

## International Social Security Series

In cooperation with the  
International Social Security Association (ISSA)  
Neil Gilbert, Series Editor

*Activating the Unemployed: A Comparative  
Appraisal of Work-Oriented Policies*  
Neil Gilbert and Rebecca A. Van Voorhis, editors

*Building Social Security:  
The Challenge of Privatization*  
Xenia Scheil-Adlung, editor

*Employability: From Theory to Practice*  
Patricia Wehnert, Michèle Baukens, Patrick Bollérot,  
Marina Pineschi-Gapègne, and Ulrich Walwei, editors

*Recent Health Policy Innovations in  
Social Security*  
Aviva Ron and Xenia Scheil-Adlung, editors

*Social Security at the Dawn of the  
21<sup>st</sup> Century: Topical Issues and New Approaches*  
Dalmer D. Hoskins, Donatè Dobbernack, and  
Christiane Kupfisch, editors

*Targeting Social Benefits:  
International Perspectives and Trends*  
Neil Gilbert, editor

*Who Returns to Work and Why: A Six-Country  
Study on Work Incapacity and Reintegration*  
Frank S. Bloch and Rienk Prins, editors

# Employability: From Theory to Practice

editors  
Patricia Wehnert, Michèle Baukens,  
Patrick Bollérot, Marina Pineschi-Gapègne,  
and Ulrich Walwei

International Social Security Series  
Volume 7



Transaction Publishers  
New Brunswick (U.S.A.) and London (U.K.)

## Employability—The Complexity of a Policy Notion

Bernard Gazier

### Introduction

Based on a recent collective study,<sup>1</sup> this contribution will concentrate on the scope and the limits of employability as tools to combat unemployment.

Focusing on employability is an attempt to influence the "supply" side of the labor market, i.e., the workers and their productive capacities and performance, while the "demand" side is made up of the companies' requirements, all of which depend on the growth dynamic. It is evident at once how incomplete and how current this position may be: incomplete, because offers only exist when confronted with a demand; and current, because one rarely encounters an economic policy that seeks to stimulate directly a strong demand for work, in the Keynesian tradition of spurring activity. In the last two decades, most governments have rather relied on a progressive improvement of the supply (of products or work) to re-establish conditions required for growth. Without discussing here the wisdom of this approach, one can conclude that priority has been given to the supply of labor rather than to the demand for it, whether with reference to the qualifications or the availability of the workers or to their salary demands.

In this manner, employability appears as an agenda for "activating" employment expenditures by promoting training programs, placement services, more or less targeted subsidies that favor hiring or maintenance in the job, as well as through a varied gamut of

incentives or authoritarian measures aimed at "putting the unemployed back to work." The process is meant to be individualized and preventive, as mirrored in the slogan about trying to shift from "job protection" to "security through employability." The application of such measures varies over time and according to the country and the national traditions as well. It is a changing agenda more than a set of stabilized and precise measures that could be inventoried and assessed as to their effects: an orientation, a tendency of labor market policies.

The variety of these practices goes hand in hand with the plurality of possible definitions of employability. In fact, the idea has existed for a century: the first uses of the term date from the beginning of the twentieth century, and they have provoked many applications and debates, the majority of which emphasize the key role played by the worker's initiatives and abilities.

Some versions of the definition of employability place the responsibility for their own employability squarely on the workers themselves, thereby giving the individual the task of adapting to changes in the labor market. Other versions, such as the *European Employment Strategy* of 1998, have a more balanced content that involves both the social partners and the governments.

Some important questions can be detected behind these experiences and debates: up to what point is it possible or desirable to make the unemployed responsible, if not for their situation, at least for the steps to be taken in order to find a new job? What are the advantages and the dangers in insisting on the concept of employability and in developing policies along those lines?

This study will be divided into three parts. A first historical-conceptual section will briefly review the different operational definitions of employability and the recent trends revealed in the interpretation of the concept: the move from static and feebly interactive employability concepts to dynamic, strongly interactive ones.

Part 2 will deal with the content of measures for employability promotion and will examine the problems arising from their implementation. In this context, a brief analysis will be made of a tool recently devised in the United States, "profiling," which aims to classify individuals according to their employability needs.

Part 3 will expand the debate by examining the sort of interaction and responsibility that should be developed in the labor markets

concerning the supply of jobs. Practices such as "workfare," collective bargaining and social partners will be discussed, and a comparison will be drawn between two key concepts: "making work pay" (OECD) and "making transitions pay" (in the perspective of the "transitional markets").

### Employability, a Brief Assessment of Its History and Leading Concepts

#### *A Midway Point between Theories and Practices*

Understood as the ability to obtain and to preserve a paid job (salaried or not salaried), employability is not a theoretical notion inserted into a network of explanatory connections or of explicit, univocal and stable standards. Rather, it is a matter of identifying the problems and priorities linked to the actions of persons and institutions involved in the access to work and employment.

From the outset, employability was enmeshed in a set of economic and social, as well as moral, policy concerns. It followed on the old distinction drawn between the valid and the invalid poor, the first of whom received an entirely different treatment from that given the second. The invalid poor are the object of direct material and financial support, while the valid poor have to be put to work. Even today amongst social workers, to qualify a person as unemployed is to channel him/her toward measures and treatments based on financial assistance, with little or no reciprocity required. The person deemed employable, on the other hand, comes under labor market policies.

The term employability was initially operational and laden with concrete stakes, as well as with collective representations. It con-signs employability to a network of more or less coherent concepts that fall midway between daily routines and more abstract schemes. Thus, it carries somewhat implicit meanings which often need to be spelled out and may be misleading from a more theoretical point of view, i.e., they may be attributed to several divergent causes.

This intermediate position also makes employability flexible: it has in the course of time accommodated different contents, however with few possibilities of accumulating experiences and developments, since the content itself may differ according to the authors or the trends. These experiences and developments are themselves miscellaneous and have scarcely been mentioned in the overall discussion.

The complexity of this concept ensues, as does the need to synthesize, at the least, the different main versions of employability in preparation for a more decisive analysis.

#### Seven Main Concepts

The outcome of several historical studies is that at least seven successive versions of the employability concept have been developed in the course of the twentieth century, each with its definition, its statistical reflection and its operational consequences.

In the study mentioned in the introduction in this section, these various versions have been identified and given a name to differentiate them from one another. The names assigned are intended to facilitate a discussion of the whole group and were neither produced nor used by the different authors of any version; the latter have mainly limited their terminology to the word "employability" without seeming to discern that a specific version was in question.

The first version (E1) dates back to the 1900s and persisted, above all, in the United Kingdom and in the United States up to the early 1950s. This version presented employability as a simple dichotomy. A person either was or was not employable, i.e., valid and immediately available on the labor market. The statistical expression of this *dichotomic employability* gradually focused on three criteria which became current in many studies carried out in the United States during the Great Depression of the 1930s: belong to the right age group (between 15 and 64 years of age), not suffer any physical or mental handicap, and not be subject to strong family constraints, such as child-rearing responsibilities for mothers. In this way, people classified as poor were oriented in two different directions: those who were unemployable received emergency social assistance, while those considered employable were assigned to public works projects and returned to the labor market. This system was frequently criticized, on the one hand, because it was established with no thought for the labor market context and, on the other hand, because it did not recognize any degrees between the conditions of employability and unemployability.

The modern versions of the employability concept were born of a second wave of applications and developments during the 1950s and 1960s that extended beyond the Anglo-Saxon framework to include contributions from many other countries and from France in

#### 8 Employability: From Theory to Practice

of those who have been without work for more than one year. This statistic of unemployability (rather than of employability) has the advantage of directly relating the situation of the unemployed with that of the labor market (more or less good economic situation, more or less rigid selectivity). From that point, it can be subdivided according to the individual disadvantages of any subgroup of jobless, or of a single unemployed person (a differential employability).

It is quite remarkable that the E2 and E3 versions, on the one hand, and the E4, on the other, were developed separately. In the 1970s, E2 and E3 reached a crisis, principally because their activism on behalf of the workforce seemed to be one-sided by many decision-makers (who considered it more efficient, for example, to introduce greater flexibility in the labor market) and also because the scores made on the different individual employability tests were found to be quite poor forecasts of the success of any given individual on the labor market. At about the same time, during the 1980s, it was the E4 version that came under fire, when massive and lasting unemployment pervaded much of Europe. Indeed, it seemed increasingly demotivating to permanently record a decline in the employability of the jobless and only to assess a collective dimension based mainly on a slowing of the economic growth rate. How then can these persons be helped, if the avenues for rapidly reviving economic activity are blocked? For this reason, French statisticians who were using this system eventually abandoned it.

More recently, during the 1980s and 1990s, a more international third wave, including some contributions from Canada, has proposed three new versions of the employability concept.

Since the late 1970s, a series of American studies have proposed a more neutral statistical definition of employability, E5, which could be called *labor market performance employability*. Taking into account the available statistical information on employment paths, this version establishes for a group or an individual three specified probabilities referred to a defined time lapse: the probability of obtaining one or several jobs, the probable duration of these jobs expressed in hours of work, and the probable salary. By multiplying these three probabilities, a synthetic indicator is obtained for the aptitude of a person or a group for being gainfully employed on the labor market. This measurement is interesting, because it does not focus attention merely on the probability of finding work and because it introduces some minimal indications of the "quality" of a job (duration and salary). It

particular. Three very different types of employability have been identified and used by social workers, labor market policy-makers, statisticians and doctors.

The first of these versions was E2, which can be called *socio-medical employability*. Mainly developed by doctors and rehabilitation practitioners and aimed at the handicapped, this version immediately introduced a quantitative scale: one can be more or less employable, and this evaluation constitutes the basis for action to improve employability. Concretely, this consists of ranking a series of items that make up a test of individual employability: the abilities of a more or less handicapped person being graded in different areas that cover physical as well as mental aptitudes and deficiencies (vision, hearing, heart, motor capacity, etc., and also the ability to abstract, to reason, and to take initiative). According to the deficiencies identified, a selection is made of those where intervention is possible so as to cure or to compensate, and a program of action is devised.

This first version was almost immediately succeeded by a more general second version, aimed at the unemployed who have difficulties. In fact, it is possible to introduce in the scale, with different emphases, items relating to social as well as to physical handicaps; thus, attention is focused not only on deficiencies of professional qualifications, but also of mobility and presentation. In this way, a person who does not have a driver's license or has a police record or has been a drug user would be considered less employable. This E3 employability could be called *manpower policy employability*. It measures the distance between the individual's characteristics and the production and acceptability requirements on the labor market. Here again, it is possible to select items on which it is feasible to act (for example, training programs or simply driving lessons or even advice on how to dress).

Versions E2 and E3, developed principally in the United States, are limited by their exclusively individualized focus on the persons being helped to find employment, accepting as immutable both the market conditions and the possible prejudices of employers.

A third variation was developed, especially in France in the 1960s, with a very different approach to the problem, based on a collective dimension. This version, E4, called *flow employability* concentrates on the speed at which a certain group of the unemployed finds work. This is assessed by the proportion within a given group of the jobless—for example, among the unemployed over 50 years of age—

#### Employability—The Complexity of a Policy Notion 9

does not propose a priori any link between individual aptitudes, collective situations or the action of economic or social policies and the result in the labor market. It is, in this sense, neutral and can only serve as a retrospective evaluation of one program or another.

This is not the case for two more recent versions developed mainly at the onset of the 1990s: E6, or *initiative employability* and E7, *interactive employability*.

The E6 version underscores the individual responsibility and a person's capacity to trigger a process of accumulation of human capital and social capital around his/her projects. Thus, E6 can be defined as the marketability of cumulative individual skills and can be measured by the breadth of potential or already acquired human capital (knowledge and productive skills, but also learning ability) and by the size and quality of the network of help and support that a person is able to mobilize around himself/herself (social capital). The advantage of this version is its dynamic dimension. However, paradoxically this version favors the characteristics that are closest to the entrepreneurial model, making the most employable person the one who is most able to benefit from his/her knowledge and connections. Thus, the most employable person is the one who creates employment. In this strongly optimistic and individualistic model, one seems far removed from the problems of many, if not most, persons who are seeking work. In terms of policies to be followed, priority should be placed on promoting lifelong learning, improved information about the labor market and its greater flexibility.

It is the last version, E7, which reintroduces the interactive and collective dimensions. Starting from a 1994 Canadian definition, employability can be seen as "the relative capacity of an individual to achieve meaningful employment given the interaction between personal characteristics and the labor market." The statistical reflection, then, is a set of statistical profiles that will connect the individual traits and paths to the circumstances and trends of the labor market. The main operational consequences are the activation of labor market policies such as those mentioned in the introduction to this section, along with the promotion of multidimensional, negotiated approaches.

#### Some Elements of Interpretation

Within the framework of this document, it is not possible to develop the complex connections between the different versions of employability and economic theories. No single version can be

linked directly to one identifiable theory. For example, versions E2, E3, and E6 can to some degree be related to the theory of human capital, but it would be necessary then to complete that connection with a theory on the imperfect adjustments in the labor market, whether there is salary rigidity and/or active job-seeking and mobility in behavior. Similarly, the E4 version refers to "Keynesian employability" without this reference being univocal.

What appears relatively clear is the contrast between the two waves: that of the 1960s and that of the 1980-90s. In fact, the concepts developed during the 1960s stem from two radically different points—one is individual and the other collective—and they do not confront one another at any point. The efforts to adapt the workforce to the labor market assume that the latter can absorb them, and the macro circumstances create an <sup>STEP UP/STEP DOWN OR "STEP-DOWN"</sup>impasse for individual initiatives. These concepts are barely interactive and quite static in certain regards. They essentially identify collective or individual deficits, in order to attempt to reduce them. This implies setting a stable reference point of "normality" corresponding to employment, which is never to be questioned, and reasoning on the basis of a fixed aim: finding a job.

What appears as a major characteristic of recent developments (leaving aside E5 employability, which is unbiased) is quite the opposite: the emergence of interactive and dynamic approaches. The potential of employability is thus considered in relation to a given context, be it individual networks of "social capital" that may expand or, more generally, changing labor market conditions. Through this succession of various versions of employability, a gradual learning process may be observed. However, a number of uncertainties remain.

#### Promoting Employability

##### *Adapting to Market Requirements and the Role of Local Conditions*

Considering in substance the measures being applied at the turn of the twentieth century to promote employability, one finds that the measures are not, in fact, innovative but have been given a new <sup>STEP UP/STEP DOWN OR "STEP-DOWN"</sup>slight. Labor market policies (unemployment benefits, placement and information, training and employment grants or subsidies) are indeed well known, time-worn tools. Making employability a priority means essentially developing so-called "active" measures or, in other

#### 12 Employability: From Theory to Practice

is integrated or by facilitating his/her access to other private or public networks.

Often the link between efforts to promote employability and aspirations for a greater earning capacity is neither simple nor unambiguous. Granted practices involving employment subsidies imply lowering the cost of labor in order to make it more attractive for the employers, but they can have very different effects in various cases. Some subsidies lower the cost of labor so as to protect the net wages for the workers, whereas others aim (and in principle achieve this aim) to force workers to lower their expectations, pitting subsidies/benefits, on the one hand, against subsidies/flexibility, on the other. Furthermore, it should be noted that practices involving improved training for workers while keeping their income expectations unchanged implicitly boil down to salary losses. In general, measures fostering employability can be designed to encourage moderate salary demands.

The trend is set to adapt to market requirements both in terms of types of qualifications offered and in terms of salary expectations. It focuses mainly on "micro policies" which rely heavily on local input. As a result, decentralized public employment services must be able to develop and use optimally a range of diverse services responding to individually identified needs.

##### *Components and Dilemmas of Employability*

In an initial phase, the implementation of a single employability measure may clearly be considered. Such a measure may well be assessed on its cost efficiency as viewed by the decision-makers, i.e., if its benefits (savings for the unemployment insurance, additional income for the workers, etc.) outweigh the cost of the measure. Many studies have been carried out to assess this point,<sup>4</sup> which reveal a wide variety of levels of efficiency, seldom spectacular, of the range of "active" labor market policy measures. These suggest that often the mechanisms that are adapted to local circumstances and tailor-made are (slightly) more efficient than the others. The issue then is how to implement such trends on a major scale.

A number of dilemmas appear which are well known to the public authorities and which crop up frequently in relation to employability.

- The first dilemma lies in the selection of recipients to be given priority in implementing the measures designed to improve employability.

words, those that do not aim solely to bolster income, but are rather tailor-made measures designed to have a preventive effect.

Thus, the *European Employment Strategy* in its chapter on employability sets out three measurable objectives:

- Member states must ensure that their young unemployed are offered a new start before reaching six months of unemployment, either in the form of training, retraining, job experience, employment or other measures aimed at improving their employability.
- They must act likewise for unemployed adults before reaching 12 months of unemployment by offering any of the above-mentioned measures or by accompanying individual vocational guidance.
- Lastly, member states must substantially increase the proportion of recipients of active measures. The target is to gradually reach the average of the three most successful member states and at least 20 percent.
- The British New Deal program launched in 1998 can be seen as a program hinging on this idea.<sup>6</sup> All unemployed youths in a preliminary period lasting up to four months will first be given a grant and individual career guidance regarding employment opportunities both in the private sector and in public service. Young people must then choose from four options: (1) on-the-job training contracts lasting up to six months in the private sector, for which the employer receives a subsidy; (2) temporary jobs in community programs to protect the environment, combined with training, and a salary equivalent to the unemployment benefit plus a small extra payment; (3) jobs in the non-profit-making sector, here too combined with training and a small extra payment; or (4) a one-year, full-time training course, either in further general education or in some vocational branch. Throughout this period, the young New Dealer is accompanied by a mentor or a member of the public employment services.

The two most important innovations are the maintenance of long-term monitoring and the obligation to take one of the four options in order to be eligible for a public subsidy. As has been publicly emphasized, there is no fifth option.

Therefore, through assessments and supervised career planning, pressure is exerted in varying degrees to promote personal mobilization. Also, increased emphasis is laid on the local level, where in fact most of the assistance is provided, either by resorting to the social and professional networks in which the unemployed person

#### Employability—The Complexity of a Policy Notion 13

Within a set group, the decision-makers (employment agency officials, social workers, etc.) spontaneously tend to help those who are already most employable, as this is the surest way to achieve visible and rapid results at minimum cost. Usually, to counteract this, priority groups are targeted, but the same distortion may reappear in subgroups established in this fashion.

The second dilemma is that of the spillover effects. One solution to this problem is to distribute resources as equally as possible among a variety of different groups, in the hope that this sprinkling technique will be both positive and cumulative. In some way, the successes would, by a momentum effect, "draw" the less efficient ones into employment. Clearly this strategy, which leads certain public employment agencies to try to increase their share of attributed jobs whatever they may be, has inherent contradictions, since the reputation acquired by finding jobs for the most employable bears no favorable effects on the less employable, who once again remain on the sidelines.

The third dilemma resides in the choice between preventive and curative action. In the long term, this dilemma should disappear. If prevention is successful, then curative action should be gradually phased out. However, in the short term, the problem remains of how better to distribute the efforts. This may lead the decision-makers to discourage the least employable job-seekers in order to avoid investing resources in categories of workers whose chances of being hired again are deemed slim.

The fourth dilemma, doubtless the main area under consideration, is the issue of the desired quality of job access. Should job-seekers be "rushed" back into employment as soon as possible, regardless of the low salary, poor qualifications and uncertainty of employment and working conditions that the job in question may offer? Or would it be better to favor more demanding measures in terms of the content of training and of qualifications and to delay the re-entry to the job market? This contradiction was described systematically by opposing "employability access" to "employability performance."<sup>7</sup>

An illustration of these difficulties is to be found in the rotation job-seekers are subjected to, between unstable poor-quality jobs and relapses into unemployment. This is known as the "revolving door" phenomenon: access to employment has proven neither satisfactory nor lasting.

- One final dilemma emerges when considering local development. Such a policy may indeed generate a large quantity of flexible and dependent



...in implementing the measures designed to improve employability.

#### 14 Employability: From Theory to Practice

jobs or, on the contrary, pave the way for a growth pattern with fewer but more stable jobs to offer.

Ultimately, employment development policies seem to rely on three interdependent sets of choices: guaranteeing access to jobs, preventing it, and opening opportunities for improving qualifications. These are three components in a sense: the measures vary although they may be mixed, and the groups that will receive differentiated treatment must undergo a selection process. But when is that selection legitimate, accepted and socially and economically efficient?

#### "Profiling": A Tool under Review<sup>6</sup>

Since the mid-1990s, experiments have been conducted in the United States in which the technique known as "profiling" was seen as a potential element of solutions to the various implementation difficulties described above.<sup>7</sup> The technique involves establishing at the local level (in a local employment agency, for example) a permanent priority ranking system of potential clients for an active labor market policy, with a view to provide them, in addition to the standard services for the unemployed, with intensive and tailor-made "activation" programs:

The ranking is applied to persons enrolling for unemployment benefits and who are thus eligible for employment services and a variety of active "measures." Based on the person's characteristics (qualifications, former trade, job experience) and on the variables of the local job catchment area (unemployment rate, number of jobs created in the area, etc.), a statistical model is drawn up in order to estimate the time the person is likely to remain under unemployment benefits. The ranking is designed to place those who, according to statistical probability assessed at the outset, are likely to spend the longest in the unemployment insurance system at the top and the following ranks in a decreasing order.

There is thus no absolute level (seen as desirable or not) but only an order of priority. The limited resources available to public service employment agency agents are thus attributed to those whose needs are considered greatest and then down the scale until they are exhausted. Hence, the line between those who are granted special assistance and those who are not is perfectly arbitrary. It is drawn in the middle of a continuous scale and is determined by the resources available to the employment services.

One final dilemma emerges when considering local development. Such a policy may indeed generate a large quantity of flexible and dependent

#### Employability—The Complexity of a Policy Notion 15

It should be noted that "profiling" provides no guidance as to the type of measure that would be advisable for any given category of job-seeker. Once the ranking has been established, job-seekers are invited to a series of individual interviews. On that basis, and on the strength of their expertise, employment officers design, according to available means, a personalized program of actions suited to the person's individual needs. It should be mentioned that if the job-seeker fails to appear at the interviews he is struck off the unemployment benefits roster. As is often the case, efforts directed at those whose chances of employment are most remote also afford an opportunity to put their motivation to the test and to exert some pressure on them. This is an element known as the "labor rejection" factor of employability.

The cost-benefit studies carried out in the United States demonstrate the cost-effectiveness of such mechanisms. The dollars invested in the implementation of the statistical program are covered by the shorter average period unemployed persons spend under the unemployment benefit scheme. There are even net benefits, significant though not spectacular. Added advantages are obtained when various actors must coordinate their efforts (for example, from the private and the public sectors, from training and from employment agencies). As this method affords an estimate of the intensity of each person's needs, it becomes easier to rally around common priorities.

"Profiling" has become a general practice in the United States, and its application to other population groups is under way—specifically poor, young, single mothers, who are being channeled towards employment. This technique, however, has given rise to many a heated debate in Europe. Objections were first raised on ethical and political grounds. In a culture based on equality among citizens, it seems shocking to attribute to a person at a given time in his or her history a personalized objective ranking of his/her chances of finding a job, a rank that determines a difference of treatment in an arbitrary fashion (partially, at least). Furthermore, it is interesting to note that, for ethical and political reasons, the American practice has excluded from the model three personal variables: sex, age and race.<sup>8</sup> These identifying elements would appear to raise fewer problems in Europe, where it would more likely be the actual results of such tests, the establishment and potential dissemination of an arbitrary ranking that runs counter to the principle of equal treatment for all.

Another, probably deeper, problem arises when "profiling" is to be applied in situations in which long-term unemployment rates are

#### 16 Employability: From Theory to Practice

very high and the job-seeking population is mixed. It may well be that the periods spent under unemployment insurance coverage (or, on the contrary, the probabilities of being hired or of giving up the search for a job) in the long term do not prove to be stable indicators and that new estimates are required every six months, for example. It may therefore be a mistake to base career guidance, and to recommend a "treatment," on a single personal indicator established once and for all, albeit bearing the context in mind.

#### Searching for "Active Security"

#### "Activation" and "Workfare" Short-Term Pressures

The trend towards an "activation" of labor market policies is one of the facts that has rarely been challenged over the past decade. Who indeed would be so bold as to question that it is better to spend public funds on measures fostering employment rather than on unemployment benefits?

Nevertheless, the division between "active" and "passive" expenditures, broadly inspired by the successful labor market policies implemented in Scandinavian countries and singularly in Sweden in the 1980s, is not as clear-cut as generally thought. "Passive" would imply that the aim is simply to compensate the jobless for the ill effects of unemployment, whereas "active" would involve actions to improve the match between supply and demand on the labor market. This division, widely popularized by the OECD terminology which classifies and quantifies the elements of labor market policies, is rather vague regarding practices such as "bogos" training courses. These, although they are considered "active," may well turn out to be no more than a "passive" tool. Likewise, a generous benefits program may prove to have "active" effects if it were to facilitate the search for jobs.

In any event, most developed countries have focused their efforts on cutting back their expenditures on benefits and increasing the resources allocated to employment services, training and grant programs. Is the aim to reproduce the Swedish model, with all the concerted mechanisms to promote mobility, collective bargaining and the relatively low salary differentials? The answer is clearly no. The following hypothesis is easy to posit: the main cause for the trend towards "activation" certainly resides in trying to improve the management of ever-increasing budgets, which are intolerable for cer-

#### Employability—The Complexity of a Policy Notion 17

tain groups of taxpayers. As unemployment becomes more permanent, costly and devoid of any chances for rapid improvement, the persistence of the situation in itself raises new demands—for instance, that the recipients of such benefits and various forms of aid pay back the community, in part or in total, for the efforts made.

A wide variety of "activation" measures can be brought to the fore. They may range from ambitious and structured programs geared to offer the jobless new opportunities to simple restrictive practices designed to limit the number of those eligible for unemployment benefits or to cut back the duration of such benefits. Actions can focus exclusively, or separately, on either "passive" or "active" programs in order to limit the former and promote the latter or, on the contrary, an attempt can be made to combine both types of action. "Make Work Pay," a slogan coined by the OECD, sums up the intent, when beyond labor market policies the aim is to alter the link with taxation and allied policies, which may have an encouraging or dissuasive effect on employment. The objective is to eliminate all public provisions which may hamper job creation or to reduce the financial incentive for the jobless.

The vital question thus becomes: What kind of time frame should be set for applying these reciprocity or restitution criteria?

Practices known as "workfare," implemented and discussed in the United States, are the most systematic attempt to attribute an intrinsic value to work and to restrict incentives and disincentives to individual cases. Such practices introduce a set of programs to find jobs, to provide training for requalification and to reintegrate job-seekers into the labor market, including actions described previously, but these are complemented by non-skilled low-paid forced labor activities. These activities clearly contain a punitive element. They are designed to show the able-bodied unemployed that society expects them to reciprocate immediately. If efforts are made to help them, they must pay back society straight away, or at least very soon, either by finding another job quickly or by means of a more or less humiliating contribution.

Part of this overall approach is reflected in the trend towards decentralization, towards "local" assessment of needs and abilities. Another component is placing the bulk of the burden of adjusting to prevalent labor market conditions on the individual job-seeker.

These practices based on solidarity with strings attached are the repressive aspect of the short-term pressures in favor of employ-

ment and of greater individual employability. It is worth mentioning that Latin countries, which are most often very far from imposing such criteria, are not necessarily more accommodating to persons who are difficult to hire and who depend on social aid or minimum revenue programs. The formal statement of citizenship along with the requirement to actively look for a job that may well not exist is hardly better than the obligation to do some work.

From this brief debate, it may be concluded that what is questionable is not the reciprocity criterion. It is without a shadow of a doubt the basis on which life in society and social integration is rooted. The issue at stake is the time frame in which it can be implemented, i.e., in the short, the medium or the long term. Another issue lies in determining who will provide the bases for such reciprocity, i.e., who will be the participants in laying its foundations.

#### *Negotiating Mobilities*

At this juncture, one should step back to encompass a larger perspective. Employability promotion measures are often portrayed as active adjustments to labor market requirements. However, the opportunities afforded by such measures rely on the workforce's mobility. The clearest example of this interdependence can be seen in "job rotation" practices such as the Danish leave system.

It should be noted that in Denmark three types of leave have been tried out: parental leave, sabbatical leave, and time off for training purposes. One possible case in point would be to organize a replacement contract with financial support from the state. This would involve hiring a previously trained long-term unemployed person to replace the person on leave. The substitution ends when the titular employee returns to his/her position. But the end result of this is to fro is primarily that an unemployed person has been restored to employability. Indeed, the person involved has been "rehabilitated" and can prove in his future job applications that he/she has recent job experience and references. Two aims are thus fulfilled: job sharing which ensues from any leave with a replacement mechanism, and restoration of employability or, in other words, "mainstreaming" of the labor market.

Therefore, as many countries are tempted to call the range of active measures they have included in their labor market policies "employability insurance," this being the second tier of the unemploy-

ment insurance system (since the first is composed of "passive" mechanisms to compensate the unemployed), then a third tier is required to complete the system which could be named "mobility insurance." This would include a variety of mobility rights to which workers are entitled, whether or not they hold a job, i.e., the right to take leave, to training, to accumulate time-capital. In very general terms, these rights should be as homogeneous as possible and be subjected to decentralized negotiations, in order to match developments to needs as closely as possible and to offer credible opportunities to the jobless.<sup>9</sup> Only if this prerequisite is fulfilled will the second tier avoid the repressive and bureaucratic pitfalls described above. Within this broader perspective, "transitional markets" are construed as systematic endeavors to deploy interactive E7 employability.<sup>10</sup>

Without going into detail, it should be pointed out that "transitional markets" are a trend of labor market reforms designed to apply decentralized negotiations systematically to all types of labor mobility: mobility within and around the job market. Hence, they would include switches from full-time to part-time employment and back, as well as community-centered part-time work, study leave, groupings of employers, etc. The underlying idea is to foster joint financing involving the social partners along with local authorities, community organizations, etc. These should enable "transitions" to be organized efficiently so that temporary jobs can be combined in variable proportions with periods in remunerated employment and periods devoted to useful community work.

To a certain extent, labor market policies amount to unilateral state-run projections of "transitional markets." Such "transitions" are intrinsically neither good nor bad; they may turn either way, i.e., they may ensure independent career development or, on the contrary, lead to declassification or marginalization. Major corporations have specialized in offering their best employees constant career progression. Now the challenge resides in avoiding that the measures designed for the less-favored workers (as part of labor market policies) confine them to a "loser's track." The dotted career pattern should rather be used as a tool to achieve greater homogeneity in the labor market.

One cannot go into the pros and cons of the implementation of "transitional markets." These still remain a set of proposals requiring further experimentation and assessment. It is noteworthy that the least employable job-seekers are the core recipients of publicly financed

#### 20 *Employability: From Theory to Practice*

transitional measures, while other categories are found eligible for projects financed by private companies and the social partners.

Next comes the question of incentives. To develop an open network of "transitional" measures requires that these be attractive both in terms of guaranteed income and of future positions to which they give access (in the paid job as well as in the non-commercial activity). Thus, "making transitions pay" becomes the name of the game, one that is decidedly to be played on a relatively level field in terms of salaries and labor market conditions.

Regarding the variety of incentives and disincentives to be considered both for individual workers and for companies,<sup>11</sup> it is worth mentioning that certain types of solutions are emerging for the desirable forms of reciprocity.

At one end of the spectrum, the direct or indirect adjustment to the prevailing labor market forces is to be found, with its proclivity to inequality and the erosion of the protection offered to ordinary workers. This is known as "workfare" or "making work pay."

At the opposite end is the claim to unconditional income, as it is held that each person's contribution in terms of work must be considered over his/her life span. This leads directly to Universal Benefits or Citizens' Income. Is it a choice between the short term, which could become instantaneous, versus the life-long horizon?

In both cases, what seems shocking is the lack of interest for the actors, the institutions and the shifting jobs which interact on the labor market. All these factors are supposed to work together smoothly.

However, with "transitional markets" in view, such straightforward coordination seems rather unlikely. It may prove sensible to complement salary negotiations with negotiations on mobility issues, so as to multiply the margins for adjustment between supply and demand. This interactive scenario is to a certain extent the middle of the road, half way between the immediate demand of reciprocity and the indefinite deferral of this demand. In this scenario, temporary positions can be offered to job-seekers throughout their lives, while the reciprocity will build up over the successive negotiated sequences. But this is not only a middle-of-the-road solution; it implies that "active security" is achieved through a collective choice of structure which enables each individual to design and then manage his/her own personal and profes-

#### *Employability—The Complexity of a Policy Notion* 21

The contrast between "passive protection" and "active security" gains a new dimension. At the turn of the millennium, research on unemployment and on active labor market policies led to recording the erosion of traditional forms of worker protection, at least concerning the more integrated workers, those who follow set career paths and benefit from guarantees provided by big corporations that set up so-called "internal markets."

Therefore, one might imagine re-instituting those guarantees in order to establish anew groups of well-unionized and defended workers. However, this option, though perfectly feasible in some instances, proves difficult to extend to most cases, especially in an environment subjected by and large to the development of flexible companies organized in networks or in "profit-making centers." Such a solution might even turn out to be counterproductive if a relatively small group of privileged workers were to be isolated, while the others would be submitted to growing, even cumulative, insecurity. The stabilization base for workers thus becomes too narrow. The function of "transitional markets" would thus be to enlarge the stabilization margin for workers, granting them new rights, individual rights collectively organized.

Referring one last time to the many versions of employability, with no pretense at integrating them all, it would appear that the perspective afforded by the "transitional markets" provides the best opportunities to mobilize and combine them.

E1, the first version, was the only one to be explicitly gender oriented and to take into account the limitations to being employed, or not, that derive from the family situation. Despite its simplistic nature, this has undoubted merit. Another limiting factor is the acceptance of these restrictions as immutable, while collective choices can reorient them: those mentioned in this section, not only by creating new margins for maneuver for mothers, but also by reshaping careers (through the use of "transitions") and by organizing the involvement of the fathers.

A new balance is clearly introduced as well in reviewing the two activist versions of the employability concepts, E2 and E3, aimed at bringing employment opportunities closer to the physically and socially handicapped: the credibility of the rehabilitation agendas is reflected as much by the way in which employment supply and demand are organized as by the support policies en-

The E4 employability-flow concept is given serious consideration for introducing growth dynamics as well as anti-discriminatory concerns. In contrast to this exclusively collective point of view, the "transitional markets" seek to organize and activate individual initiatives. This factor brings them closer to the set of three recent versions.

While E5 remains neutral, it serves as the measure of success for the different "transitions," and it is evident that the interactive version E7 is preferred by the "transitional markets" over the E6, which is deemed too one-sided. They do accept, nevertheless, the validity of careers based on the accumulation of resources and personal learning.

This synthesis can in no way be construed as an instrumental integration. The challenges of implementing employability still lie ahead, and a great deal of work will be needed before the potential and the limits of the "transitional markets"<sup>12</sup> can be assessed.

### Conclusions

The purpose of this brief deliberation was to introduce a more systematic discussion of the concept of employability by presenting elements of information and argumentation that are normally found only in a scattered fashion. Employability is still today a sensitive issue in some countries, where it is thought that developing jobs is preferable to developing employability and that emphasizing employability enhances the temptation to charge the jobless for the costs of adapting to the labor market.

In the context of the present upturn in the employment rate, especially in Europe, strong pressures will be felt to promote unilateral versions of employability, since opportunities to get back to work will be more numerous and the labor market policies effort will seem less urgent. This attitude pays scant attention to the likelihood that such opportunities will be reserved for the workers judged, rightly or wrongly, to be the most fit, leaving aside the long-term unemployed.

This is not to say that there is no point in promoting individual initiatives, but it would be more just, socially speaking, and also more efficient to integrate them into a group of initiatives and collective structures that create a credible, socially controllable scope of action. In this section, all the limitations of an overly unilateral vision of employability have been identified. The importance of taking explicit and negotiated account of the aspects of interactive employability is also emphasized.

supply and demand are organized as by the support policies en-

Other institutions take part in this process, e.g., the various systems for child care, parental leave, salary savings accounts, capital-risk networks, community service or volunteer jobs. Basically, it is a way of redressing power relations in the labor market, so often slanted in favor of the employer in a context of weakened unions whose very legitimacy is under threat.

It thus becomes possible to follow collectively the changes in salary relations, while leaving open areas for individual freedom. This can be accomplished by making each worker a more aware and more independent organizer of the succession of activities and commitments that, combined, constitute his/her working life. Would that not be a good up-to-date definition for the word employability?

### Notes

1. B. Gazier (ed.), *Employability: Concepts and Policies*, European Commission, Employment and Social Affairs/IAS, Berlin, 1999.
2. *Ibid.*, pp. 54-61.
3. Cf. J. Philpott's presentation in Gazier (ed.), op. cit., pp. 97-120, and N. Meager in this publication (ch. 5).
4. See, for example, G. Schmid, J. O'Reilly, and K. Schöman (eds.), *Handbook of Labour Market Policy and Evaluation*, Edward Elgar, 1966, which dwells at length on the difficulties and methodological premises of assessment studies in labor market policies.
5. J. Philpott, op. cit.
6. For more detailed information, see H. Rudolph in this publication (ch. 2).
7. See study by R. Eberts in B. Gazier (ed.), 1999, op. cit., pp. 121-146.
8. Such variables are easily deduced from past job experience, type of training and industry, etc.
9. See G. Schmid, B. Gazier, and S. Flechtner in Gazier (ed.), 1999, op. cit., pp. 268-297.
10. See G. Schmid, "Le plein emploi, est-il encore possible? Les marchés du travail 'transitionnels' en tant que nouvelle stratégie dans les politiques d'emploi," in *Travail et Emploi*, 1995, no. 65, pp. 5-17, for the initial descriptions; B. Gazier, "Ce que sont les marchés transitionnels," in J.C. Barbier and J. Gauthier (eds.), *Les politiques de l'emploi en Europe et aux E. U.*, 1998, for a more in-depth study.
11. On this point, see B. Gazier, "L'articulation justice locale/justice globale, le cas des 'marchés transitionnels du travail,'" *Revue économique*, May 2000, forthcoming.
12. As concerns some major implementation problems, see B. Gazier, 2000.