistered employed women are nonwage family workers also within non-agricultural sectors which are mainly condensed in urban areas.

Last but not least, social security is an important part of labour market policies. States are expected to support the welfare of the society, maintaining balance within the society and the continuation of sustainable labour force with social security expenditures. For Eurostat, total social security expenditures consist of numerous items including administration costs, unemployment and disability expenditures which are chosen to analyse the labour market of Turkey.

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<sup>47</sup> TURKSTAT Household Labourforce Survey of March 2018  
<http://www.tuik.gov.tr/PreHaberBultenleri.do?id=30683> access date: 26.07.2019

**Table 5.7 Social Security Expenditures per Capita (PPS based)**

Total Social Security Expenditure € - Annual									
Place/ Year	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>EU28</b>	6.774,66	7.041,78	7.292,91	7.437,17	7.669,75	7.764,72	7.942,52	8.264,42	8.233,29
<b>Denmark</b>	9.175,38	9.656,45	10.158,93	10.198,59	10.404,45	10.764,78	11.150,51	11.439,48	10.940,65
<b>UK</b>	7.224,37	7.327,42	7.628,89	7.766,45	7.999,11	7.823,43	7.872,64	8.227,21	7.764,03
<b>Turkey</b>	1.400,64	1.557,47	1.660,97	1.807,19	1.922,57	1.979,35	2.134,62	2.344,55	2.527,62

Source: EUROSTAT Database, 2019 <https://ec.europa.eu/eurostat/data/database> Access Date: 14.07.2019

The primary pillar of decent and registered employment indigenizes and prioritises to make individuals have a decent income and feel secure with social security systems. Average rate of EU28, on the basis of reflection of purchasing power parity effects, shows that member states realized €7649 per capita in 2012 while Turkey spared only €1873. Health and sickness expenditure per capita of EU28 is around 4 times, expenditure for disabled persons is around 9 times, expenditures to deal with social exclusion is around 6.5 times of Turkey's (Table 5.7).

Various institutions follow various methods and weightings especially in social security calculations and outcomes may change accordingly. However, in any case available data reflects the shortcoming of Turkish economy in providing adequate social security and health related capacity. It is also observed as shown in Table 5.7. that several member states which have lower GDP per capita than Turkey pays more for social security. Accordingly, labour force of Turkey may tend to work unregistered or declare lower premiums due to low benefits provided for them.

**Table 5.8 Costs of Service Provision**

<b>Administration Costs € - Annual</b>									
<b>Place/Year</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>EU28</b>	203.53	220.20	224.70	222.43	227.96	227.36	226.19	225.04	220.03
<b>Denmark</b>	287.41	319.89	339.76	341.12	370.86	406.87	419.74	420.12	446.29
<b>UK</b>	102.28	102.79	97.66	102.05	98.40	87.35	69.43	64.93	59.06
<b>Turkey</b>	23.07	22.82	23.85	26.15	28.04	34.44	35.84	41.86	41.76
<b>Unemployment Expenditure € - Annual</b>									
<b>Place/Year</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>EU28</b>	325.79	417.60	419.96	408.04	405.52	412.40	392.23	378.72	368.73
<b>Denmark</b>	317.06	468.13	608.73	602.25	619.45	608.18	557.51	537.48	489.16
<b>UK</b>	155.64	202.42	185.48	180.16	185.29	159.96	127.50	115.64	109.11
<b>Turkey</b>	8.90	21.49	18.17	18.31	23.89	23.10	27.34	44.05	61.38

Source: EUROSTAT Database, 2019 <https://ec.europa.eu/eurostat/data/database> Access

Date: 14.07.2019

Both in terms of administration costs and unemployment expenditure, Turkey is far behind the EU28 averages even it has a large population with many unemployed.

### **5.3 Labour Market Actors of Turkey**

#### **5.3.1 Turkish Employment Agency (İŞKUR)**

The first legislative regulation on public employment services in Turkey entered into force in 1936 with the Labour Act No. 3008. Subsequently, on 21 January 1946, with the Act No. 4837, the Institution for Providing Jobs and Employees (İİBK) was founded and started to operate on 15 March 1946 to render public employment services in the country. Act No. 4837 specified the main task of İİBK as finding suitable jobs for the employees with their merits and finding employees having suitable qualities meeting the job requirements for the employers.

After its establishment, İİBK started to provide intermediary services in order to find proper jobs and employees in the labour market and to meet developing industry's

labour force need in addition to providing and improving the capacity of geographical and inter-sectors mobility of labour. İİBK turned its focus on sending manpower from Turkey to abroad because Germany, as being in the first place, and the other developed states needed more work force and because they began to meet this need by employing foreign workers.<sup>48</sup>

Because of the increasing unemployment and economic recession in the aftermath of the oil crisis in 1973 in the industrialised states, the labour demand of these countries started to decrease. This decrease also caused the decrease of the effectiveness of İİBK and public employment services which concentrated on sending manpower abroad. As a result, İİBK could not adjust itself to the changing circumstances of the labour market, and the role of the public services in the labour market started to fall back in parallel to the institutional decline. In the subsequent years, the main tasks of the İİBK were specified in 1971 with the Act No. 1475 in line with the provisions of ILO agreements<sup>49</sup> signed by Turkey. Until that year, İİBK could not execute a dynamic and up-to-date progress which should have structured the labour market depending on a spectacular plan and a national program. Therefore, the improvement of the institution lagged behind the crucial needs of legislative regulations, and İİBK could hardly conduct even the formalities for finding employees and jobs because it could not upgrade its organizational structure as well as the personnel management and legal status in line with the ILO agreements. Çiner (2005, p. 71-88) stated that before the 1980s, in collaboration with the German employment institution, the first institutional transformation occurred Later, with the effect of the deceleration of sending workers abroad, the common perception to İİBK began to change, the institutional efficiency began to decrease and began to be discussed, so that the need

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<sup>48</sup> For detailed information regarding the chronological development of the Turkish public employment services and institutionalization, see <https://www.iskur.gov.tr/kurumsal-bilgi/tarihce/>, access date: February 16, 2019.

<sup>49</sup> ILO agreement dated 1919 and no. 2 related to unemployment which is concerning the activities of the Institution which was approved in 16.02.1950, ILO agreement dated 1933 and no. 34 related with liquidating of paid employment agencies which was approved in 30.11.1949, ILO agreement dated 1949 and no. 96 concerning the private unemployment agencies which was approved in 08.08.1951, and ILO agreement dated 1964 and no. 122 related with the employment policy was approved in 9.11.1976.

for restructuring and reorganizing arose. According to Bardak (2005, p. 2), most of the countries particularly in the Mediterranean region including Turkey have been pointed out as the economies in transition towards open market economies aiming to constitute more efficient and active public sector as well as more dynamic private sector.

The increasing worldwide impact of globalization right after the 1980s necessitated also in Turkey a structural and functional institutionalization on labour market and labour force in accordance with the technological developments.<sup>50</sup> With the driving force of globalization, in order to comply with the necessities of the technological improvements and information society, active labour force programmes were started to be implemented and Turkish Employment Agency (İŞKUR) was established by termination of İİBK by the Statutory Decree No. 617 dated 4<sup>th</sup> October 2000. After several legal procedures, and with the remarkable regulations<sup>51</sup> put into force, the establishment law of İŞKUR was entered into force on 05 July 2003 after adoption by Grand National Assembly of Turkey on 25 June 2003. Besides, in the same period, in 2002, European Commission granted 40 million Euros in the context of Financial Assistance Program for Turkey. This fiscal aid together with the with the additional 10 million Euros that Turkey invested has strengthened the institutional capacity of İŞKUR in both the central and provincial areas in addition to the implementation and practices of ALMPs. The EU harmonization process was influential on the development of İŞKUR and the main activities of İŞKUR focused on the capacity building and appropriate distribution of the funds for the smaller active measures. This initiation was co-financed by the EU and paved the way for more organized and systematic ALMP schemes. Via these developments, İŞKUR started to perform the following activities for the implementation of ALMPs: trainings for the

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<sup>50</sup> For detailed information regarding the chronological development of the Turkish public employment services and institutionalization, <https://www.iskur.gov.tr/en/corporate-information/history/> access date: 16.07.2019

<sup>51</sup> The Constitutional Court abrogated the Statutory Decree No. 617 by its verdict dated 31.10.2000, (the docket no. 2000/63 and the decree no: 2000/36) and ruled that abrogation verdict would enter into force nine months after it was published in the Official Gazette. Nine months duration ended on 08.08.2001. Because a new legal regulation could not be made within this duration, the Institution had to conduct its activities without a legal basis.

entrepreneurship, vocational training programmes, public benefit work programs and on-the-job training programs (Bölükbaşı and Ertugal, 2013, p. 242). With this view, like its counterparts in the EU, İŞKUR provides job counselling services, certificate programmes for the hazardous jobs as well as vocational research and development activities. The agency corresponds the suitability of the available vacancies with the job seekers registered to İŞKUR by taking their education level and professional skills into consideration. Guidance that includes the systematic searching for the suitable jobs and training the individuals for job seeking and for the job interviews are the other services provided by İŞKUR in the all provinces and service points (Gökşen et al., 2015, p. 23-24).

The novelties brought by the establishment law of İŞKUR<sup>52</sup> are its duty to support the employment, prevent unemployment, executing the ALMPs and passive labour market policies and ensuring sustainable social dialogue by the establishment of boards including representatives of workers, employers, merchants and craftsmen. In addition, the establishment of Private Employment Agencies has also been permitted so that they render both domestic and overseas activities of finding jobs and employees, and the monopolistic authority of İŞKUR in this field has been abolished.

The main duty of İŞKUR in the context of the vocational training policies is to carry out training activities according to the needed professions by the labour market in pursuance with the researches and analysis. The target group of the vocational training activities mainly involves the youth, women, individuals receiving unemployment benefit, the ones who lost their jobs, disabled and ex-convicts. According to Taş (2011, p. 158-159), of the outcomes of the integration process with the EU, the national board for economic coordination that was established thereby has disclosed several decisions and quantitative targets concerning in accordance with the National Employment Strategy such as in the field of increasing employment of women, youth and disabled, in addition the flexibility of the labour market is to be

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<sup>52</sup> Chronological Development of the Turkish Public Employment Services and Institutionalization, İŞKUR, <https://www.iskur.gov.tr/kurumsal-bilgi/tarihce/>, access date: February 16, 2019.

increased until 2023 and the employment rate of the limited and part time working people out of all working population is to be increased to the EU countries level.

In 2003 İŞKUR were serving 72 identified professions and received 557.092 applications from job seekers which was 263.575 in previous year. (İŞKUR Statistical Yearbook 2003). Around 18% of the applicants were women. Most of the job seekers' graduation is from the primary school which is one of the main targets of the services of İŞKUR. İŞKUR mostly serves to rather low education segment of the labour force This fact is not due to the unemployment rate of the educated segments which are already high, but İŞKUR capacity to reach the needs to fulfil higher skill job positions. In 2003 more than half of the applications were received from young workforce especially between 20 and 29. Considering the higher unemployment rates and bigger workforce of Turkey, it is not fair to expect an effective organisation to remove labour market obstacles of Turkey. Doubtless, authorities of Turkey are aware of the importance, weakness and insufficiency of public employment services. İŞKUR started recruiting many more personnel including a considerable amount of policy making capable experts and job counsellors. In 2015, İŞKUR was turned into a Directorate General with 81 provincial directorates with 8.151 active personnel. Parallel to the efforts of Turkey to increase registered employment, also registered numbers of unemployed has occurred on the clearer side of economy. Combining with the effects of global crisis and rising unemployment levels, İŞKUR activities, especially ALMPs gained more importance. Total unemployment was to reach around 3.057 million during 2015, 1.124 million was registered to İŞKUR database as unemployed. At the end of 2018 it is known that total available posts in İŞKUR is amounted to 13919; however only %60.7 of the posts are filled with 8.451 active personnel, including 7.360 officer, 102 contracted and 989 workers. %77.06 of the personnel is university graduates, whereas only 18,50% of them has master degree with just 7 PhD holders. In 2018 İŞKUR still has not got enough manpower comparing the public employment structures of member states; but continues its rapid enlargement. Enlargement of İŞKUR and its work was rapid. According to activity reports of İŞKUR, the total annual budget

which was 4.190.405.000 TL in 2015, increased to 9.869.726.000 TL in 2016 with financial assets of unemployment benefit funds totalled at 9.438.975.000 TL.<sup>53</sup>

### **5.3.2 Private Employment Agencies**

Private Employment Agencies (Private Employment Offices) are the offices that are audited by the central government subject to the private law provisions and that are either profit or non-profit oriented but working as employment service points as their primary duty by providing suitable employees in accordance with the contracts that they make with the enterprises up to their needs (Lordoğlu and Özkaplan, 2005, p. 84).

With the enforcement of most recent Labour Law NO. 4857 and the establishment law of İŞKUR private employment agencies find a formal base for their activities. Further development of the privately-owned employment agencies in Turkey has been encouraged with the consideration of the EU Commission Directive 2008/104/ECP dated 19 November 2008 on temporary agency work and the Private Employment Agencies Convention No. 181 of the European Council and of the Parliament. In this regard, the Law No. 6715 Amending the Labour Law and Turkish Labour Agency Law was adopted on 6 May 2016. In spite of the opposition of the labour unions, the Amending Law was ratified by the Turkish Grand National Assembly and issued by the Official Gazette on 20 May 2016, and it has initiated a new era in the frame of outsourcing personnel by means of the legislation that was needed by the employment agencies to implement loaning within their permitted range of business activities. Before this law, temporary employment relations were established only within a group of companies or a holding and the Private Employment Agencies were prohibited from engaging with employee loaning activities. Later, Training Council of the Ministry of Labour and Social Security of Turkey took this matter into its agenda to make regulations concerning the Private Employment Agencies in order to operate an active social dialogue mechanism. The

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<sup>53</sup> İŞKUR Activity Report for 2018 <https://media.iskur.gov.tr/25441/2018-yili-faaliyet-raporu.pdf>  
Access date: March 22, 2018

activity range of the Private Employment Agencies was broadened and the Regulation on Private Employment Agencies was published in the Official Gazette No. 29854 dated 11 October 2016. In this regulation, a private employment agency is defined as:

*An organisation licensed by İŞKUR, involving real or legal persons, which conducts activities regarding the foundation of Temporary Employment Relationship<sup>54</sup> between the employers and employees and/or employing suitable employees for various vacancy opportunities, and the jobseekers to get hired by the available and proper employers according to their goal. Herein the 'employer' refers to the 'Private Employment'.*

Since the job counselling service is of paramount importance for the social integration, counsellors both in the public employment offices and the private employment agencies are entitled with the responsibility of giving directions to the individuals who are in need of assistance to find jobs and to recognize their features as well as for evaluating themselves and for being informed about the current training opportunities for gaining occupations that are suitable to their features. In this regard, Koçak and Akman (2011, p. 138-139) argues that not only the unemployed but also the ones who are not pleased with their current jobs and the ones who are not decided on which job to choose and the ones who would like to change their jobs can benefit from the job counselling services rendered by the public employment offices and by the private employment agencies in Turkey.

The factual activation of the Private Employment Agencies is assessed as favourable from the point of their contribution to the increase of the efficiency in the labour market, but on the other hand it may be assessed as unfavourable since they caused privatization of the public rights and services.

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<sup>54</sup> Temporary Employment Relationship is defined in the Regulation as “the employee being transferred temporarily to an employer by means of a Temporary Employment Contract and according to the requirements stated in the Article 7 of Turkish Labour Law numbered. 4857 through the Private Employment.”

Latest data of İŞKUR states that there are 506 registered private employment agencies operating in the market<sup>55</sup>. From the beginning of 2004 until the end of 2018, those agencies placed 236.164 male, 144.274 female workers totalled to 380.438 persons to jobs.<sup>56</sup> The proportionality of women placement is higher than İŞKUR's. Private employment agencies are entitled to provide intermediary services relating to job matching, the labour market, employment and human resources in Turkey and abroad. However, they are not allowed to provide job matching services for the public sector or operate as temporary work agencies and İSKUR dictates procedure. On the other hand, private employment agencies are more active than İŞKUR among educated segments and posts which require higher skills.

#### **5.4 Active Labour Market Policies of Turkey**

The ALMP toolbox of İŞKUR enriched by vocational training courses in 1988. With the support of the World Bank and European Union, the scope and content of ALMPs provided by İŞKUR started to enlarge particularly since 1990s. In the 2000's, Turkey had increasing cooperation with international structures. The establishment of the Unemployment Insurance Fund in 08 September 1999 strengthened the operations of İŞKUR for the passive supports to the unemployed. And, the ALMPs have been extended to all unemployed people after 2008 with the restructuring of İŞKUR. Number of beneficiaries increased tenfold afterwards. Additionally, entrepreneurship and internship programmes as well as public work programs were introduced. Vocational training courses were initiated for all of the unemployed in order to improve vocational skills and to support people who were tending to change their vocations.

In Turkey, Active Labour Market Policy tools are implemented by the Turkish Employment Agency in order to improve the vocational qualifications of persons, decrease unemployment and improve employability of groups which require special policies. İŞKUR, organises and implements vocational education courses, on the job

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<sup>55</sup> <https://www.iskur.gov.tr/ozel-istihdam-burolari/acik-kapali-buro-listesi/>

<sup>56</sup> <https://media.iskur.gov.tr/22550/2004-2018.pdf>

trainings, public work programs, job and occupation counselling to realise its duties and responsibilities written in its circular.<sup>57</sup>

In order to decrease the unemployment to minimum level and to increase the employment rate since it has been one of the major social concerns, number of improvements have been put into force in Turkey in the recent years in the frame of “National Employment Strategy” programme including the new employment opportunities for the unemployment as well as the trainings regarding the professions for the individuals who will start their work life for the first time (Taş, 2011: p. 117-131, 155).

**Table 5.9 Budget Realisation of İŞKUR**

<b>Year</b>	2018
<b>GDP TL</b>	3,700,989,000,000.00
<b>İŞKUR’s Budget TL</b>	12,302,954,000.00
<b>İŞKUR Budget/GDP</b>	0,33%
<b>Total İŞKUR Budget Realisation Rate</b>	52%

Source: İŞKUR Activity Report (2018) and tables with calculations of this study.

According to OECD estimations Turkey’s GDP for 2018 is calculated to be 3.700.989.000.000 TL while according to the İŞKUR Activity Report for 2018,

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<sup>57</sup> Active Workforce Services Circular (Official Gazette of Republic of Turkey dated 12/03/2013 numbered 28585)

12.302.954.000 TL was spared for İŞKUR's total balance which not only includes ALMP expenditure but also others such as passive unemployment payments, administrative expenses, personnel wages etc. In 2018, İŞKUR could only materialized 52% of the budget, accordingly around half of the 0,33% share of İŞKUR's budget to total GDP of Turkey was actualised (Table 5.10).

**Table 5.10 Breakdown of İŞKUR's Budget**

<b>2018 Share Under İŞKUR Balance</b>	<b>Total Allocated TL</b>	<b>Allocated share/ İŞKUR Budget</b>	<b>Realisation Rate</b>
<b>ALMP Department</b>	4,377,400.00	0,335%	50%
<b>ALMP Expenditure*</b>	4,000,000.00	0,332%	33.5%
<b>Job and Vocational Guidance Department</b>	7.262.000,00	0.559%	56%
<b>Regional Directorates</b>	12091617200.00	0,982%	52%

\*ALMP expenditure is also counted within ALMP Department's Share.

Source: 2018 İŞKUR Activity Report (2018) with calculations of this study.

In 2018, İŞKUR declared that the budget share of the ALMP Department of the institution is amounted to 4.377.400 TL where only 50% (2,010,213.94 TL) of it was actualised. In the same report, it is also underlined that 1,340,757,000 TL was used out of the amount 4 billion TL spared for the ALMPs which leads to a percentage share of %33.5 actualisation rate. These two different pieces of information regarding the expenditures show that the actualisation rate is somewhere nearly 50%. Still it is not clear to determine the share of related administrative or staff expenditure or any other expenditure besides the amount channelized to programs of the same department or the regional directorates. In addition, from the same report it is

understood that İŞKUR separated Job and Vocational Guidance Department budget, which was 7,262,000.00 TL in total, from the ALMP Department. The department actualised 4,077,572.1 TL of the budget which is 56% of the total. Besides all, İŞKUR channelized 12,091,617,200.00 TL which is 98.2% of its total budget to its regional directorates which includes all İŞKUR expenditures in the regions; however, the directorates could actualise only 52% of it. Unfortunately, İŞKUR reports and publications do not provide a comprehensive and systematic budget activity details to each program or item. Turkey's detailed ALMP expenditure is also not available through other resources such as OECD and EUROSTAT. At least, it is very clear that the low share of the GDP to ALMPs are not efficiently actualised by the institution (Table 5.10).

**Table 5.11 Indicators at İŞKUR's Database for the Jobs**

İŞKUR Basic Indicators		January 2018	January 2019
Vacancy	Total	178.623	141.403
	Public	365	294
	Private	178.258	141.109
Employment (Job Placement by İŞKUR)	Total	79.422	83.416
	Man	51.110	54.831
	Woman	28.312	28.585
Registered (to İŞKUR) Labour Force	Total	4.609.921	6.737.522
	Man	2.627.215	3.804.988
	Woman	1.982.706	2.932.534
Registered (to İŞKUR) Unemployed	Total	2.452.336	3.775.660
	Man	1.241.984	1.843.503
	Woman	1.215.442	1.932.157

Source: İŞKUR January 2019 Bulletin

According to the statistics stated in Table 5.11; in January 2019 total of 83.416 people of which 66% men and 34% women have been placed a job by means of İŞKUR with an increased percentage of 5% in comparison with the same term of the previous year. In 2018, the total number of vacancies that İŞKUR has received from the employers has decreased to 141.403 with a rate of 20,8%. The 99,8% of the vacancies have been received from the private sector due to the economic recession in 2018. 49% of the registered unemployed are men and 51% are women and 30% are at the age group of 15-24.

İŞKUR provides a variety of ALMP services including Wage and Employment Subsidies, micro SME development, public works and public service employment, training and retraining and job counselling. In following sections, the ALMPs of İŞKUR will be introduced.

#### **5.4.1 Wage and Employment Subsidies**

İŞKUR serves with six main type of wage and employment subsidies to employees through the channel of employers: additional employment subsidies and wage supports, women youth and vocational qualification certificate subsidies, subsidies to the unemployment allowance beneficiaries, disabled employment support and minimum wage support Persons have to be registered to İŞKUR database to obtain the subsidies. İŞKUR declared that Subsidy and Support Payments are amounted 10.709.430 TL in 2018.

İŞKUR aims to support employment through assisting employers financially with Additional Employment Subsidies. By this way İŞKUR tries to balance the marginal productivity and wage of employment one additional worker for the firms.

With Additional Employment Wage Supports, it is aimed to increase registered employment İŞKUR tries to decrease the barriers in front of disadvantaged large groups, such as women and youth. It also aims to encourage skill gain through Lifelong Learning (LLL) to obtain a sustainable employment period.

Unemployment allowances are provided to newly unemployed for six months in Turkey. The main aim is to support the unemployed to cover the costs of finding a new job. In order to accelerate the process of job matching, İŞKUR encourages the employer and employee by supporting through covering their social security premiums until the end of the 6-month term of unemployment allowance benefits. These incentive provisions cannot be used if the worker resumes work at the same workplace.

İŞKUR tries to cover the loss of productivity with disabled employment supports. If private sector employers employ disabled people within the quota or in excess of quota or even if they are not obliged to employ disabled people; the employer's share of the social security premium at the minimum wage level for each disabled employer (TL 524.47) will be paid by the Treasury according to latest updates valid for 2019.

Minimum wage supports are present to cover the gap between the wage expectations of the employee and the wage that employer can provide. This measure is particularly effective during crisis or downturns of economics cycle and İŞKUR seems to stabilize the labour demand and supply for a smooth transition between those periods.

#### **5.4.2 Micro Enterprise SME Development**

İŞKUR organizes Entrepreneurship programs to assist unemployed to start their own businesses. Entrepreneurship programs are executed in the framework of the principles detailed in the “Applied Entrepreneurship Training (UGE) Cooperation Protocol” signed between “Small and Medium Enterprises Development Organization” (KOSGEB) and İŞKUR. The most distinguishing feature of the program is the ability of İŞKUR to cooperate with a SME and start-up funding agency, KOSGEB. Entrepreneurship courses and trainings of İŞKUR should be differentiated from the vocational trainings and other skill related trainings of the ALMPs of Turkey due to its combined features. Firstly, in this model İŞKUR mainly aims not only to improve self-employment but also to improve long term SME sourced employment which has the biggest share among various size firms in Turkey providing the most employment. Secondly İŞKUR tries to obtain sustainable SME's

and it improves the efficiency of KOSGEB grants through training the beneficiaries. Creating sustainable SMEs is thought to create more jobs with its multiplier effects. The Program's main module duration is 60 hours, and supporting modules are up to 12 hours, and including the workshop for the related module. The participants are supposed to be registered at İŞKUR as unemployed excluding the retired individuals, elder than 18 years old, and they must not have participated the entrepreneurship program conducted by İŞKUR before (Germir, 2015, p.133).

While İŞKUR seems to have a pro-active position on sustainability of the SME's, it can also increase its activity with mentoring continuous support to grant holders and incubating incentives.

#### **5.4.3 Public Works and Public Service Employment**

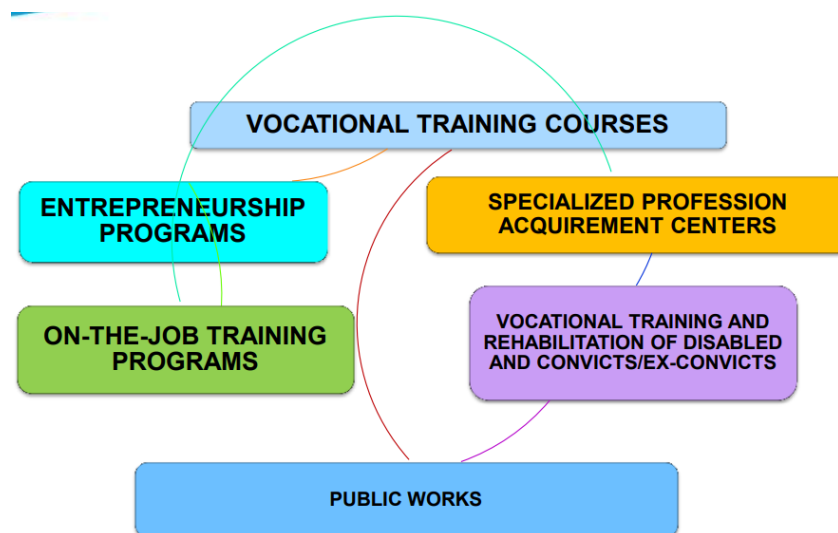
According to the Article 62 of the Public Work Regulation of Turkey, public work programs aim to realise the adaptability of unemployed by preventing them from diverging from work discipline and routine; while providing them temporarily income support. The programs are identified to be used especially in regions or times where unemployment is more common. According to the Article 65, there are nine main programs under public work practices of İŞKUR and mostly requires low skilled workforce particularly for environmental and infrastructural needs. The maximum working hour is 45 hours per week and maximum duration of a program is 9 months.

Indeed, İŞKUR does not share detailed data on public works, such as spending and structure of the segments of beneficiaries. The most comprehensive study regarding the impact evaluation of public work programs on labour market is Dayıoğlu's (2014, p. 12-44) Public work evaluation study dated 2012 for İŞKUR under an EU funded project. The study was focused on 297,612 observations from İŞKUR database. 238,169 persons completed at least one program and the analysis were made on those. 83.6% of the participants benefited once, 35672 of them twice, and 3410 of them attended 3rd time. Average duration of beneficiaries under the programs is 200.5 days. Only 5% of the beneficiaries attended to trainings of İŞKUR. Before the

program around 40% of the beneficiaries have been registered at least once to social security and the gender gap was considerably high. After the program the registered percentage was raised by six points. The main criticism is the insecure nature of public works eliminating decent employment and unionization rights of the participants. Between 2007 and 2014, 757.227 people participated to 20914 public work programs of İŞKUR. During 2015 İŞKUR implemented 9.596 programs with active participation of 234.941. The number of 2015 participants have doubled the total of 2009 and 2010.

#### 5.4.4 Training and Retraining within Lifelong Learning and Vocational Education

The Active Labour Market Programmes issued by İŞKUR, the types of the courses and programmes implemented by İŞKUR within the context of the ALMP are listed in Figure 5.2.



**Figure 5.2 Active Labour Market Programmes of İŞKUR – Types of Courses and Programmes**

Source: İŞKUR Activity Report 2018

**Table 5.12 Statistical Data on the Active Labour Market Programmes (January 2019)**

<b>Active Labour Market Programmes/Services</b>	<b>Number of Courses</b>	<b>Number of Participants</b>
<b>On the Job Training Programmes</b>	6.037	19.980
<b>Vocational Training Courses</b>	189	3.660
<b>Entrepreneurship Programmes</b>	101	2.234
<b>Total</b>	6.327	25.784
<b>Number of Participants Increase in Comparison with January 2018</b>	% 26	

Source: İŞKUR Statistical Data, Access date: 25.07.2019

As an up-to-date information concerning the labour market situation in Turkey; in January 2019, as shown at the Table 5.12, totally 25.784 individuals have benefited from educational programs. 19.980 people have participated in total of 6.037 On the Job Training Programmes, 3.660 people have participated in a total of 189 Vocational Training Courses, and 2.234 people have taken part in 101 Entrepreneurship Programmes. In this regard, the total number of the individuals who have benefitted from these programmes has increased by 26% in 2019 in comparison to the same term of the previous year.

## **5.5 Job (Vocational) Counselling Practices**

Counselling and guidance services have a considerable and substantial role within the context of the ALMPs. Integration and adoption of career and job counselling activities as the ideal professional services in the labour market are deemed as necessary for the Turkish system and culture (Owen et al., 2011, p. i). According to the National Employment Strategy 2014-2023 Macroeconomic and Main Policy-

Axis Goals<sup>58</sup> until 2023, job counselling services are planned to be provided to the all social benefit recipients who are able to work (Se er and  ınar, 2019, p. 980). In this context, job counselling activities are supposed to resolve not only the problems concerning the employment but also shortcomings in different fields such as social barriers, gender inequalities, skill mismatch and insufficient information of job matching. For instance, for the optimization of the human resources; effective job counselling services are supposed to provide support to make the right investments for the human resources and therefore these services enable any state to utilize its human resources in a better way (Karag lle, 2007, p. 3). Assessment of vocational data and individual competencies, supports for orientation for vocational training courses and for job, job placement and informative seminars are provided via İ KUR's job counselling services.

İ KUR aims to help young individuals who are at the initial steps of choosing occupation and who will begin vocational education within the frame of job counselling, and who will begin to work for the first time, and who have been long-time unemployed, and also unemployed who are receiving insurance allowance for unemployment, individuals who want to change, acquire or get further in a specific profession within the frame of job counselling.

Job counselling is provided through group or individual counselling services and aims to make the target group get aware of the importance of their occupations and vocational preferences, and to have them gain information concerning the workplaces, required qualifications as well as education opportunities and actually to recognize themselves. Furthermore, within the job counselling; trainings for the improvement of job-search skills like job searching manners and keeping it, and such as interviews with the employers, and CV preparing are offered to help the unemployed people applied to İ KUR, and the students at their last year of vocational training centres, vocational schools of higher education, vocational high schools and universities, the officers who are at their compulsory military duty which is about to

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<sup>58</sup> National Employment Strategy 2014-2023 of Turkey, p. 45, <http://www.uis.gov.tr/media/1437/uis2014-2023.pdf>, access date: March 18, 2019.

be completed. In Turkey, job counselling services are rendered in the all service points and provincial directorates of İŞKUR (Yıldız, 2016, p. 249-263; Kluve, 2018, p. 2).

Asymmetric information is assessed as the one of the most important obstacles for the labour market and the counselling services are executed in order to tackle with this obstacle (Özkan, 2014, p. 8-9). The main outcomes that are targeted to be obtained by the vocational counselling services are defined as to shorten the unemployment period, to increase the employment level and productivity and to maintain the employment efforts.

Job counselling services aim to support not only the persons or groups who have career problems but also the ones who are at every stage of work life to have an occupation suitable for them at which they can work willingly and productively. Aca (2014, p. 144-145) identifies the process of job counselling activities in four stages. Stages are gathering information about the individual and recognizing as well as analysing, gathering information about the sum of occupations and analysing, comparing the characteristics of the individual with the requisites of the jobs, and preparing a development and action plan for the individual respectively.

Moreover, in the concept of social inclusion which aims both to involve and integrate the disadvantaged group of people (such as elderly people, disabled people, women) to social life by preventing their social exclusion, and to improve the capacity of individuals for the convenient access to work in accordance with the changing social and economic needs (Genç and Çat, 2013, p. 369-374; Gökbayrak, 2005, p.1), İŞKUR provides services for the individuals that have troubles and difficulties to find jobs, and who cannot adapt to work life with some disabilities. In this case, individuals are helped by the individual counselling services and directed as well as placed to the suitable job. They are also informed regarding the further career and educational opportunities to be able to make plans for the employment (Karagülle, 2007, p. 13).

Pursuant to the job counselling methods and tools of İŞKUR, for the people who are at the stage of choosing a job, counselling service is provided to help them learn more

about jobs and training facilities and lastly to make a decision by considering the different features and conditions of the different professions. After the individuals assess and examine all alternatives, they are directed to a training facility where they can acquire the skills, information, requirements of the job and habits they need for the profession they prefer. At the stage of choosing a job, these activities cannot be traced by the individuals themselves. So, the individuals are provided support by the job counselling services at all steps on the way in order not to leave their job choice up to chance and to consider all options to be met. Some evaluation and assessment tools are used in the context of counselling services to assist individuals to compare their individual characteristics with the job requirements. İŞKUR has used the “Vocational Orientation Battery” as a complementary tool of this service.<sup>59</sup> The purpose of this tool is to provide support and assistance to the individuals for improving and realizing their tendencies, interests as well as skills by clearing up the alternative jobs accordingly.<sup>60</sup> The manner of the instrument is based on assisting people to get familiar with the different professions and with their individual skills in order to help them find the most suitable job. For this purpose, people can visit İŞKUR to attend the interviews with the job counsellor.

According to İŞKUR, while giving support to the people at the stage of choosing a job, individuals are directed to decide about the job that they will choose without being said for which job they are suitable.<sup>61</sup> This method is applied as an important principle. In this manner, individuals are supported to know more about themselves by means of interviews at the step of individual counselling activities in terms of their sociocultural status, social attitudes, academic and school achievements, studying habits, physical conditions and other similar facts. At this stage, any lack of information and knowledge is procured, and at the final point the individuals are supported with the proper information and knowledge. Individuals are also assisted

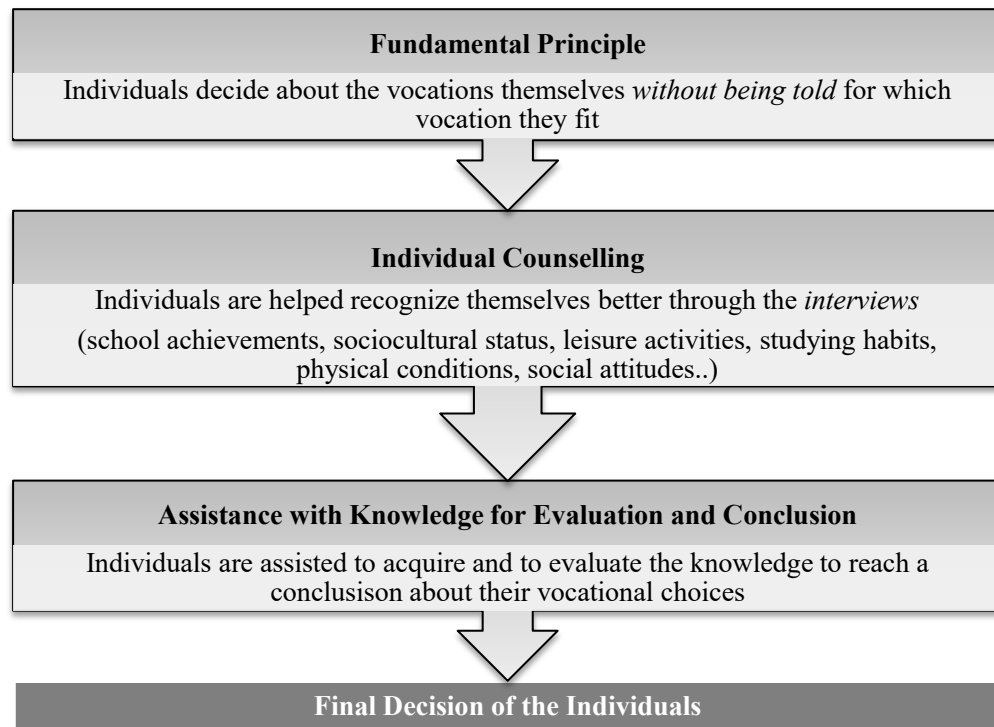
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<sup>59</sup> <https://www.iskur.gov.tr/en/job-seeker/consultancy/> Access date: 10 August 2019

<sup>60</sup> Papers Book 26-27 November 2014 ANTALYA – TURKEY euroguidance Job & Vocational Counselling Congress II. International euroguidance Printed in Turkey –November 2015 ISBN978-975-92450-8-5 [http://kongreug.iskur.gov.tr/Portals/0/imd\\_kongre\\_bildiri/2.imd\\_ingBildiriKitabi.pdf](http://kongreug.iskur.gov.tr/Portals/0/imd_kongre_bildiri/2.imd_ingBildiriKitabi.pdf)

<sup>61</sup> <https://www.iskur.gov.tr/en/job-seeker/consultancy/>

to assess the knowledge they obtained and to reach a precise decision regarding their choices of job. At the final stage of counselling, an individual gets aware of the importance of choosing a job and attains the point of making his/her own decision.<sup>62</sup>



**Figure 5.3 Counselling Process for the Individual at the Stage of Choosing a Vocation**

Source: İŞKUR Webpage <https://www.iskur.gov.tr/en/job-seeker/consultancy/> Access date: 20.07.2019

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<sup>62</sup> For detailed information regarding the job counselling methods and tools of İŞKUR, see <https://www.iskur.gov.tr/is-arayan/is-ve-meslek-danismanligi/>, access date: February 17, 2019.

Specific fundamental principles are taken into consideration while job counselling service is being rendered. These principles are summarised by Erdoğan, (2011, p. 12-13):

- The individual is supposed to have freedom of choice,
- The individual is supposed to benefit from job counselling service upon his own preference,
- The confidentiality should prevail in job counselling service,
- The job counselling service should be open for all,
- The job counselling service is supposed to be carried out with the cooperation of all sides,
- The job counsellors are to be considered as accountable to both the individual and to all the community.

According to the definition of the profession of ‘job counsellor’ issued by the Vocational Qualifications Authority, a job counsellor is “the person who assists the individual to resolve the problems concerning the job placement and job orientation, to choose the most suitable job in coherence with his will and his condition, to get benefit of the training opportunities regarding the chosen job, by comparing the individual’s personal characteristics and requisites of the occupation as well as the professions that are needed by the labour market”<sup>63</sup>.

According to Aca (2014, p. 146) and Erdoğan, (2011, p. 10) capabilities that a job counsellor has to have are analytical thinking, team work, persuasion, problem solving and time management capabilities. They also should have an extensive set of skills such as listening, empathy, decision making, adaptability, organised and

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<sup>63</sup> For detailed information regarding the definition of the ‘job counsellor’ and the main features that a job counsellor is supposed to have, see <https://statik.iskur.gov.tr/tr/duyurular/ISKUR-IMD-EgitimKitabi.pdf>, pp. 10-12, and [https://sausem.sakarya.edu.tr/2/204/Is-ve-Meslek-Danismani-\(Seviye-6\)-Ulusal-Yeterlilik-Revizyonu-Hk](https://sausem.sakarya.edu.tr/2/204/Is-ve-Meslek-Danismani-(Seviye-6)-Ulusal-Yeterlilik-Revizyonu-Hk), access date: March 16, 2019.

disciplined working. In addition to the skills and capabilities, job counsellors have to know about survey evaluation, human psychology, job matching techniques, related legislation and the labour market conditions.

One of the most crucial tasks of the job counsellors is the interviews and meetings with the individuals searching for a job. At these interviews, the individuals are given information regarding the active and effective job search, and the path through a job, and preparing CV and also regarding the job interviews. Besides, by means of these interviews, unrealistic wage expectations can be averted. Furthermore, in case of unsuccessful job interviews or applications, job counsellors can preclude the demotivation of the individual by encouraging him/her to keep on job searching and by assisting him/her to raise new ideas and more effective ways to find a job. Also, the compatibility of the job seeker with the profession is tested during these meetings, so that the individual can be directed to various training programs in case he is deemed as not compatible (Rosholm, 2014, p. 4; Seer and ınar, 2019, p. 980).

According to the research named “Color Horizons Research” conducted by Visa Europe Turkey in 2 October 2014, aiming to find out the prominent factors affecting the young people’s approaches for the career choice amongst 800 high school and university students in 11 cities from 7 regions of Turkey; 85% of the youth try to replicate alternatives while making decisions, 80% claim that they will be rather satisfied with their decisions, 47% of high school students feel that they are dragged by the conditions and circumstances, this rate goes up to 61% with the university students. Besides, the independency level of the young people decreases while the level of the school is increasing; 75% of the first-year students of the high schools feel themselves independent, 72% of the second year of the high schools feel themselves independent, and this rate goes down to 68% with first-year students and continues decreasing to 63% with the second-year students of the universities. From these implications, it can be argued that the responsibility of the job counsellors is of crucial importance for the young individuals searching ways to replicate the options ahead. Currently in the Turkish labour market, the job counsellors have been rendering their service to the people seeking for jobs in this frame by performing an assisting role by providing all available options that the youth can have. According

to Yıldız (2014, p. 62-63) this responsibility includes creating awareness related with the concepts of the respective occupations such as income advantages, further career opportunities and job security by providing sufficient information to the students participating the seminars, conferences and trainings at schools.

### **5.5.1 Regionalisation to Improve Effectiveness: Vocational Data Centres**

Information about occupations and trainings is provided by the Vocational Data Centres which are established within every provincial/branch directorate that are sufficient physically and with qualified personnel rendering vocational counselling service.<sup>64</sup> According to the 2017 and 2018 Activity Reports of İŞKUR, there are 52 Vocational Data Centres in the country as of the end of 2017 and 2018.<sup>65</sup> Gathered information by the Vocational Data Centres aims to support the individuals who are at the step of choosing a job and/or a training place to make precise decisions. Vocational Data Centres are convenient for both individual and group applications. Group meetings are held in the vocational data centres upon the counsellors' request, and detailed information is given to the trainees with regard to the importance of the job choice and which sources the occupational data can be gotten from.<sup>66</sup> Vocational data centres are defined, in the frame of target group, as the centres where the sources regarding the occupations, vocational training places and working life are kept and presented to the people who are in need to reach.<sup>67</sup> İŞKUR categorizes the people who can get benefit of the vocational data centres as follows: the ones who are at the step of choosing a job and who are mostly comprised of students, the ones who want to obtain sufficient information concerning the professions and trainings that are

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<sup>64</sup> İŞKUR Magazine, 3I in Labour, No. 4, October-November-December 2011, p.43, <https://media.iskur.gov.tr/15348/istihdamda-3i-sayi-4.pdf>, access date: March 14, 2019.

<sup>65</sup> İŞKUR Activity Report-2017, p. 59, <https://media.iskur.gov.tr/13578/2017-yili-faaliyet-raporu.pdf>, access date: March 18, 2019.

<sup>66</sup> İŞKUR Magazine, *Supporting Vocational Choice*, No. 1, 2014, <https://www.ailevecalisma.gov.tr/Publication/iskur-meslek-secimine-destek/iskur-meslek-secimine-destek-dergisi-1-sayi.pdf>, access date: March 14, 2019.

<sup>67</sup> İŞKUR Data Dictionary, 2015, <https://media.iskur.gov.tr/15708/iskur-verisozlugu-2015.pdf>, access date: March 14, 2019.

offered in vocational training courses and vocational training centres, the ones who already have a job and who want to get further with self-improvement in that profession or to change their job, school administrators, appointed counsellors, parents and any other person who want to get more information regarding the professions and training facilities.

The information sources of the vocational data centres are classified as follows: vocational data files; general as well as regional education and teaching data files; introductory booklets about the jobs of engineering, law, healthcare, tourism, teaching, sports and arts in addition to the less-known jobs and apprenticeship; visual and printed promotional materials of the schools of higher education and the universities and regarding the services of the vocational data centres (İŞKUR, 2017, p. 60-65).

Many students, especially the ones at the higher education, are traced that they tend to change their majors or even drop off the schools because of the inappropriate choices and of the lack of awareness of their abilities and of insufficient information about career options. Then, with such aborted individuals, crucial personal prices come up such as failure, confusion and feeling of inadequacy and crucial social prices such as loss of national human resources and lowered success for the ones in the inappropriate occupations come up. Thus, more attention to job and career counselling is also very related to more active and student-oriented form based on dialogue with the students rather than only lecturing to them (Benjamin, 2006, p. 19; Maldaoun, 2006, p. 15).

In this regard, the job consultants from the vocational data centres visit schools, hold interviews with the school curators and administrators to inform them about job counselling services, and for cooperation to have students take advantage of these services. İŞKUR supports such introductory works by preparing posters and brochures. In this way, the students get access to the information resources for free by being directed to the vocational data centres. Moreover, in the Turkish education system a potentially important role is performed by the class guidance teachers. Besides, all teachers assume this responsibility in addition to their respective teaching

duties. This role of the class guidance teachers involves the group activities held weekly as guidance hours in coordination with the guidance counsellors in the schools. In this regard, Sultana and Watts (2007, p. 33-34, 79) regards the career guidance services in the Turkish education system are esteemed as one of the strengths of the career guidance in the labour market of Turkey (Sultana and Watts, 2007, p. 33-34, 79).

For the assistance to the youth, particularly to the students, consultancy service has a key role to implement the employment strategies for providing help to them to make the right decision for their professional career and to manage it at the early stage. In this regard, it is argued that the professional consultancy services as well as guidance for the young individuals should not focus on only decision-making for the educational field but also should assist them to improve their professional capabilities and skills. Furthermore, while informing the students at schools regarding the profession choice and its importance, the students should also be supported with sufficient information concerning the opportunities of job changing in labour market. In this regard, young individuals who are well-informed about the prospective future of a profession of their choice at the early stage are expected not to confront the unemployment problem after graduation from the school (Morkoç and Akalın, 2014, p. 85).

In the context of job counselling services, 4.276.025 interviews were held with the individuals searching for jobs, and 1.144.573 individuals participated in group meetings according to the İŞKUR 2017 statistics.<sup>68</sup> (Table 5.13) And, as of 2018, the number of the total interviews went up to 5.928.010 and 1.122.636 individuals attended the group meetings.<sup>69</sup> The exact numbers of the job counselling services provided by İŞKUR from 2002 to 2018 are shown in Table 5.13 below.

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<sup>68</sup> İŞKUR Activity Report-2017, p.. 55, <https://media.iskur.gov.tr/13578/2017-yili-faaliyet-raporu.pdf>, access date: March 18, 2019.

<sup>69</sup> İŞKUR Activity Report-2018, p. 48, <https://media.iskur.gov.tr/25441/2018-yili-faaliyet-raporu.pdf>, access date: March 18, 2019.

**Table 5.13 Job Counselling Services (2002-2018)**

<b>Years</b>	<b>Number of Participants at the Individual Meetings</b>	<b>Number of Participants at the Group Meetings</b>	<b>Number of Visits to the Workplaces</b>	<b>Number of Visits to the Schools/ Educational Institutions</b>
<b>2002</b>	8,915	-	40,749	-
<b>2003</b>	2,983	-	16,379	1
<b>2004</b>	4,066	-	15,291	-
<b>2005</b>	1,645	-	20,610	-
<b>2006</b>	2,124	41,111	19,117	274
<b>2007</b>	2,605	176,690	40,379	542
<b>2008</b>	4,154	214,585	35,939	404
<b>2009</b>	6,853	288,503	33,978	680
<b>2010</b>	19,724	320,219	42,025	583
<b>2011</b>	165,111	320,122	70,505	589
<b>2012</b>	841,493	271,326	183,373	2,090
<b>2013</b>	1,632,850	661,720	376,654	13,536
<b>2014</b>	2,564,340	981,238	410,734	19,854
<b>2015</b>	3,378,949	1,081,977	474,911	21,884
<b>2016</b>	4,072,924	1,185,264	552,505	23,528
<b>2017</b>	4,276,025	1,144,573	601,202	22,146
<b>2018</b>	5,928,010	1,122,636	663,715	28,786
<b>Total</b>	22,912,771	7,809,964	3,598,068	134,897

Source: İŞKUR Activity Report 2018

Additionally, İŞKUR has visited 43.819 work places in January 2019 with a 8,7% decrease in comparison to the previous year, has held 863.249 individual interviews and meetings with the people searching for a job, and the number of these individual activities is at the increase rate of 127,1% in comparison with the previous year. Moreover, the total number of the visits to the schools by İŞKUR has increased by 27.2% and has reached out to 1.047.<sup>70</sup>

In İŞKUR, Job and Vocational Counselling Department is the main responsible unit of job counselling services. In 2018 it has actualised 56% of a total budget item of TL 7,262,000. As the budget structure of İŞKUR is not itemised, it is not possible to distinguish how much of the budget of regional directorates are spared for job counselling services. Still, it is evident that İŞKUR is prioritizing job counselling services considering the high share of job counselling departments budget among all.

Main shortcoming of the public employment services of Turkey is its system which does not set to follow up individuals progress in the market. In 2018, İŞKUR put a profile-based system on trial to set up a systematic profiling of labour characteristics which would be a positive step for large unemployed base to serve. In addition, there is no directive, legislation or regulation to draw the path for the job counsellor and counselee which leads to inefficient use of resources.

### **5.5.2 Perceptions on Job Counselling: Employees and Employers**

Job counselling and career guidance services are maintained with a tri-partite structure consisting employer, employee and mediator, where mediator and employee are more visible. Therefore, the quality of the services should be evaluated not only with the expenditures or the qualifications but also the expectations of the supply and demand side of the market.

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<sup>70</sup> For detailed information regarding the comparative statistical information of active employment activities of İŞKUR, see <https://media.iskur.gov.tr/23143/01-ocak-2019-aylik-istatistik-bulteni.pdf>, access date: February 18, 2019.

Koçak and Akman (2011, p. 143) used the results of the statistical survey carried out amongst the unemployed job seekers registered to İŞKUR in Yalova province in 2011 in order to show the awareness of the unemployed with the job counselling services and to reveal the contribution of the job counselling services to the solution of the unemployment problem. The results of the survey are shown in Table 5.14, Table 5.15, Table 5.16, Table 5.17 and Table 5.18.

**Table 5.14 The Survey Question: How long have you been searching for a job? (Koçak and Akman, 2011)**

<b>Time Duration</b>	<b>Number of Participants</b>	<b>%</b>
<b>1 - 6 Months</b>	44	39.3
<b>6 Months - 1 Year</b>	34	30.4
<b>1 Year – 2 Years</b>	20	17.9
<b>2 Years – 3 Years</b>	8	7.1
<b>3 Years – 4 Years</b>	1	0.9
<b>4 Years and more</b>	5	4.5
<b>Total</b>	112	100

Source: Koçak and Akman (2011, p. 145)

**Table 5.15 The Survey Question: Do you need support at the job-search process? (Koçak and Akman, 2011)**

<b>Answer</b>	<b>Number of Participants</b>	<b>%</b>
<b>Yes</b>	101	90.2
<b>No</b>	11	9.8
<b>Total</b>	112	100

Source: Koçak and Akman (2011, p. 145)

**Table 5.16 The Survey Question: Have you heard job counselling service before? (Koçak and Akman, 2011)**

Answer	Number of Participants	%
Yes	60	53.6
No	52	46.4
Total	112	100

Source: Koçak and Akman (2011, p. 145)

**Table 5.17 The Survey Question: How did you heard about job counselling service? (Koçak and Akman, 2011)**

Answer	Number of Participants	Yes	%
Via internet	60	31	51.7
Via TV	60	10	16.7
Via Newspaper	60	11	18.3
Via magazine	60	-	-
Via Radio	60	1	1.7
Via signboards, posters, brochures	60	3	5
Via other sources	60	20	33.3

Source: Koçak and Akman (2011, p. 146)

**Table 5.18 The Survey Question: Which manners did you use for job searching so far? (Koçak and Akman, 2011)**

Answer	Number of Participants	Yes	%
Newspaper ads	112	48	42.9
İŞKUR	112	49	43.8
Relatives and friends	112	55	49.1
Internet	112	46	41.1
Visits to the workplaces	112	30	26.8
Private employment agencies	112	6	5.4

Source: Koçak and Akman (2011, p. 146)

**Table 5.19 The Survey Question: What are the opinions about the job counselling service? (Koçak and Akman, 2011)**

Opinion	Number of Participants	I certainly agree	%	I partly agree	%	I am undecided	%	I partly disagree	%	I certainly disagree	%
İŞKUR should spread and popularize this service more	112	99	88.4	6	5.4	7	6.3	-	-	-	-
I consider the job counselling service beneficial	112	92	82.1	12	10.7	7	6.3	1	0.9	-	-
I need job counselling service	112	88	78.6	17	15.2	7	6.3	-	-	-	-
I will search for a job more consciously after getting job counselling service	112	87	77.7	17	15.2	8	7.1	-	-	-	-
Opinion	Number of Participants	I certainly agree	%	I partly agree	%	I am undecided	%	I partly disagree	%	I certainly disagree	%
I learned about İŞKUR services after getting job counselling service	112	84	75	18	16.1	9	8	1	0.9	-	-
I am satisfied with the job counselling service that I got	112	86	76.8	12	10.7	13	11.6	1	0.9	-	-
Job counselling service that I got was positive	112	83	74.1	15	13.4	12	10.7	1	0.9	1	0.9

Table 5.19 (continued)

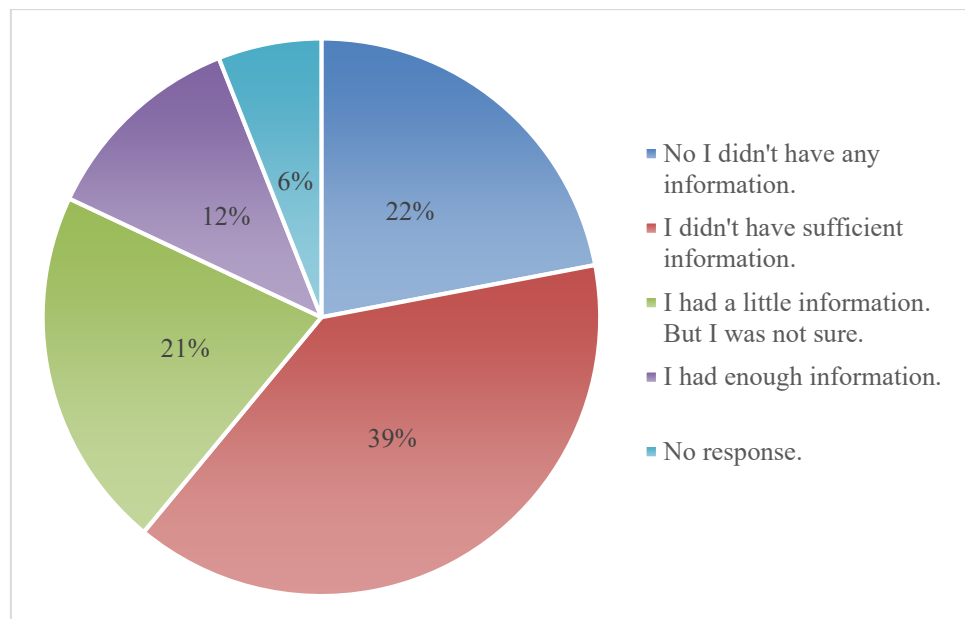
Opinion	Number of Participants	I certainly agree	%	I partly agree	%	I am undecided	%	I partly disagree	%	I certainly disagree	%
Job counselling service that I got has made me gain a different point of view	112	81	72.3	19	17	8	7.1	2	1.8	2	1.8
Job counselling service will help me find a job easier	112	79	70.5	19	17	11	9.8	3	2.7	-	-
My motivation on job searching has increased thanks to the job counselling service	12	69	61.6	32	28.6	9	8	-	-	2	1.8

Source: Koçak and Akman (2011, p. 147)

According to the survey, 101 persons out of 112 (90.2%) participants declared that they needed support at the stage of searching for a job and the rest of the participants to the survey (9.8%) replied the survey question as they did not need support at the job-search process. (Table 5.14) Furthermore, the majority of the unemployed individuals considered that the job counselling services were beneficial and needed (Table 5.15), and they thought that İŞKUR should raise this service more. They also specified that they learned about the counselling service of İŞKUR better right after they received this service (Table 5.16), besides they would act more conscious while searching jobs and motivation they got after the job counselling service was rendered (Koçak and Akman, 2011, p. 144-150). 31% of the participants who previously declared that they had been informed about job counselling services replied that they heard about job counselling services via internet (Table 5.17.) Only 5.4% of the

participants use private employment agencies to find a job while trying various channels for placement (Table 5.18). Responses shown in Table 5.19 prove that the job seekers acknowledge the benefits of the job counselling services.

İŞKUR does not only acknowledge the perception of employees. Being a mediator between employer and the employee, İŞKUR also seeks feedback from the employers about the services provided. In this context, four job counsellors (Çepniler et al., 2014, p. 84-89) working in Istanbul Work and Labour Agency-Bahçelievler Service Centre between June 2014 and September 2014 made an analytical survey consisting face-to-face interviews with the employers of 100 industry and service companies that have 50 and more employees in Istanbul. They targeted to evaluate the efficiency of the employment services in the Turkish labour market mainly focusing on the process of the job consultancy.



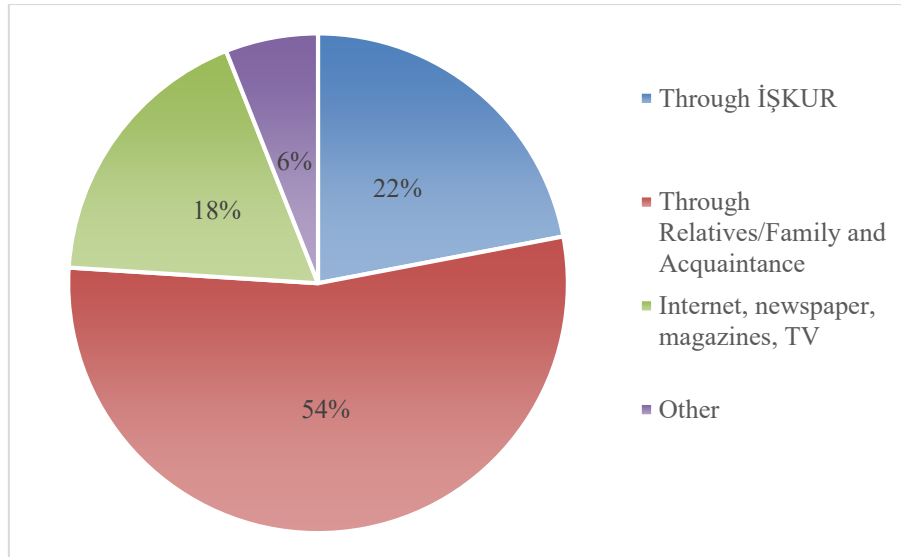
**Figure 5.4 The Survey Question: Did you have any information about İŞKUR services before the job consultancy period? (Çepniler et al., 2014)**

Source: II. International Job and Vocational Counselling Congress Papers Book, November 26-27, 2014, Antalya, Turkey

In the survey it is observed that majority of the employers are well-informed about the İŞKUR's supportive employment assistances and incentives provided to them, and about the current domestic legislative regulations. It is also assessed that the employers are satisfied with permanent consultancy provided by İŞKUR for their mutual relation and communication. On the other side of the survey, in the perspective of finding compatible employees, the situation seems better than the time before the job consultancy services began to be implemented as it is observed that the participant employers currently assess in the survey that more suitable employees can be found. But on the other hand, it is observed that there are various difficulties to find disabled suitable employees for the occupations since the disabled individuals are not permanent in the occupations because they are mostly employed in unqualified positions in terms of their further career opportunities and because of their relative low salaries and inconvenient working conditions (Çepniler et al., 2014, p. 83-89). Answers to the survey proved that the 22% of the employees did not know anything about İŞKUR services before job consultancy, another 39% declared that they did not have sufficient information. Only 12% had enough information about İŞKUR services (Figure 5.4).

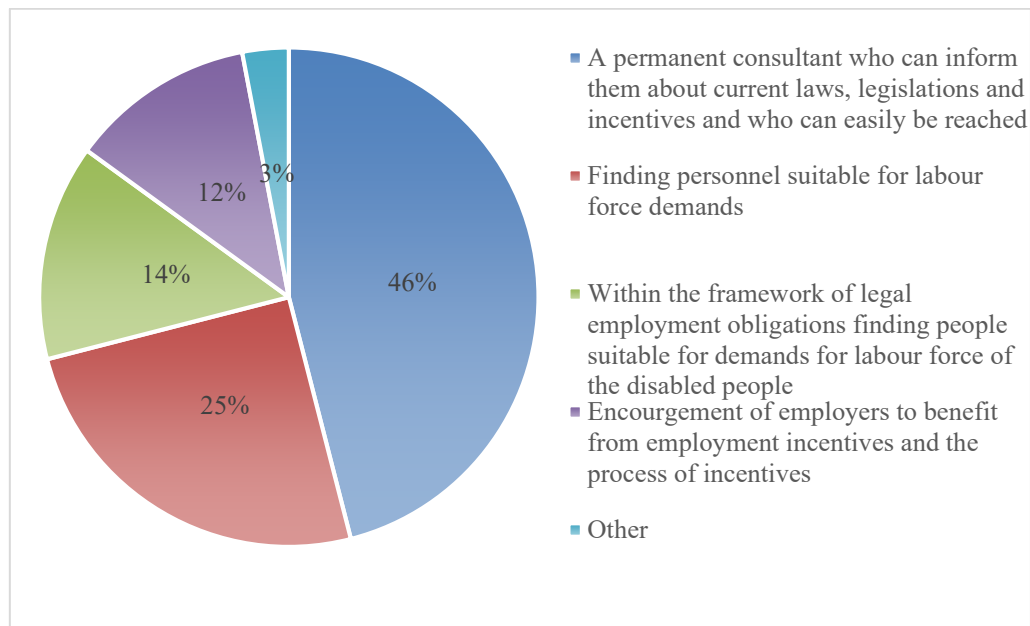
For the employers who answered “yes” to the question stated above are also asked about how they got this information.

As shown in Figure 5.3, 82% did not get sufficient information regarding İŞKUR services by means of İŞKUR itself, and the majority of the participants (54%) obtained information by their relatives, families, friends and other acquaintances. İŞKUR alone could only attract 22% and/or its visibility methods attracted 18% of the target groups. Under these circumstances it can be argued that İŞKUR is not very effective to reach unemployed and introduce their services to them. The low actualisation rates of the budget also go in parallel with the low information provided to the unemployed to be served.



**Figure 5.5 The Survey Question: With which information sources did you get learn about İŞKUR services? (Çepniler et al., 2014)**

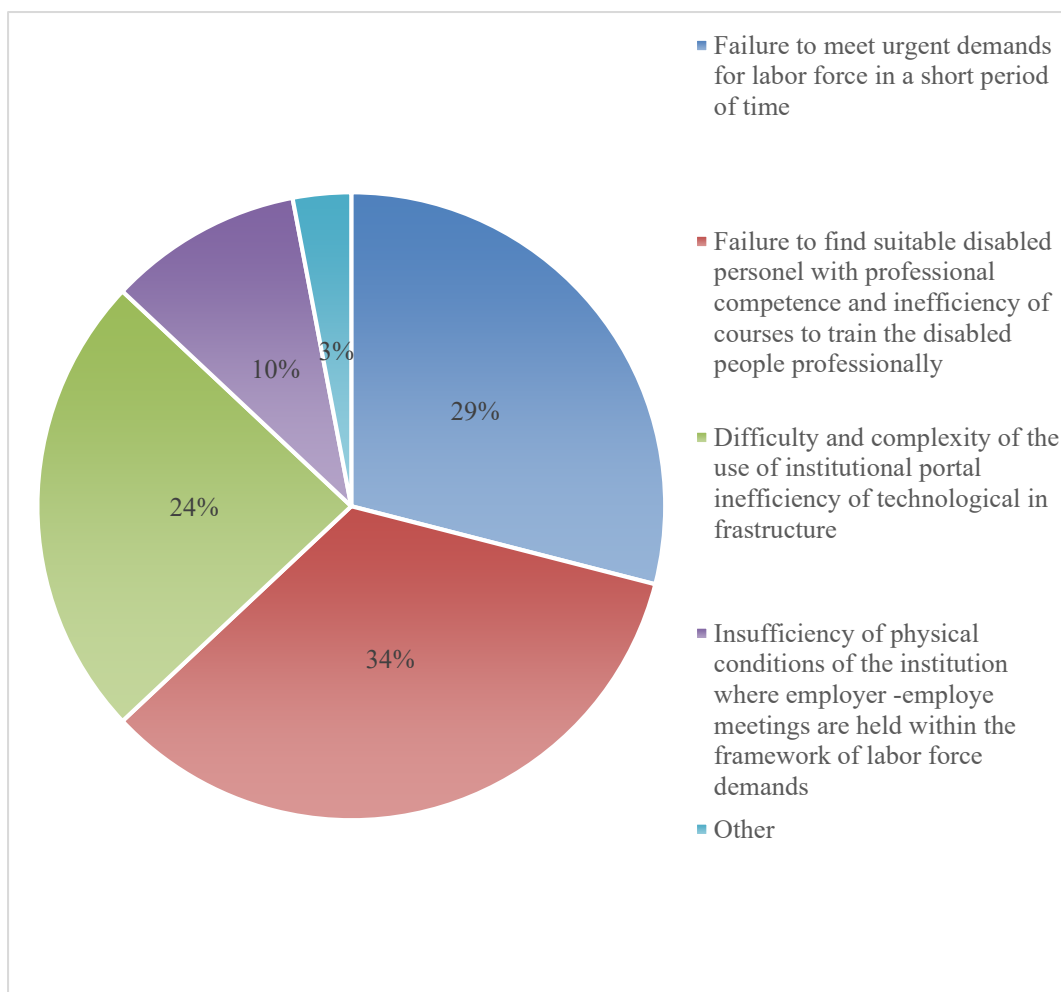
Source: II. International Job and Vocational Counselling Congress Papers Book, November 26-27, 2014, Antalya, Turkey (Çepniler et al., 2014, p. 84)



**Figure 5.6 The Survey Question: What are the benefits/positive outcomes of the consultancy services of İŞKUR? (Çepniler et al., 2014)**

Source: II. International Job and Vocational Counselling Congress Papers Book, November 26-27, 2014, Antalya, Turkey (Çepniler et al., 2014, p. 84)

In the survey, it is also asked to the employers about their satisfaction with the İŞKUR employment and counselling services in comparison with the previous consultancy. Accordingly, 68% of the employers indicated that they were satisfied with the current services. But from another point, the employers who stated that they were undecided told that their urgent demands for the labour force were not met immediately. From the response to the previous question, it is seen that İŞKUR is not adequate to reach the correct employee for efficient job matching.



**Figure 5.7 The Survey Question: What are the deficiencies of the consultancy services of İŞKUR? (Çepniler et al., 2014)**

Source: II. International Job and Vocational Counselling Congress Papers Book, November 26-27, 2014, Antalya, Turkey (Çepniler et al., 2014, p. 87)

In the last part of the survey, the employers were asked about the benefits/positive outcomes and flaws of the job consultancy services. As the ratios of the Figure 5.4. and Figure 5.5. show, 46% of the participant of the survey claimed that permanent consultants who can be easily reached and informed them with respect to the up-to-date laws, legislations and incentives of İŞKUR are the most prominent benefit of the consultancy services. Employers are obliged to reach disabled employment quotas and they are encouraged with subsidies to do so in Turkey. Employers think that the reason behind the lack of fulfilment of the quotas are due to shortcomings of the services which İŞKUR is providing. While finding suitable personnel for their need is coming at the second place as a benefit, it comes as the first deficiency in the aspect of disabled personnel with professional skills with the highest proportion of 34%.

## **5.6 Conclusions**

Considering the discussions under this chapter, several conclusions regarding the labour market situation, young workforce, features of the ALMP administration and ALMPs provided, job counselling services, the main advantages and shortcomings can be brought into the forefront.

In this chapter, it is clearly seen that labour market of Turkey shows weaker signs than the EU averages in various indicators such as unemployment rates, activity rates, youth unemployment, NEET and education levels. Turkey also shows critical signs of women's role and position in the labour markets. Gender based and total employment rates of Turkey are lower than the EU28. Although having a close rate in terms of men's employment, the female activity rate and employment rate in Turkey is critically low. Domestic works and unpaid family work stand as cultural barriers in front of women Turkey has a better score of long-term unemployment with 22.3% compared to the EU28's 43% in 2018; however, this fact does not show the strength but shows the effects of low activity rates to fulfil the needs.

Youth is one of the main disadvantaged groups in Turkey besides women. Turkey has a large young workforce which is regarded as the "demographic opportunity window"; however, Turkey has the worst image between the ages of 15-29 among OECD members in 2018. In addition, gender imbalances are still occurring according

to the education and employment indicators of youth. Turkey is missing the real facts with the automated enrolment system to schools which doesn't reflect the practical reality of possibly higher school leaving. Only 5-6% of the 25-64 aged population participates to trainings and education. Years required to find a job is also long. Overall analysis show that Turkey has many problems in the labour markets, especially in gender balance, youth unemployment and future productivity.

The ALMPs of Turkey backs to the 1980s but within a limited frame until 2008 when İŞKUR was restructured and served to unemployed with an extensive set of ALMPs. Turkey has no tradition in terms of labour market policies and establishment of İŞKUR and its restructuring alone was a great step of reform in Turkey. With the restructuring the population served is in constant rise. Now, Turkey implements state organised and government driven labour market policy management with highly centralised İŞKUR. İŞKUR operates with one headquarters with 81 regional branches of directorates in each province of Turkey. It is promising that İŞKUR has been working with international organisations extensively especially since 2008 to increase its capacity. İŞKUR provides job counselling services, certificate programmes, trainings, public work programs and development activities in Turkey. In addition, it also controls the passive supports under its roof.

Turkey has a harder job than most of the developed countries in terms of job creation, fighting poverty and unemployment. Young İŞKUR tries to serve more than 3.5 million unemployed in 2019 with its limited financial and administrative resources. In a short time period, the institution tries to enlarge itself to implement a wide set of ALMPs and to reach to wide corners of the country. İŞKUR's cooperation efforts with other institutions such as KOSGEB is a very distinguishing feature of the complementarity of SME creation in Turkey. In this regard İŞKUR's campaign and efforts of Turkey with regards to the ALMP provision should be recognized. On the other hand, there are numerous drawbacks and weaknesses of İŞKUR and PES in Turkey in its progress for successful implementation. Wage supports, and employment subsidies which directly and financially affect the employment are extensively used by İŞKUR. İŞKUR is prioritizing the disadvantaged groups such as youth, disabled and women with these extensive supports which are channelized to

employers to employ more in better conditions. On the other hand, the nature of the subsidies show that they are mainly supporting the employers and the business side rather than improving the skills of the employees. The long-term effects of such measures, especially to low skilled jobs are bound to stabilization and growing needs of the economy; but not a solution of a sustainable productivity of the labour force. One of the most critical problem is the weakness of İŞKUR's analytical capacity to monitor and assess labour market developments in terms of current and future skill needs, job creation trends, individual transitions of the unemployed, and improvements for the specific hard-to-place groups. Particularly impact assessment of the active labour market measures implemented by İSKUR as well as other agencies is needed for a better targeting of beneficiaries in the future. Some monitoring and ad-hoc evaluations do occur (Ercan, 2010, p. 52), but no systematic mechanisms were established for the impact evaluation. In addition, the analysis and public support is not present due to insufficiency of transparency such as in the public work programs where İŞKUR does not provide sufficient data to public for further research. Another biggest obstacle before İŞKUR's efficiency related training programs to cover the insufficient skills and low educational background of its labour force is due to various institutional drawbacks such as policies of Ministry of National Education (MoNE) in terms of educational data in terms of identifying the target groups. MoNE has two group of statistics consisting the early school leavers and enrolment rates. On the other hand, enrolment is automatically done regardless the real participation of students to the education institutions, and the lag it creates underestimates the real enrolment rates. So, İŞKUR may have get into fallacy to plan future ALMPs by not taking the needs of the NEETs and low skilled workforce into consideration.

İŞKUR measures its efficiency mainly on the replacement rates. Deputy General Director's introduction. In the 2018 Activity Report underlines that 420.638 persons in 2016, 508.851 persons in 2017 and 498.934 persons in 2018 benefited from the Active Labour Market Policies of İŞKUR. It is also noted down that the number placed to jobs are 1.057.249 in 2017, 1.247.188 in 2018 in total, around 99,4% of the total number is placed to private sector. This rate proves that İŞKUR is not very active

among public employment which is also an important part of the labour market. According to the report open positions were totalled 2.691.257 in 2017 and 2.393.986 in 2018. Considering the sum of available positions İŞKUR seems to fill nearly half of the available posts. PERYÖN, an NGO related to Human Resources Development estimated the turnover rate to be in Turkey. Between 2013 and 2015 job turnover rates<sup>71</sup> were around 30%, 28% in 2015, 21% in 2014 and a relatively lower score of 16% in 2016. Decrease of the turnover rate can be related to the activity programs and the highest unemployment rates of decade which discourages employees to lay off or change jobs or due to unavailability of part time jobs and flexibility of the market which should be a subject of further research. In any case turnover rates of Turkey are not very low and İŞKUR has insufficiency to absorb the turnover rate by placing the unemployed to correct jobs. There are special conditions for the ALMP beneficiaries for application such as of the term of being laid off which can limit their presence inside the programs, briefly high turnover rates may limit them to benefit from the ALMPs. With regards to the efficiency, İŞKUR's budget is relatively far lower than the EU28 averages in terms of GDP share. On the other hand, the budget cannot be the main reason of low efficiency as only half of it can be spent. From the surveys, it can be easily understood that target groups do not have enough information about İŞKUR's services. The number of personnel does not seem to be enough and qualified compared to the EU Member States. In addition, İŞKUR still have around available 3.000 posts to be filled out of 13.000. İŞKUR as a policy implementer and formulator needs more qualified workforce both in terms of demanding requirements of job counsellors and high level of expertise for central staff.

With its continuously enlarging job counselling staff and budget İŞKUR has priority on job counselling among all ALMPs meaning that job counselling has being placed in the centre of all of the ALMP in İŞKUR. In Turkey, assessment of vocational data

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<sup>71</sup> Turnover rate is the percentage of employees in a workforce that leave during a certain period of time. The issue of labour turnover is central to many current policy-related debates in economics and public policy, reflecting on labour market flexibility (Alogoskoufis et al, 1995, p. 93), flows of workers within and between employment states (Blanchard and Diamond, 1990, p. 85-143) and the reallocation of jobs and workers within the labour market (Davis et al., 1992, p. 819-863).

and individual competencies, supports for orientation for vocational training courses and for job, job placement and informative seminars are provided via İŞKUR's job counselling services. People can visit İŞKUR to attend job interviews with the job counsellor but the unemployed has no obligation to do so. During the counselling, an individual is expected to make his/her own decision to join ALMPs or to start a job without any obligation. If they do not go and meet with the counsellor or do not want to start a job there is no tool to force the unemployed to do so. During job interviews, İŞKUR inform the unemployed about their services and guides them to reach the correct job through mostly with their free will. There is no individual folders and no enforcing rule for the counsellors and applicants in terms of the procedure to be followed until placement. Without standardization and systematization, all of the responsibility seems to be left on the shoulders of counsellors and regional directorates. The situation is not administratively and economically efficient as there is no tool to control or to follow the best possible way for the applicant. In order to deal with the massive demand, İŞKUR tries to adopt a profile-based service standard where group of applicants are categorized according to their skills and capabilities. Another shortcoming of the job counselling services in Turkey is the lack of formalised directions to be drawn for the counsellors' work. All procedure is dependant to the skills and work pace of the counsellor if the unemployed apply to them. There is no individual folder of the unemployed even showing the consultation or services provided. In order to deal with massive unemployed, İŞKUR nowadays trying to establish characteristic profile schemes of the groups. İŞKUR is insufficient in terms of raising awareness and monitor the counselling procedures. In the 2018 Activity Report, although the number of people with whom İŞKUR held consultation meetings was 3,679,115 persons during 2018 which can be regarded high; the link between placement and consultation meetings are not clear.

## **CHAPTER 6**

### **CONCLUSIONS**

As an EU candidate country, Turkey has been experiencing a transitional phase in the labour markets and its policies and strategies of activation since 2005. Even though it is a slow-going process, for an eventual EU membership, Turkey is expected to adopt the labour market policies and structures foreseen by the EU into its institutional settings and has to follow the strategic priorities set by the EU. During the accession negotiations, Turkey still could not open the Chapter 19 related to social policy and employment. On the other hand, the EU is declaring the common problems among the Union such as youth unemployment or employment creation but cannot identify itself a strict policy agenda for the Member States. Within the context of the EU Employment Strategy, the EU monitors the tailor-made policies and indicators of the member states and give suggestions for their betterment. Although Turkey is not expected to ready soon, it is still important to try to compare the policies it has adopted, especially in the case of job counselling, with the EU averages and the prominent examples of Member States. In order to do so, for this study, Turkey has been compared to two distinctive EU member states namely Denmark and the UK, which were chosen due to their different labour market performances and different approaches to welfare, job creation and policies. Thus, in this conclusions chapter those three country cases are compared and contrasted with regards to the adoption of Active Labour Market Policies; situation and structure of the labour market; the institutional structures of policy implementation and their job (vocational) counselling practices in a way to draw lessons for Turkey to further develop its system of job counselling system in the future.

Although there has been a global neoliberal tendency to replace passive labour market policies with the active ones and focus on supply side measures rather than

the demand side interventions since the 1980s, it is possible to observe that the *development and actual use of the Active Labour Market Policies* at the European level has not been simultaneous. Denmark is known as a long-time fan of passive labour market policies in order to sustain its social welfare state perspective and it gradually decreased passive unemployment benefits by channelizing them to the ALMPs within its flexicurity approach in balance with welfare state. The UK is known to have a long tradition of active policy making with a more liberal approach. Thus, it has easily depended on the use of the ALMPs in a way to fight against unemployment historically. Turkey, on the other hand, can be counted as a newcomer to the ALMP implementation. Although Turkey had to adopt some ALMPs following the 24 January 1980 decisions, especially due to increasing privatisation, Turkey could actively start to implement the ALPMs from the 2000s onwards when the EU, UN and World Bank got involved into the labour market policies through cooperation with the Turkish government. Thus, it can be argued that the ALMPs in Turkey could be extended to all unemployed only after the 2008 reform, which also restructured İŞKUR.

Global trends and the economic crises forced all three countries to get into a reform process various times in history. Denmark had the most critical reform in near past during the 1990s, which resulted in success named “job miracle” (Larsen, 2005, p.5). These reforms were the main key of reducing over 10% unemployment rate in 1993 to below 6% following 1997, which remained as such until 2009. The main formulation of the reforms was to decrease passive unemployment benefits and channelizing them to the ALMPs to create the flexicurity approach in Denmark in balance with welfare state. Denmark overcome the negative effects of the crisis much faster than the EU28. The UK tightened the eligibility criteria of benefiting from passive supports after 1996. The shift towards a more liberal approach is just after the peak of unemployment rates above 10% during 1993. Although the unemployment decreased after 1993, in order to sustain a better functioning labour market, the UK applied considerable reform packages following 1995. These packages provided an unemployment rate lower than 6% between 2000 and 2008. The fast pace of recovery in terms of labour market indicators also prove the good positioning of the pillars of the market against Brexit talks. Turkey has had no

tradition in terms of labour market policies and the establishment of İŞKUR and its restructuring alone was a great step of reform in Turkey. The İŞKUR has been working with international organisations extensively especially since 2008 to increase its capacity and putting specific reforms into practice to develop its effectiveness and quality. Number of beneficiaries increased tenfold afterwards. The restructuring is followed by nationwide strategies and programs with the increasing national and state awareness on the unemployment issue. While before 1998 there were few examples of small scale ALMPs where the market was turning over on the passive supports, the situation has changed with numerous ALMPs implemented throughout the 2000s. Turkey still needs to accumulate experience in better policy making to improve its labour market situation.

The *general structure of the labour market* is eventually the background against which the ALMPs in general, and job counselling in particular are implemented. In this context, Denmark, the UK and Turkey can be classified differently. In the previous chapters, analysis of the labour market indicators is made separately for each country, but here it is also possible to compare them and reach at some results. Denmark and the UK has shown a better picture than the EU27/28 averages in all aspects while Turkey is lagging far behind for most of the labour market indicators. The analysis is limited with the main indicators of the labour market such as, employment, unemployment, activity, training and education participation rates, social security expenditures related to passive labour market policies, the issues regarding the youth and education. Gender based and total employment rates of Turkey are lower than the EU28, the UK and Denmark in 2018. 52% total employment rate of Turkey is nearly two thirds of the rates of Denmark and the UK. Although having a close rate in terms of male employment, female employment in Turkey is critically low, nearly half of the EU28 average and less than half of the two countries examined in this study. A similar picture is valid for the activity rates, where the total activity rate of Turkey is 58.5% and it is around 15 percentage points lower than the EU28 average. Similar to the overall employment rate, male employment rate is close to the EU28, Denmark and the UK, but female activity rate is critically lower. Although women opt out working in Turkey, the ones who want to work cannot find suitable jobs as the unemployment rate of women in Turkey shows: it is

two times bigger than that of the EU28. This situation also gives a clear idea about why Turkey prioritizes women in many of the ALMPs that it implements. Traditional responsibilities like childcare and low wages in addition to unpaid family work especially in the agricultural sector pull back female labour market participation rates in Turkey. Thanks to increasing cooperation with international bodies and the EU, Turkey improves its policy making capacity with increased awareness in the field of women's employment.<sup>72</sup> Even women wanted to work, it is not certain that Turkey is capable to create enough jobs for them especially in decent conditions. In terms of gender balance in the labour market, both the UK and Denmark can be said to be successful but not perfect. Although Denmark's gender balance is overall more stable, when it comes to young workforce, this balance is disrupted and risks the future of the equal terms. The UK activity rates are close to Denmark and the labour demand is more focused on women rather than men, which forces the UK to activate more women to meet this demand.

When it comes to long term unemployment, Turkey with 22.3% has a better score than the UK, a lower score than Denmark, compared to the EU28's 43% in 2018. In terms of men, the situation of Turkey seems to be much better at first glance. This case does not prove the strong structure of Turkish labour market; but it may much possibly show that workforce of Turkey quits seeking a job much easily and faster than the EU workforce or considerable part of the unemployed may be out of active workforce or may be working unregistered. In Denmark, flexibility of the labour market and in the UK the widely used part-time jobs ensure higher turnover rates and lower cost to find a job. On the other hand, these high rates are not always considered to be positive as it does not let the workforce to accumulate experience in an enduring working life.

It is also important to mention in the context of the structure of the labour market that the demographic structure of Turkey is very different than that of Denmark and the UK. Turkey has a large young population unlike the two other cases. Aging issue is the one and most important challenge of Denmark. While it has relatively more active

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<sup>72</sup> Employment Education Social Policy Sectoral Operational Program of Turkey, Chapter 4.6.1.2. [http://www.ikg.gov.tr/wp-content/uploads/pdf/24032017\\_EESP\\_SOP.pdf](http://www.ikg.gov.tr/wp-content/uploads/pdf/24032017_EESP_SOP.pdf)

elder workforce, it faces a risk to have a sustainable pension scheme of retirees and continuation of the current good level of social standards. Starting from 2008 to 2015, social security expenditures had an increasing tendency even while the unemployment rates were decreasing. Still, Denmark does not show remarks of activation of young workforce but channelizes youth to education which would probably improve the productivity with a risk of not covering today's cost. Denmark shows higher difference between male and female unemployment among youth than that of older age groups, which is also a field that Denmark does not seem to prioritize within the context of the ALMPs. The UK has a worse situation with regards to young male unemployment than Denmark but a better score for women. Most obvious issue related to the case of youth in the UK is the relatively high levels of the NEET category and it is argued that the cost of education discourages the youngsters to enrol in formal education. When this fact is combined with various disadvantages of being youth, future productivity of the UK economy may be at stake. Both countries, in terms of youth unemployment have close scores to each other. Regardless of the strength of their labour markets, all three countries examined in this study experience higher unemployment rates for youth than other age segments in overall. Still the number of NEETs is high in the UK and Turkey. Turkey, remarking its young masses as a "demographic opportunity window" for its labour market and economy, does not seem to activate or educate them which turns out to be a threat for future welfare and productivity when the mass becomes elder. Despite implementing many projects and policies for the youth Turkey have not yet got closer to ideal youth unemployment and activity rates with its worst image between the ages of 15-29 among the OECD members. The NEET rates are over twofold of those in the UK and the EU28 average of 2018 and four times larger than that of Denmark. Women NEET is three times bigger than that of the EU28 and the UK and five times bigger than that of Denmark in 2018. In addition, gender imbalances can still be observed within youth in terms of NEETs and employment.

The strong link between employment and education is no longer debatable, especially with regards to the need to activate masses of youth with more productive skills. In order to attain a better functioning labour market with more productive environment, skills of labour force have to be increased not only via formal education but also

through lifelong learning. It is very important to provide required skills to youth via long term planned formal education. On the other hand, when it is not the case or the labour is not young anymore, this gap should better be covered by lifelong learning. Turkey struggles to deliver sustainable formal training to youth. The automatic enrolment system of Turkey misleads the real facts that practically more children and youth is out of education and Turkey's education rates are much lower than those of the EU28. Lifelong learning concept is not only for improvement and adaptability of the workforce but also considered to be an important solution to the insufficiency of formal education. Turkish workforce shows weaknesses in educational background which result in low skills and Turkey does not show sufficient effort to improve the situation as only 5-6% of the 25-64 aged population participates to trainings and education. Years required to find a job after leaving formal education in Turkey takes much higher than the EU member state averages. In Denmark, the rates of education and training participation had been mostly two times higher than the EU28 averages. Danish youth also has more chances to find a job much faster. The UK has a better score than the EU28 in 2018 in terms of participation to education and training. However, their performance has dropped compared to the 27,4 % rate of 2006. This shortcoming combined with the relatively critical level of the NEETs makes the UK vulnerable to lose its productivity and activeness in future. Economic slowdown between 2006 and 2019, did not affect the decreasing trend of participation in the UK opposite to Denmark. Similar to Denmark, the UK which is known with its flexible conditions, gives better chances to youth in terms of creating opportunities to start to their first job. In cases where unemployment is low, flexible conditions of the markets such as in Denmark and the UK provide better chance to lead to faster transition from education to training.

Regarding the overall analysis of the labour market indicators, Turkey has shortcomings in many aspects especially in terms of job creation, women and youth employment. Denmark and the UK are among the strongest within the EU and have much better situation than Turkey with their well organised labour markets. However, these do not mean that Denmark should not perform measures to create more chances to its youth to sustain its social welfare and improve gender balance among youth and

that the UK should not to work on improving the educational attainment and employability of its youth.

There are institutional *differences with regards to the labour market policy implementation* between Turkey, Denmark and the UK. Turkey and Denmark seem to adopt a state-organised and government-driven labour market policy management, while the UK put non-state initiatives forward likely to become subcontractors to implement programs and provide services to the society. Three countries examined in this study have different approaches in terms of provision of the Public Employment Services (PES).

Similar to its counterparts in the EU member states, Turkish Employment Agency (İŞKUR) provides job counselling services, certificate programmes, trainings, public work programs and development activities in Turkey. In addition, it also controls the passive supports within its competences. Although there are increasing number of private employment agencies, the PES in Turkey is mainly under the responsibility of strongly centralised İŞKUR with its directorates in every province. İŞKUR also cooperates with KOSGEB to support entrepreneurship, offers a wide range of ALMPs to the unemployed and growing rapidly in terms of service provision and capacity. The staff experience and numbers are not enough to cope with high unemployment rates and large workforce of Turkey. İŞKUR is not very active among public employment and cannot fulfil the needs of higher skill required vacancies. İŞKUR's budget is relatively far lower than the EU28 averages in terms of its share in GDP. On the other hand, the budget cannot be the main reason of low efficiency as only half of it was spent in previous years.

Denmark adopts a decentralised organisation of employment services and job counselling with extensive freedom given to municipalities. The funds are supplied by the state and around 100 offices serve to unemployed, 25 particularly to youth unemployed. Municipalities provides services and implements region-based programs to fulfil the needs of community and government monitors and controls their activity with its clearly procedural regulations. The Danish Agency for Labour Market and Recruitment is the central structure of labour market policies and the Ministry of Education is supervising and developing the trainings. Although there are

criticisms regarding the de-fragmented operation of the system, the labour market situation and effectiveness of Denmark is usually considered to show a positive performance.

The UK developed a tradition led system regarding the provision of PES. The Houses form the WPC which examines the expenditure, administration and policy of the Department for Work and Pensions (DWP). Establishment of the DWP in 2001 was an important step to remove the multi-headed structure of policy implementation. It is the main government department responsible for the labour market policy. The Department of Social Security which was primarily responsible for the administration of social security benefits, with the employment assets from the then Department for Education and Employment. The Jobcentre Plus (JCP) contributes to the efficient matching of jobseekers with available vacancies. Electronic platforms such as automated job matching services, matching the CVs to the vacancies and points provided by the offices let job seekers to be informed easily and much less costly. On the other hand, this approach of the UK, which aims to decrease the costs for provision of consultation services, proves insufficient responsibility to be held by the state.

In this study, *job counselling* is placed at the centre of all the ALMPs because it is regarded to be the central tool for the effectiveness of others. According to Eurostat database analysed in previous chapters, both the UK and Denmark have been sparing considerable share to job placement and related services among all the ALMP expenditures since 2004. It is also the main tool to reduce the cost of job seeking for the workforce; to shorten the unemployment period; to remove the asymmetric information; to increase the employment level and productivity; and, to maintain the employment efforts. In Turkey, assessment of vocational data and individual competencies, supports for orientation for the vocational training courses and for the job, job placement and informative seminars are provided via İŞKUR's job counselling services. People can visit İŞKUR to attend the interviews with the job counsellor but there is no such obligation to do so. In addition, İŞKUR provides counselling to university students in the university offices. During the counselling, an individual is expected to make his/her own decision to join the ALMPs or to start

a job without any obligation. If they do not go and meet the counsellor or do not want to start a job, there is no further requirement or intervention. Thus, it is possible to perceive İŞKUR as insufficient in terms of raising awareness and monitoring the counselling procedures. In addition, not having any enforcement on the unemployed, there is also no direction drawn for the counsellors' work. All the procedure is dependent on the skills and work pace of the counsellors themselves if and when the unemployed apply to them. There is no individual folder of the unemployed even showing the consultation or services provided. In order to deal with massive unemployed, İŞKUR is nowadays trying to establish the characteristic profiles of the groups. The surveys examined under Chapter 5 related to perception of İŞKUR's services proves that İŞKUR is not effective in providing information to the unemployed and could not fulfil the demands of highly skilled labour force. In the UK, job counselling is executed primarily in the local offices offering a wide range of services involving advisory services, assistance for placement, referrals to the ALMPs and ways to access the online job matching platform, the Universal Jobmatch. Still one can argue that in the UK job counselling is mainly putting the responsibility on the unemployed mostly via electronic infrastructure providing the chance of finding the suitable ALMP and job placement via CV and vacancy matching called Universal Jobmatch. Although its performance is well supported by the national statistics, the inflows to counselling services show the need for face-to-face support. The UK tends to give counselling services mostly to young population via youth job centres. Compared to the UK and Turkey cases, Denmark stands as a great example of mobilization of job counselling services for the sake of the community, placing it at the centre of all the ALMPs. Employment services of Denmark follow the usual framework including job seminars, CV database, phone hotline and meetings for job seekers whereas worker placements and administrative assistance for employers are the routines they are working on. Job counsellors, namely the caseworkers, play a crucial role in ensuring qualifications and availability of the labour force in Denmark. In the frame of the ALMPs implemented in Denmark, the purposes of the meetings between caseworkers and unemployed individuals eventually have been assessed in fourfold ways in order to provide job search assistance, to monitor that the unemployed individuals fulfil their duties in terms of program participation and active job search, to refer the unemployed to related

vacancies, and to assess the overall job-related aptitude of the unemployed. The obligations of the unemployed, the role of the caseworker and the process of job counselling are explained clearly in a well-defined legislative manner in the Danish system. The feature that particularly characterizes the ALMPs' institutional setting in Denmark is the frequent contact between the unemployed and the job centre. For instance, in Denmark all the unemployed persons are supposed to make a CV available during their first four weeks of unemployment, and they should participate in the mandatory meetings at least every 13 weeks. In case of non-compliance with the guidelines brought up by the caseworker, the unemployment insurance-benefits may be forfeited for a short or longer period of time. Monitoring component is very powerful with strict documentation. The service is based on individual-based follow up and unemployed has to be aware of the counselling in order to take the passive benefits.

As an outcome of this study, the prominent features of the systems and policies of ALMPs and job counselling in Denmark, the UK and Turkey are summarized in the Table 6.1. The information provided in the table underlines the most important aspects of the country cases which would be used for further research regarding the effectiveness of the ALMPs and job counselling in Turkey.

**Table 6.1 Summary of the Prominent Features of the Systems and Policies with regards to the ALMPs and Job Counselling in Denmark, the UK and Turkey**

Country/Feature	Denmark	UK	Turkey
<b>Outweighing Choice</b>	Maintains the well balance of passive and active labour market policies.	Avoids passive policies and tends to decrease social expenditures and administration costs.	Relies heavily on passive labour market policies with a lower share of extensive set of the ALMPs.

Table 6.1 (continued)

Country/Feature	Denmark	UK	Turkey
<b>Latest Salient Reform</b>	Maintaining flexible markets with a decent level of job protection: namely flexicurity.	Ensuring the workforce to have a tendency to work: “work always pays”.	Institutional restructuring and introduction of the ALMPs.
<b>Administrative Modality</b>	State led policies with defragmented implementation.	Private sector led, decentralized policy-making and implementation.	State led and strictly centralized administration with regional branches.
<b>Place of Job Counselling among the ALMPs</b>	In the centre as a core of all passive and active labour market policies.	Limited mainly with job-matching aims with limited effect on the other ALMPs.	Prioritized among all ALMPs with low efficiency of provision.
<b>Effectiveness of the ALMP implementation</b>	Effective and systematic policy making and implementation.	State role is considerably reduced and less effective country wide.	Inadequacies due to low budget actualization, quality and quantity of staff.
<b>Policy Making Capability</b>	Well-structured system with good monitoring and evaluation by maintaining reliable data.  Strong input and output lead to better policy making.	Decentralized structure and low-profile state role may limit countrywide policy making while increasing the free flow of information of needs from private contractors.	Good cooperation of institutions and placement of various policies under the roof of İŞKUR would increase the policy making capacity in the future; however, the low quality and reliability of data provision may limit the success of policy formulation.
<b>Effectiveness of job counselling</b>	Highly effective with clear procedures and obligations with face to face support and meetings.	Relies on the demand of the job seeker, mostly online and via phone, insufficient face to face support.	Face to face support and meetings are present with vague procedures and obligations.
<b>Responsibility of unemployed</b>	Unemployed is responsible to follow the guidance of the consultation and the obligations during the procedure in order not to be pushed out of passive supports.	Unemployed is responsible to find a job via job matching channels.	Unemployed is not responsible neither to attend the meetings nor to follow any eligibility criteria to be supported by policies.

Table 6.1 (continued)

Country/Feature	Denmark	UK	Turkey
<b>Method of consultation monitoring</b>	Individual folders.	Individual folders.	No individual follow up but group character profilization.

The comparison of three country case studies in terms of their job counselling practices makes it possible to argue that there are some important aspects that should be taken into consideration for the implementation of the system better in Turkey. These can be summarised as state provision of the job counselling as it should be used as a tool for social benefit and equality; a good analysis of the situation of the labour market and its indicators, in a way to identify the target groups that require special attention such as young people or women within the context of the job counselling service provision; a proper and well defined documentation and follow-up system for the unemployed who benefitted from the job counselling service; and, continuous support for the job counsellors. Thus, it can be recommended that labour market policy makers and implementing agencies in Turkey should carefully revise the existing system of job counselling both in Turkey and in other (European) countries such as Denmark and the UK, if they would like to sincerely fight against the chronic problem of unemployment and achieve efficient and effective outcomes in this regard.

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## APPENDIX A: TURKISH SUMMARY/TÜRKÇE ÖZET

Bu tez, aktif istihdam politikalarının temel bileşeni olan “iş danışmanlığı” hizmetleri temelinde Türkiye, Danimarka ve Birleşik Krallık’taki uygulamaları inceleyerek bu ülkeler arasındaki mevcut durumu tarihsel gelişim süreçleriyle birlikte karşılaştırmaktadır. Bu karşılaştırma temelinde ise iş danışmanlığı hizmetlerinin bahse konu ülkelerin işgücü piyasası performansları ile bağlantılı gelişimi ile işsizliğin azaltılması, refah ve iş yaratmaya yönelik katkıları incelenmiş, söz konusu incelemeler, aktif istihdam politikaları kapsamında uygulanan programlar ve iş danışmanlığı hizmetlerinden faydalanan kişilere yönelik istatistiksel verilerle desteklenmiştir. Buna göre, aktif istihdam politikalarının temel ögesi olarak değerlendirdiğimiz iş danışmanlığı hizmetleri, ülkelerin içinde bulunduğu işsizlik sorununun en aza indirilmesi ve etkinlikle işleyen bir işgücü piyasası oluşturulabilmesi için kullanılabilecek en iyi politika aracı olarak görülmektedir. İş danışmanlığı, kişiyi etkin bir iletişim ile yönlendiren, yöneten, yardımcı olan ve aynı zamanda profesyonel bir iş danışmanı yardımıyla kişinin davranışlarını kendiliğinden değiştirmesini sağlayarak, amaç ve ideallerini somutlaştıran bir hizmet süreci olarak kabul edilmektedir. Bu bakımdan, işgücü piyasasında bugünkü reformların odak noktası haline gelen iş danışmanlığı hizmetlerinin işgücü piyasasına etkin bir denge getireceği öngörülmektedir. Tarihsel gelişim süreci ve alınan sonuçlar kapsamında yapılan incelemede, her ne kadar Türkiye, Danimarka ve Birleşik Krallığa nispeten daha zayıf bir profil sergilese de, daha yenilikçi ve merkezi bir yönde yapılanmasını sürdürmektedir. Ayrıca, bu çalışma, Türkiye’deki işgücü piyasası ihtiyaçlarını da iş danışmanlığı hizmetleri özelinde detaylı olarak ortaya koymaktadır.

Tezin giriş adı altında hazırlanan birinci bölümünde, işsizliğin tamını ve dünya genelinde işsizliğin yarattığı ciddi bir sosyoekonomik problemler ele alınmış, bu konuda Birleşmiş Milletler raporlarında yayımlanan verilere istinaden, küreselleşme sürecinin işsizliğin artışına etkisi değerlendirilmiş, ILO raporları çerçevesinde ise özellikle genç işsizliğin her geçen yıl artışına dikkat çekilmiştir. Bu somut veriler

ışığında, istihdam yaratan bir ekonomiye kavuşabilmek için, istikrarlı makroekonomik politikalar izlenmesi gerektiği, iş imkânı yaratmayı amaçlayan yatırımların artırılmasına yönelik ihtiyaçlar, makul seviyelerde tutulması zorunlu olan enflasyon ile bu alanlarda çıkarılacak etkin ve etkili yasalara yönelik gereklilikler ifade edilmiştir.

Tezin ikinci bölümünde, esasında her bakımdan maliyetli bir sürecin işletilmesini gerekli kılan “doğru işi bulma”, “kişiye göre doğru işin bulunmasını sağlama” yönünde izlenen politikaların teorik kavramsal çerçevesi incelenmiş, bu kapsamda; pasif istihdam politikaları irdelendikten sonra, aktif istihdam politikalarının uygulama alanındaki alt süreçleri tanımlanmıştır. Bu alt süreçler ise; ücretlerdeki ve iş imkânı sağlamaya yönelik teşvikler, küçük ve orta ölçekli işletmelerin gelişimi ve geliştirilmesine yönelik faaliyet ve destekler, kamu sektöründeki istihdam hizmetlerinin gelişimi, eğitim ve yeniden eğitim ile hayat boyu öğrenme ve meslek eğitimleri başlıkları altında incelenmiştir. Müteakiben tezin temel çerçevesi olarak üzerinde çalışılan iş danışmanlığı kavramının evrimsel dönüşümü ve teorik temelleri açıklanmıştır.

Tezin üçüncü bölümünde; ülke olarak Danimarka özelinde incelemeler sunulmuş, bu kapsamda; Danimarka’daki işgücü piyasası politikalarının gelişim süreci açıklanarak aktif işgücü piyasası politikaları ile mevcut durum hakkında gerek mevzuat ve gerekse de uygulamalar açısından detaylı bilgi verilmiş, Danimarka’nın örnek işgücü piyasası modeli olarak gösterilmesine neden olan “flexicurity model” ile ilgili bilgiler ayrıntılarıyla belirtilmiş, bu çerçevede “flexicurity model” ve işsizlik maaşı ile işgücü sağlamaya yönelik girişimler arasındaki dengenin korunmasına yönelik etkin bir yöntem olarak benimsendiği gösterilmiştir. Danimarka özelinde yapılan incelemede, iş danışmanlığı hizmetlerinin gelişim süreci ve mevcut durumu incelenmiş, Danimarka’nın liberal rejimle işleyen sosyal bir refah devleti olarak göreceli bir şekilde iş yaratma güvenliğini limitli tutması ve esnek bir model üzerinde gelişen işgücü piyasası hizmetleri ile ülke genelinde 100 bölgesel ofis ile faaliyet gösteren iş merkezlerinin işlev ve kabiliyetleri tanıtılmıştır. Bu açıdan da işsiz bir kimsenin iş arama sürecindeki işsizlik ödeneği almasının iş danışmanlığı hizmetlerine aktif katılımına bağlı tutulduğunun altı çizilmiştir.

Tezin dördüncü bölümünde; Birleşik Krallık'taki aktif istihdam politikaları hizmetleri ve iş danışmanlığı hizmetleri incelenmiş, ülkedeki politika belirleyici aktörler ve işgücü piyasası mekanizmaları tanıtılmış, iş danışmanlığı hizmetleri ile bu hizmetler neticesinde alınan sonuçlara ilişkin bilgi verilmiştir. Bu çerçevede, Birleşik Krallık genelinde 2001 yılında kurulan iş merkezlerinin (JCP), işsizler asıl bilgilendirme ve başvuru merkezi haline dönüştürüldüğü, aktif istihdam politikaları uygulamasındaki temel araç haline geldiği ifade edilmiş, bunun yanında söz konusu merkezlerde verilen hizmetin güçlü elektronik veri tabanı ile çevrimiçi işletim düzenine dikkat çekilmiştir.

Tezin beşinci bölümünde; Türkiye'deki aktif istihdam politikaları ile iş danışmanlığı hizmetleri incelenmiştir. Bu kapsamda, tarihsel süreç içinde işgücü piyasasındaki değişim ve gelişim incelendiğinde, küreselleşme sürecinin 1980'lerden itibaren Türkiye'de yarattığı ekonomik şokların getirdiği revizyon ve reform ihtiyaçları ifade edilmiş, aktif istihdam politikalarının yönetim aracı konumundaki İŞKUR'un 1988'den itibaren uygulamaya koyduğu meslek eğitimleri ile dış kaynak destekleri vasıtasıyla gelişimi sağlanan bütçe destekleri açıklanmıştır. Türkiye'de İŞKUR tarafından sağlanan ücret ve işsizlik maaşı ödeneklerine yönelik istatistiki veriler sunulurken, hayat boyu öğrenme hizmetlerinin yanı sıra İŞKUR ve KOSGEB arasındaki iş birliği ile KOBİ'lere sağlanan desteklerdeki gelişim ile kamuya yönelik işgücü programlarına olan katılımın 2015 yılında 2009 ve 2010 yıllarındaki toplam katılımın iki katına çıktığı vurgulanmıştır. Bu çerçevede, Türkiye AB geneline göre yapılan karşılaştırmada özellikle kadın istihdamı ve genç istihdam alanında güçsüz bir tablo çizmekte olmasına rağmen, İŞKUR'un 81 vilayetteki bölge müdürlükleri kanalıyla özellikle 2008'den itibaren bir kapasite artışı yakaladığı, bu bağlamda 2016 yılında aktif istihdam politikaları kapsamında uygulanan eğitim ve faaliyetlerden 420.638 kişi yararlanmış iken bu rakamın 2018 yılı verilerinde 498.934'e yükseldiği ifade edilmiştir.

Tezin sonuç bölümünde, Türkiye, Danimarka ve Birleşik Krallık'taki uygulamalar neticesinde iş danışmanlığı hizmetlerinin, sosyal yardımlar ve eşitliğin sağlanması, işgücü piyasasındaki tüm göstergelerin etkin takibi, kadın ve gençler gibi hedef gruplara erişimin artırılması bakımından, iş danışmanlığı hizmetleri verenlere

yönelik desteklerle birlikte etkinlikle sürdürülmesi gerektiği ifade edilmiş, ülkelerin kronik bir problemi olan işsizlikle etkin bir mücadele için iş danışmanlığı hizmetlerinin işgücü piyasasındaki rolünün geliştirilmesi gerektiği açıklanmıştır.

## APPENDIX B: THESIS PERMISSION FORM/TEZ İZİN FORMU

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Bölümü / Department : EUROPEAN STUDIES

**TEZİN ADI / TITLE OF THE THESIS (İngilizce / English) :** JOB COUNSELLING IN A COMPARATIVE PERSPECTIVE: THE CASES OF DENMARK, UNITED KINGDOM AND TURKEY

**TEZİN TÜRÜ / DEGREE:** Yüksek Lisans / Master

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