

Labour Market Services in the Nordic Periphery

A joint research project carried out by the University of Akureyri
Research Institute and the University of the Faroe Islands

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Nordic Labour Market Cooperation

is regulated via separate agreements and conventions. The Nordic Council of Ministers (the Ministers of Labour) draws up the political guidelines for cooperation in this area, which also covers general working conditions, legal aspects of industrial relations and the migration of workers in the Nordic region. The Nordic Council of Ministers is assisted by the Nordic Committee of Senior Officials for Labour Market and Working Environment Policy. The secretariat of the Council of Ministers is located in Copenhagen.

The Nordic Council of Ministers

was established in 1971. It submits proposals on co-operation between the governments of the five Nordic countries to the Nordic Council, implements the Council's recommendations and reports on results, while directing the work carried out in the targeted areas. The Prime Ministers of the five Nordic countries assume overall responsibility for the co-operation measures, which are co-ordinated by the ministers for co-operation and the Nordic Co-operation committee. The composition of the Council of Ministers varies, depending on the nature of the issue to be treated.

The Nordic Council

was formed in 1952 to promote co-operation between the parliaments and governments of Denmark, Iceland, Norway and Sweden. Finland joined in 1955. At the sessions held by the Council, representatives from the Faroe Islands and Greenland form part of the Danish delegation, while Åland is represented on the Finnish delegation. The Council consists of 87 elected members - all of whom are members of parliament. The Nordic Council takes initiatives, acts in a consultative capacity and monitors co-operation measures. The Council operates via its institutions: the Plenary Assembly, the Presidium and standing committees.

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CHAPTER 1: INTRODUCTION

This document is a project report for a joint research project, which was carried out by the University of Akureyri Research Institute (UARI) and the University of the Faroe Islands. The project was financed by the Nordic Council of Ministers. Coordinating project leader was Frank Friðriksson from the Icelandic Directorate of Labour (Vinnumálastofnun) but the scientific leadership has been in the hands of Dr. Grétar Thór Eythórsson from UARI and docent Jógvan Mørkøre from UFI.

The fieldwork and most of the writing of the report has been the task of Elin Aradóttir researcher at UARI and Randi Frederiksberg researcher at AFI. The section on the Faroese case is written by Randi, the section on the Icelandic case is written by Elin and the section on the Norwegian case is written jointly by Randi and Elin. The project idea was developed and operationalized in cooperation of the members of the research team and this introduction as well as the concluding chapter of the report is written as a cooperative effort of the team.

Goal and implications

The broad goal of this project was to provide an overview of examples of strategies that have been used in the design and implementation of labour market services in selected Nordic peripheral regions. An emphasis was put on identifying and analyzing methodologies that have been used in the context of regions with an uniform economic base.

The findings of the project contribute to our knowledge of how to design and implement labour market services in the context of peripheral regions and communities and in that way add to our knowledge of “best practice”. The project report also provides us with condensed information on the current labour market service systems in three Nordic countries. The project is, therefore, significant to policy makers and for those administering labour market services not only at the national and regional levels but also at the transnational Nordic level. The project should also be of value to various other stakeholder groups that have a general interest in development of labour markets in the Nordic periphery.

Focus of the project

The goal above was addressed by examining a set of key themes. A block of questions then guided the examination of these themes. The projects key themes were the following:

1) Nature of the system/services:

Key questions:

- What are the key characteristics/components of the unemployment insurance systems in the chosen localities (funding, design, and capacity)?
- Which organizations have a key role in administering the system/services?
- How are these organizations structured (administrational levels and degree of autonomy/self-determination within each level)?
- What types of labour market services are offered by these organizations in the chosen localities?
- What are the goals and objectives of these services?
- Who are the clients of these services?
- What is the reputation and visibility of the service providers (the organizations) in the chosen localities, and how do the providers handle promotion o their services?

2) Periphery specific issues:

Key questions:

- Are the labour market strategies and services the same for the region as a whole, or are the different situations and problems in different communities taken into consideration?
- In the case of the latter are these considerations based on wishes pronounced by the respective communities (the local level) or are they based on administrative decisions made in the regional centers?
- Do the peripheral communities have the opportunity to express their views and communicate with the regional centers, if so through what type of channels?
- Are there any other measures being used to make sure that service, which are offered at the regional level, fit local needs?
- Do the official service objectives and actual practice always correspond? In case there is a mismatch between the strategy that aims at solving a problem and the real situations the service providers face, how do the service providers handle such circumstances.

3) Key challenges/barriers for improving local labour market situations through the involvement of labour market service providers:

Key questions:

- What are the key challenges and hindering factors when it comes to designing and implementing labour market programs in peripheral communities of the chosen regions?

4) The role of labour market service providers in community economic development

Key questions:

- Do the deliverers of labour market services have any role in regional and local planning and policy making?
- What type of relationships do the deliverers have with other agents of the support system for community and economic development (i.e. municipalities, regional councils, economic development organizations, industry and labour associations, and various interest groups, etc.)?
- Are the labour market service providers currently perceived to have role in this field by local stakeholders in the chosen communities?

5) The role of labour market service providers in education and training

Key questions:

- What is the role of labour market services in provision of training and education?
- Are the labour market service providers currently perceived to have role in this field by local stakeholders in the chosen communities?
- What type of relationships do the deliverers of labour market services have with educational institutes?

Selection of Study Areas

Three study areas were chosen for the project. These were the Finnmark region (fylkeskommune) in North Norway, the North East Region in Iceland and the Faroe Islands. An effort was made to select regions that possess some similarities. One example of such similarities is a small population number, since all three regions have a population that is less than 80,000. The size of the population of the largest community, within each region, is also similar or 15,000-17,200. A third example of a similarity is the fact that all three regions are located far from a national capital or a metropolitan area. Finally the three regions are all defined as separate service districts within the current system for labour market services in each country.

For the purpose of further narrowing down the project's focus, two peripheral communities, within each of the three Nordic regions, were put at the center of attention. When selecting the two communities of emphasis the following criteria were used:

1. Both communities were to have a fairly narrow economic base, i.e. being dependent on a low number of industry sectors and/or on a low number of key-employers.

2. Both communities were to be located in a considerable driving distance from a large town or a regional centre; hence, being located in the region's periphery.
3. One of the communities was to be at least medium sized (population-wise) compared to other communities of the region, and one was to be a fairly small, compared to the other communities of the region.

Research Design - Methodology

The case study approach was chosen as a way to achieve the project's goal. The case study approach has been defined as "*a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence*" (Robson 1993, p. 146¹). Another way to explain the case study approach has been provided by Eisenhardt (1989, p. 534²), who refers to the approach as "*a research strategy which focuses on understanding the dynamics present within single settings*". This research project looked at three cases. Each of these cases explored the *contemporary phenomenon* of labour market services in a *single* Nordic region.

The key research tools, which were used for the data gathering associated with this research project, were structured interviews. When selecting instruments for data collection in a case study research project, it should be kept in mind that a case study is not a survey, where reliability relies on the characteristics of the data collection tools, the sampling techniques and the sample size. Instead, it has been argued (see e.g. Robson, 1993) that the case study builds on the trustworthiness of the "*human instrument*" (i.e. the researcher). Based on this it should be emphasized that when choosing the types of research tools for this study and when designing the actual tools and procedures, the intention was not to collect data for statistical inference. The selection of informants (interviewees), furthermore, was done through the use of non-probability purposive sampling, since the intention was not to make a statistical generalization beyond the selected participants.

The data for each case can be divided into two categories. The first category includes the results from interviews with representatives of the labour market service providers. The second category includes data collected through interviews with stakeholders, who represented the 'clients' of the labour market service providers. This group includes various representatives of the selected communities, for example union leaders, representatives of industry associations, people working for economic development organizations, administrators of municipalities and representatives of key employers.

The data gathering took place in the period of April to July, 2003. During this time the researchers visited the chosen regions and the interviews took place in different communities within them.

Thirteen interviews were conducted on the Faroe Islands in connection with this project/report. Two interviews were conducted with representatives of ALS (labour market service provider), both on the first of May 2003. Five interviews were conducted on Sandoy, all on the fifth of May and six interviews were conducted on Suðuroy on the first and second of July. All information presented in the sections called "Findings" in the Faroese section of this report are based on the information gathered through the interviews conducted in connection with this project/report.

Fourteen interviews were conducted in the North East Region in Iceland. Interviews with two representatives of SNE (the labour market service provider) were carried out at 29th and 30th

¹ Robson, Colin. 1993. *Real Life Research. A Resource for Social Scientists and Practitioners-Researchers*. Blackwell. Oxford UK and Cambridge US.

² Eisenhardt, Kathleen M. 1989. "Building Theories from Case Study Research". *Academy of Management Review*. 14 (4), 532-550.

of April. Six interviews were conducted in Húsavíkurbær municipality on the 30th of April and six interviews were conducted in Skútustaðahreppur municipality on eighth of May.

Twelve interviews were conducted in Finnmark Region in Norway in the period 19th to 24th of May. Of these twelve, three interviews were carried out with representatives of Aetat (the labour market service provider) at the local and regional level, five interviews were conducted with community representative in Båtsfjord municipality and four interviews were conducted with representatives of Lebesby municipality.

Structure of the report

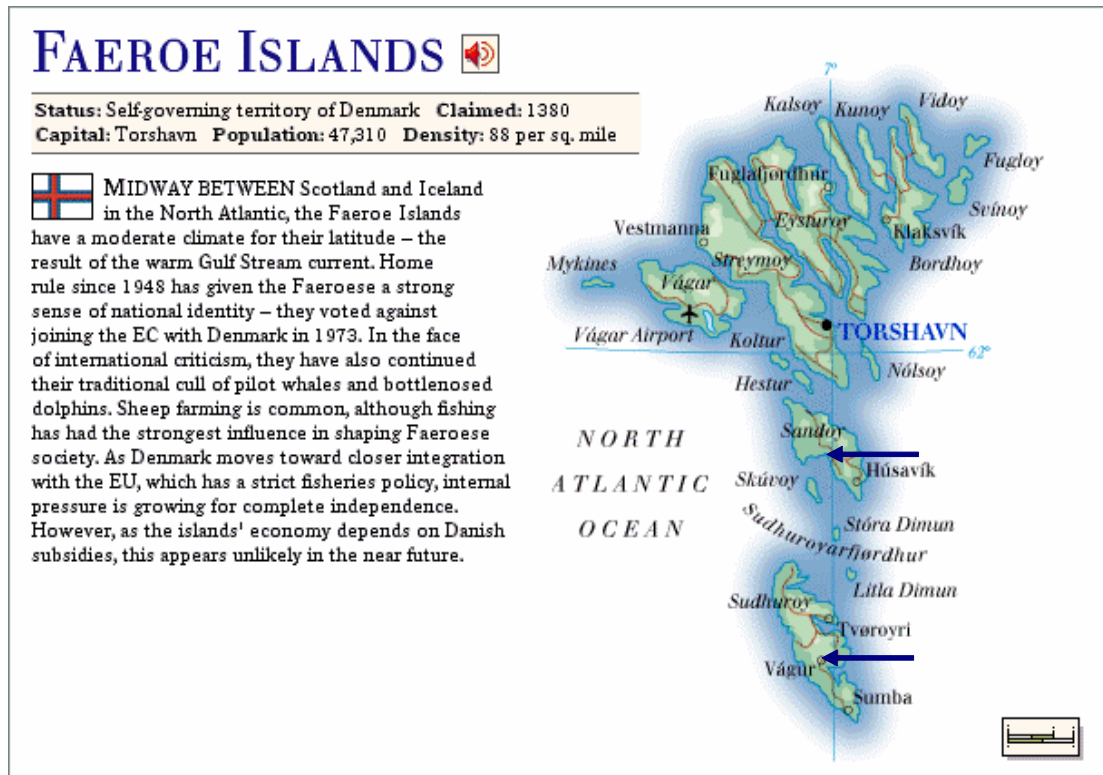
Each of the three cases is presented in a separate chapter (chapter two, three and four). These chapters include a description of the labour market services and the unemployment systems in the three chosen regions. Furthermore they provide the reader with the necessary background information on the chosen regions and communities and list the findings from each case. Finally these chapters include a brief summary of the findings from each case.

The final chapter of the report contains the conclusions of the research project, including some interpretations of the key findings from the three cases.

CHAPTER 2: FAROE ISLANDS

1) Background

The Faroe Islands consist of 18 inhabited islands located in the North Atlantic Ocean. The total population by the end of 2002 was 47.704, whereof 18.420 were living in Tórshavn – the capital. Historically the economic base of the islands has been the fishery and this is still the case, as almost 100% of the export consists of fish products.



During the 1970's and the 1980's the Faroe Islands went through a period of great economic prosperity. By the end of the 1980s this development started to crumble. A general decline in fish stocks due to overfishing was the warning signal, but the fundamental problem was that the industry was run at a constant deficit, regardless of the state of the fish stocks and the world market prices for fish products. The deficit was covered by a subtle, but extremely expensive, subsidization system, which again was financed by loans from abroad. It was impossible to continue in this way as the foreign public debt continued to increase and there was no likelihood that the Faroese would be able to pay back their loans. Finally the creditors abroad simply refused to provide additional loans, setting off a chain reaction. With no opportunity to finance further subsidies, the government was forced to downsize and abandon its programmes for the fishing industry. This in turn led to a series of bankruptcies and finally to a crisis in the financial sector and meltdown of the economy as such. After a couple of years of general recession the economic crisis engulfed the banking sector, starting in autumn 1992 when one of the large Faroese banks, Sjóvinnubankin, was threatened by bankruptcy.

In order to solve the problems within the banking sector the Faroese Government had to make a series of agreements with the Danish Government, which supplied the necessary funds. Conditions were attached. One condition was that loans were transferred to the threatened

bank through a newly established fund, the Financing Fund of 1992, of which the Danish Government was in control as it appointed the majority of the Board members, including the Chairman. The fund became the majority shareholder in Sjóvinnubankin and shortly afterwards also in the other large bank in the Faroes. Having sole control over most of the fishing industry through its bank ownership, the fund carried out a master plan for the filleting industry. This was to take over all the filleting plants from the private owners and sell them to a so-called mother company. The Financing Fund would control the mother company. Before the takeover by the Financing Fund, filleting production was scattered all over the Faroes. The Financing Fund gained control of seventeen filleting plants, only eight of which restarted production after the takeover. The remaining nine plants were closed with no possibility of local people restarting production.

With the establishment of the mother company, later named United Seafood, Faroese society was changed in a very dramatic way, economically, socially and politically. The economic structure was changed, as a new, very powerful concern was created. It consisted of the two major banks – which later merged – the fish retailing company and most of the filleting enterprises. A new economic elite took over the upper echelon of the hierarchy of economic power, while the old elite lost possession of its stronghold in the banking as well as the fish-processing sector. It was pushed aside and only left with its trawlers, but as they were still heavily burdened by debt many of the hitherto strong local mandarins also lost these assets within a short period. The new conglomerate was horizontally organized, which implied that fillet production was no longer embedded in the local community but was centrally controlled from Tórshavn. The Danish Government imposed this policy on the Faroese, when it intervened and introduced its own recovery policy.

Another major change within the fishing industry was the introduction of a quota system. The Faroe Islands Government and Parliament also had to accept that it should follow an economic recovery program set up by independent economists from the International Monetary Fund (IMF). The recommendations by the IMF economists were predictable: budget balance and new structures in the fishing industry to eliminate overcapacity and make the whole sector economically profitable. All kinds of subsidization should be avoided. It had been foreseen that the market should achieve the reduction in capacity through an individually transferable quota system. When the bill was introduced by a structural commission the objective was to have an ITQ system, but when it was passed through the Faroese Parliament transferability was not included.

The fact that the Danish Government was dictating economic policy and the policies applied to the fishing industry, while the old economic elite was rendered powerless on the sideline, was a new and unusual political situation for the Faroese. The Danish policy turned out to be a total failure, however, as the mother company immediately ran into both economic and political problems. It turned out to be economically unviable, and politically the vast majority of the Faroese population opposed it, because it had taken the filleting plants away from local communities. Animosity was strongest in the towns and villages where the company did not restart production but kept the plants closed while refusing to sell to the locals. The quota system, which unlike most other quota systems in the world was entirely dictated from the top down, without the slightest support from any of the traditional factions within the fishing industry, was equally unpopular among the Faroese. After two years of control of the Faroese economy and fishing industry, the Danish Government pulled out and left it to the Faroese Government to find its own solutions. The quota system was abandoned and replaced with a management system based on individual fishing rights defined in days.

In general, the economic crisis resulted in a great loss of employment, wage levels were frozen and others again were cut by app. 10-20%. Unemployment had not been known previously on the islands but now the rates rose to over 20%. All parts of the country were affected by the crisis, but the periphery was hit the hardest. Especially islands where the predominant or only employment had been in the fishery and in towns and villages where the majority of people were employed in the local fish factory, which was closed down and not

reopened, were severely affected. Tax levels rose heavily, especially for those in the upper end of the income scale. This was one of the causes that led to the fact that a number of people in different professions moved abroad, in order to escape the high taxes and hence led to further reduction in tax income for the authorities. In the end this resulted in special arrangements/agreements for the people working on foreign ships and others seeking abroad for employment.

2) The Faroese labour force

Insufficient statistics:

There are no data available on the Faroese labour force. Hence it is not possible to calculate the accurate numbers of the labour force in general and concerning the division of age and gender of the workforce. The unemployment rate is therefore based on an estimated workforce. The estimation of the workforce is made by the Faroese Statistical Bureau and is based on a calculation including all people living on the islands between 16 and 66 years of age, minus a part of the people under education and minus a part of the people who receive some kind of pension. The Statistical Bureau does not have any indications of how large a part of the male and the female population are in the workforce, but in their calculations they anticipate that 100% of the male population is on the labour market, while the female part is reduced as a consequence of women choosing not to be a part of the workforce for different reasons, one of the more common being that they want to stay at home while the children are small.

Furthermore, it is not possible to know the accurate figures for how the workforce is divided between the different occupational groups and sectors, and neither to get an accurate picture of, how the age and gender structures are of the workforce occupied e.g. in the fishing industry. The only estimate possible when trying to get a picture of the workforce, is to look at the number of firms in each category – although it does not say anything about the number of employees in each firm – and the total amount of wages/salaries paid in each category of firms – although it does not say anything about number of people, as an amount can either mean a few employees with high wages or a lot of employees with low wages.

It is not possible to make an estimate of the geographical distribution of industrial activity and employment categories/sectors. This is due to the fact that firms can be registered wherever the owner sees fit. Most frequently, the firm is registered in the community where the owner is living, even though the actual physical structure and all the activity associated with it is located in another community. Almost the same is the case with all public employment, as all public workplaces only have one address attached to it and in most instances that will be Tórshavn, even though the actual activity is spread all over the islands employing a lot of people all over the country³. The same is the case with a lot of other private activities⁴.

What do we know about the Faroese labour force?

The division of the labour market between sectors and industrial groups: No usable data at all.

The geographical distribution of the labour market sectors: No usable data at all.

Size of the labour force: There are no accurate data, but the Faroese Statistical Bureau makes some estimates of the size of the labour force when calculating the unemployment percentages so they need to be considered with some cautiousness. The Faroese Statistical

³ E.g. the schools, the health care system, the post offices etc.

⁴ E.g. the banks, the fish processing firms, the insurance companies etc.

Bureau does not divide the unemployment into age groups or smaller geographical units. The unemployment data used in this report are therefore derived from basing the labour force on the total population in the age between 16 and 67 years. The unemployment percentages can therefore be expected to be somewhat lower than they actually are, as people who are not in the labour force, e.g. those on public transfers of some kind, those under education, people working at home etc. are included in the total workforce, thus making it larger than it actually is and hence diminishing the unemployment percentages. So the data are not comparable to the data in the other country cases, but can be used to compare the situations within the different age groups and in the different geographical areas on the Faroe Islands only.

Thus the actual size of the workforce is not available in the Faroese statistics.

Age and gender of the labour force: No data available. See the explanation in the previous section.

Activity rate: Due to the statistical shortages, the activity rate on the Faroe Islands is not known.

Unemployment and gender: The actual numbers on the division of gender within the unemployment data are available, but the percentages can only be used for comparison within the Faroe Islands, due to the above mentioned shortages in the available statistics.

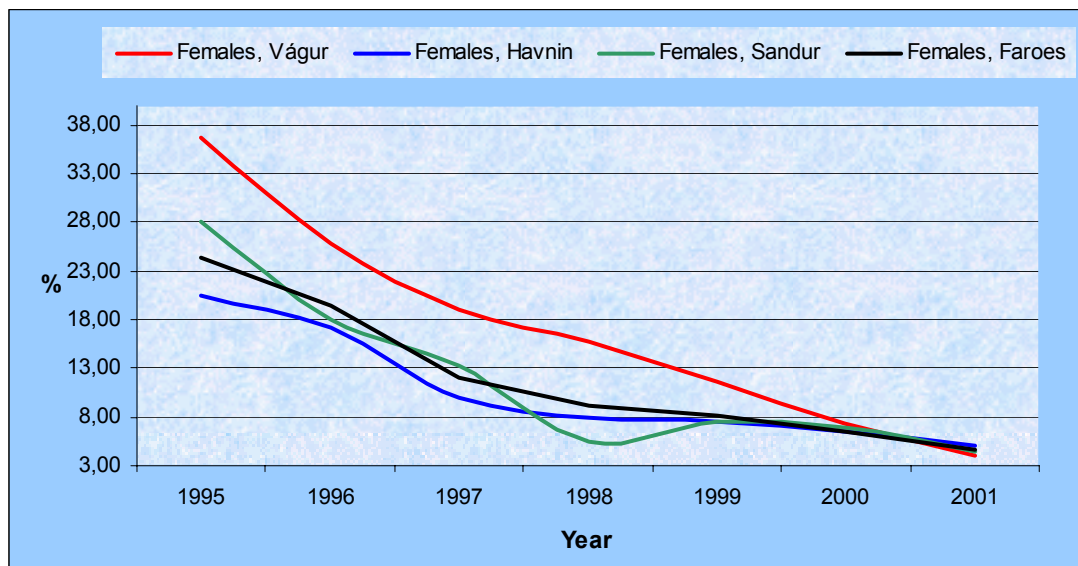


Figure 1 Female unemployment in Vágur, Tórshavn, Sandur and the Faroe Islands 1995-2001.
 Source: ALS (the Faroese Unemployment Insurance System)

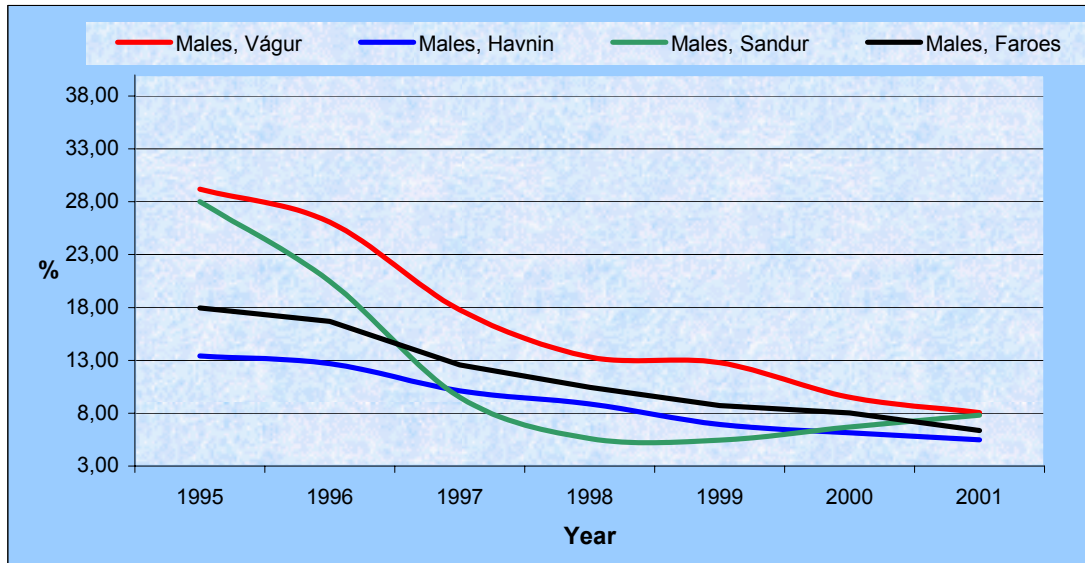


Figure 2 Male unemployment in Vágur, Tórshavn, Sandur and the Faroe Islands 1995-2001 Source: ALS (the Faroese Unemployment Insurance System)

The figures above show that it is especially the peripheral areas that have high unemployment rates in both gender groups, if Sandur and Vágur can be taken as examples of the periphery. The figures also show that the unemployment level in the capital area is lower than the unemployment level for all of the islands, although the difference between the female part of the labour force in the areas has not differed a lot from year 2000.

Unemployment and age: Due to that the unemployment percentages are based on the total population within the different age groups, there probably are some groups where the percentages should be considered with some cautiousness. This is due to the fact that the labour market participation rate in some age groups probably is closer to the population number than is the case for other groups. Groups where the labour market participation rate probably differs quite a lot from the population is for young people, that might be at school, for some of the female age groups, where a considerable part of the women are working at home and for the older age groups, where the proportion of the total population in the labour force must be estimated to diminish. Hence, the groups where the unemployment percentages must be estimated to be closest to reality are the male groups between 30 and 60 years of age.

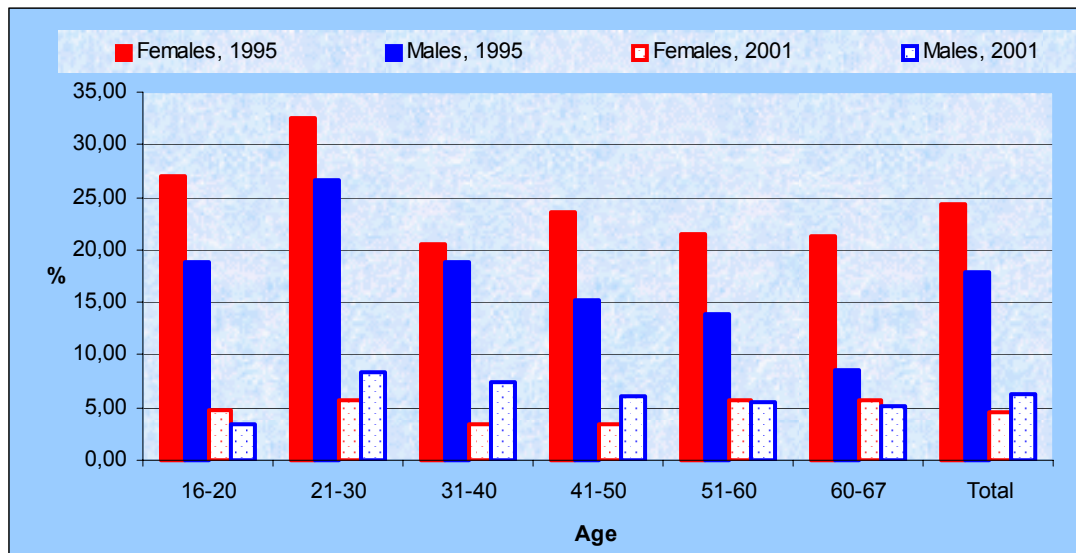


Figure 3 Unemployment divided on age groups for the Faroe Islands in 1995 and 2001 *Source: ALS (the Unemployment Insurance System)*

The figure above shows that in 1995 the unemployment on the Faroe Islands was very high and in all age groups the unemployment rate amongst women was the highest. The unemployment in 2001 is much lower and another change seems to be that the unemployment amongst men is higher than for women in the age group between 21 and 50 years as well as in total.

Unemployment rate in the capital region vs. other regions. Characteristic for the age structure of the unemployment within the capital area is that the group between 21 and 30 years of age has the largest proportion of unemployed both in 1995 and 2001. In 1995 the unemployment rate in this male and female groups were 22% and 28% respectively. In 2001 the female group from 16-30 years of age seems to have the largest percentage of unemployed while the male group from 21-40 years of age has the highest unemployment percentages (app. 7% each group).

Characteristic for the Faroe Islands as a whole is that in 1995 the groups with the highest level of unemployment are women between 16-30 years. The highest unemployment of all groups are the women between 21-30 whereof 32,5% are unemployed. The highest male unemployment rate is also in the group from 21-30 years with 27%. This age group in the male population is also the one with the highest unemployment in 2001 with 8,5%, but the difference between the age groups is not a lot, although it is steadily decreasing the higher the age group to about 5% for the males between 61 and 67 years of age.

So generally, the structure of the unemployment in the capital area seems to be similar to the structure of the national unemployment. The unemployment level for the capital region was somewhat lower than the national average for both men and women in 1995 while in 2001 the female unemployment percentages in the capital area are lower than the national average while the male unemployment percentages in the capital area seems to be somewhat higher than the national average.

Seasonal unemployment is a phenomenon that exists on the Faroe Islands due to the dependency on the fishing industry, but there are no data to show these seasonal fluctuations.

Unemployment among young people. The last two figures show, that the group between 21 and 30 years of age is hit especially hard by unemployment, while in the youngest group of people between 16 and 20 years of age the unemployment rate is somewhat lower. The explanation for this might be that only people who have had an income during the 12 months before they apply for unemployment insurance benefits, qualify for compensation through ALS. Young people, who are just entering the labour market are therefore not included in the

data from ALS, as they have to turn to the Social Security Office to get financial help in situations of unemployment.

The role of foreigners and foreign labour markets. Both foreigners on the Faroese labour market and people from the Faroe Islands who make use of other labour markets are factors that influence the situation on the Faroese labour market, but there are no data that can illuminate this.

Unemployment characteristics⁵

Gender and age. Characteristic features of ALS' clients are that they come from the smallest islands, Suðuroy and southern Streymoy (the capital area). The largest group is made up of women without education, around 30 – 40 years. At the same time, women are the most difficult to get back on the labour market. The group that stays in the system longest are women around 50 – 60 years of age.

Education. ALS' clients are mostly unskilled⁶, although some are semi-skilled⁷ and others again with medium long educations, like nurses, teachers, etc., but none of the clients were people with higher education.

The interviewees from ALS felt that it was almost misleading to talk of unemployment percentages pt., because the level is so low and the major part of ALS' clients at any given time during the last couple of years, at present and in the near future is made up of people in between jobs, who are just in the system for a very limited time period and hence not really unemployed.

Seasonality. Seasonal unemployment does exist on the Faroes to some extent. This is mainly because a large part of the employment especially in the periphery is tightly connected to the fisheries and the onshore activities connected to the fishery.

Foreign workers. In 2002 approximately 600 work permits were given to foreigners because of a real or alleged deficiency in the numbers of the Faroese labour force. There are different perceptions among the interviewees as to whether a shortage of labour is the real reason. Some of the interviewees seemed to think that some employers prefer foreigners as they are more likely to accept worse working conditions than Faroese workers are. Still, it has been proved hard for some of the employers in the filleting industry to get workers, especially in smaller more isolated communities.

Structural unemployment. The interviewees at ALS were of the opinion that the reason why the unemployment level in the capital area is relatively high, is that there in this particular area exists some structural unemployment, meaning a mismatch between the kind of employment that is offered and the kind of skills possessed by the available workforce. Also, the presence of job offers in the capital area requiring low skills, e.g. in the primary sector, is relatively low compared to the total employment in the area. Also there is a presence of a large public sector in which the renewal of the workforce is small. Furthermore, the private sector is strongly represented. The demographic data show that the capital area also seems to work as a magnet to people leaving the periphery for some reason, at the same time as it works as a magnet to immigrants and for natives who have been abroad for education and who return after having graduated.

⁵ This section is based on the interviews conducted with ALS in connection with this project. It is the only way to highlight the current situation of the area due to insufficient statistics

⁶ ALS defines "skilled" as everyone who has any education other than secondary school

⁷ Defined by those with gymnasium education, tradesmen, etc.

3) Brief history and structure of the unemployment insurance system

The name of the Faroese unemployment insurance system is “Arbeiðsloysisskipanin”, better known under the short version as ALS. ALS was established in 1992, in a joint operation by the Employers Organization and the Labour Unions. ALS was the first of its kind on the Faroe Islands and was only established after the severe crisis that the islands entered into in the beginning of the 1990’s. A consensus was reached during the negotiations on labour market contracts between the Faroese Employers Association and the Faroese Unskilled Workers Union in 1990 that some kind of Unemployment Insurance System was desirable. The Government set up a committee in 1991 to work out proposals and make recommendations to the politicians as to what they found would be the best unemployment insurance system for the islands. The committee finished its work later in 1991 and made two recommendations. The first was that they found the best system would be one where the two sides on the labour market – the employers and the employees – had full responsibility concerning both the administrative and the economic part of the system to make it function properly. In case a situation with insufficient economic capital should arise, the responsibility to raise the lacking capital should rest with the two parts on the labour market. The reasoning of the committee was that in this way, the system would be cheapest for the users and for society as a whole.

The committee’s second recommendation was that ALS should also work as an employment service office/centre (job centre). The committee felt that membership in ALS should be voluntary. On this last point the Government disagreed with the committee and included in the law concerning ALS that membership in ALS for all parts of the labour market was to be compulsory. The politicians argued the reason for this was that otherwise only employees with low and insecure/precarious income, such as half- and part time employed, would sign up and therefore the system would never work as it was supposed to.

As already mentioned, ALS was the first unemployment insurance system on the Faroe Islands and it is still the only one. But even if there is only one system, there are a few systems within ALS dealing with special issues, e.g. “fiskavirkisskipanin” (the fish factory system) which is a special system for those working within the fisheries onshore, and is characterized by a certain set of problems when it comes to unemployment. Other systems are those for fishermen and those for self employed.

In 1992 the membership amount that had to be paid to ALS was 2,25% of the wage per month. Initially the maximum amount an employee could pay was 3.700 Dkr, but this limit was removed in 1993 as the system lacked capital while the economic crisis got more severe and a growing number of people lost their jobs. The percentage has since varied a great deal, the highest being 2,75% and the lowest so far was during this spring with only 0,5%. It has now again been raised to 0,75%. The employers part of the payment is the same as the amount paid by the employees.

Public spending concerning ALS was limited to a one-and-for-all payment of 20 million Dkr in the initial set-up period to strengthen the net capital of the system. When the system went bankrupt in 1993 a loan of 70 million Dkr. was provided by the public “Solidary Pension Fund”, but this loan has since been paid back. Apart from that the only economic responsibility of the public authorities was in the role as employer, paying the equivalent amount as the public employees every month.

Organizational structures – administrative levels

All of ALS’ activity, both service and administration, is located in Tórshavn. Apart from a short period of/in time, when the economic crisis was the most severe, there has only been one office that has serviced all of the islands. After the initial start up phase, a few offices were opened on different islands. This was done by request from the Faroese Unskilled

Workers Union, as the employment situation got worse and unemployment grew. The local offices never worked the way they were supposed to. The staff in the ALS offices were not employed by ALS, but by the labour unions and were paid by them as well. There were a few problems concerning the daily administration of the local offices of which the most severe was in cases of disqualification, where the person working in the local office knew the people who came in for help too well and was not able to distance him-/herself from the problems of the clients and in some cases this resulted in the fact that the rules were bent more than they were supposed to. Other common problems were that some of the employees at the local offices took on too many tasks for which they were not qualified and hence able to handle. This also resulted in wrong information and a lot of confusion and frustration for the clients involved. The problems resulted in the fact that the offices were closed down as soon as the economic situation improved or when all procedures concerning the ALS clients registration and procedures for reporting back to ALS every fortnight were in place.

Since 1996 the ALS office in Tórshavn has serviced all of the islands. The disadvantages that some people might have in connection to travelling costs, travelling distances and travelling time are sought diminished by refunding the economic costs connected to the trip to ALS in Tórshavn to people coming from outside the capital. The refund is only paid though, when the client/customer is summoned to the ALS office by ALS itself. In case someone from the periphery on his/her own initiative chooses to visit ALS for some reason, he/she will not get the travelling costs refunded.

The rules and concepts ALS complies with

A. ALS works with the notion of

- the Faroe Islands as a single labour market, where unemployed people can be offered a job at the opposite part of the country from where they live and the possibility of daily commuting between home and workplace is not required⁸
- one labour force where the only requirement for getting a job offer is that you are qualified for the job (hence a surgeon can be required to take on a job at a fish factory, while the opposite scenario is not an option)

B. Measures taken to clients that don't accept (job) offers from ALS

- in case a client does not accept a job offer from ALS, he/she will get a quarantine, and lose his/her benefits for 4 weeks
- in case a client does not accept offers from ALS concerning qualifying schooling and courses, no measures are taken

C. ALS can give people that live on one island a job offer on another island where daily commuting is not possible. ALS does not have the authority to engage in helping these clients to find accommodation close to their place of work or to pay for extra costs that result from moving.

Policy framework (laws, official guidelines)

The purpose of ALS is to:

- give financial support to unemployed
- improve the chances of employment for the unemployed
- provide employment service

ALS is financed by:

- employees receiving A-income

⁸ there are situations where exceptions are made. One example is a single parent situation, although the unemployed in principle has to be ready to take on a job which requires of him/her to move so as to be able to accept the job offered

- employers paying A-income
- payments from self-employed people/persons who have taken out private policies

Management and administration:

- A. A Board is appointed which is responsible for ALS and the administration of the system. The Board hires a director who has full responsibility for the day-to-day running of ALS
- B. The Board has 7 members, who are appointed by the responsible minister.
- 3 members are to represent the employers. Two of the three appointed, are to represent the private employers and are appointed according to nominations from the Employers Unions, while one is representing the public employers
 - 3 members are to represent the employees. The app. 30 labour unions present on the Faroe Islands make a number of nominations among which the responsible minister appoints three. Of the three one is to represent the hourly-paid workers, one is to represent the fisheries and one is to represent the salaried workers
 - the seventh member is appointed by the responsible minister and this person is also the chairman/president
- C. The members of the Board are appointed for a four year period at the time

Payments to ALS

- Anyone who receives an A-income, who is liable to pay taxes on the Faroe Islands and is over 16 but less than 67 years of age, is to pay part of his/hers income to ALS
- Anyone who pays A-income to a person who is liable to pay taxes on the Faroe Islands, is to pay the same amount to ALS as the receiver of the A-income does

Payments from ALS

- A. Rights to payments: Persons that are to receive benefits from ALS as a general rule⁹ have to:
- be unemployed and able to prove this to ALS¹⁰
 - have received an A-income in the previous 12 months¹¹
 - be at the disposal of the labour market
 - be over 16 but less than 67 years of age
 - be liable to pay taxes on the Faroes
 - have the capacity to work¹² and
 - have the will to work
- B. Size of payments:
- calculations of payments are based on the received A-income during the previous 12 months, before the person lost his/her job, transfers excluded. The unemployment benefits amount to 70% of the income the ALS client has had during the year previous to his/her unemployment
 - unemployment insurance payments from ALS can as a maximum be 70% of the minimum contractual wages for an unskilled worker

⁹ There are of course exceptions and graduations

¹⁰ The unemployed has to be able to prove to ALS that he/she has no affiliations to any employer (with the exception of those working in the onshore fishing industry as they belong under another part of the system designed especially for employees in this industry. In the system for the onshore fishing industry, employees get a wage supplement – in case employment is unstable, with small amounts of fish being landed – which secures the employees with 32 hours of income a week)

¹¹ There is no minimum amount that the employee has to have earned to have the rights to receive unemployment benefits from ALS. Even one crown is in principle enough to receive benefits

¹² In case a person is not able to work 100%, he/she will not be able to join ALS, but will belong under the social welfare system in case of unemployment

C. Time span of payments

- the longest time a person can get payments from ALS is 3 years and 2 months¹³ consecutive or
- 798 days during a five year period. After this you have to be out of the system for at least 2 years before being allowed to re-enter ALS
- as a member in ALS you have the right to payments from the day you get unemployed¹⁴, minus a waiting period from 1 to 10 days depending on the size of your income during the previous 12 months before unemployment and plus 4 weeks of quarantine in case the unemployment situation is self-induced/self-inflicted

Offers/services from ALS

Types of services offered by ALS

A. Unemployment benefits

- See “payments from ALS”

B. Employment counselling

- after being unemployed for 3 months every client is summoned to an interview with his/her caseworker, where the clients wishes concerning the future are discussed, together with the offers that ALS is able to provide to the client. ALS and the client jointly work out a plan of action for courses and qualifying schooling

C. Qualifying schooling/courses

- after being unemployed for 3 months every ALS-client is entitled to qualifying schooling/courses
- every ALS-client is entitled to courses for 3 out of every 12 months he/she is unemployed for
- there are no economic limitations as to what the courses may cost
- there are no geographical limitations as to where the courses may be taken, meaning that if a course which is seen as relevant both to the ALS-client and to the caseworker, is not accessible on the Faroe Islands the client is allowed to go abroad to attend the course
- ALS does not arrange/give courses themselves¹⁵, but buys services from other educational systems and training centres. So ALS’ involvement in each clients educational training confines itself to paying for the economic expenses related to attending the course (meaning paying the registration fee, travelling expenses, board and lodging, etc.)
- it is up to the client him-/herself to collect information on courses that he/she wants to attend. ALS has no contact to any educational institutions other than when institutions themselves turn to ALS to inform about offers and courses they are giving

D. Psychology courses

¹³ Initially the period was 2 years, but as the economic crisis got more and more severe the period one person can remain in ALS for, has been extended several times. In most cases these extensions have been done by the minister, irrespectively of the Boards decisions

¹⁴ Although an unemployed only receives benefits from the day he/she registers with ALS. ALS does not pay benefits with retrospective effects

¹⁵ except from some courses in psychology

- the psychology courses that were mentioned in the last footnote, were initiated a few years back, after a group of ALS clients had been in the system for quite a long period of time. This group didn't seem to be neither interested nor did they see themselves as able to accept any job offers that were given to them. The largest problem with this group was the lack of self confidence they showed. In an attempt to get these people to re-enter the labour market, ALS decided to set up a course in psychology. ALS considered the course a success and since the first course, ALS has paid a psychologist to give one or two such courses a year, where only ALS' clients attend. ALS chooses a group of their clients with similar features who get the course offered, so as to optimise the benefits of the course for the individual

E. Employment service/job database

- there are two angles in this service. One is to provide/find employment to ALS clients and another is to provide the employers – that turn to ALS for employees – with the people they look for
 - a. the first task is sought fulfilled by gathering information about all jobs available nationally and collecting newspaper advertisements in a single case where anyone interested has easy access to it. ALS furthermore tries keeping up to date with the situation on other labour markets especially those in neighbouring countries, where restrictions for entrance into the labour market are less. All the written information on labour markets in other countries is kept in a certain place/spot in ALS' offices, where people/clients have an easy access to them.
 - b. the second task is fulfilled, when the employers in need of employees contact ALS about their preferences in qualifications. ALS then runs the wanted criteria through the computer including information on the geographical location of the workplace. The employer is then provided with a list of people. He/she chooses the people he/she wants to see from the list and reports this back to ALS. ALS then contacts these people and asks them to get in touch with the employer to arrange a job interview. This either results in that the unemployed gets the job, that he/she says no to the job, in which case the unemployed gets four weeks of quarantine or that the employer informs ALS again that he/she could not use this person. If the latter is the case, the employer does not have to inform ALS as to why he/she didn't find the person right for the job. In times of very low unemployment as at present, the employer then has the possibility to turn to the Ministry of Trade and Industry to get permission to import labour from abroad. Before such a permission is given the employer has to be able to prove that he/she has contacted ALS to get their assistance in finding employees and ALS was not able to provide him/her with the wanted workforce. In case ALS can confirm this the employer usually gets the permission to import the people he/she needs.
 - c. ALS has a job database with the names and CV's of all its "customers". To ALS' clients it is compulsory to be registered in this job database, but everyone else is free to register as well, even if he/she is employed at the time, but so far it has mostly been used by ALS' customers.

F. Homepage and internet services. ALS has a homepage, where all information about their services, including all relevant laws, departmental orders, publications, etc. is available. The homepage also shows to their e-mail address in case people want to get in contact

G. Computers are available at ALS' office in Tórshavn and people are free to come in and use them during ALS' opening hours. Also it is free to use the internet and there is free access to different job databases. Furthermore folders, booklets and other written material

on different kinds of labour market information in other countries, is available in ALS' office in Tórshavn

- H. ALS leave of absence. The main features of ALS' leave of absence is that it allows people employed on a permanent basis to take one year of absence and receive ALS benefits while another person receiving benefits from ALS takes over the job. The person on leave of absence has to comply to all the rules that a person receiving ALS benefits has to comply to. This means sending in the ALS-card and participating in all the other compulsory initiatives that ALS invites unemployed to participate in. In case of job offers, ALS always tries to find people other than those on leave of absence to fill the positions and only in cases when it's not possible, people on leave of absence are given job offers. In case this happens the person on leave is under the same obligation as other ALS clients to accept the job offer or he/she will get a quarantine and loose the unemployment benefits for four weeks.

Complaints

- Clients complaints about ALS decisions, whether they concern job offers or unemployment insurance payments, are to be handed to a complaint Board independent of ALS, which consists of three people: one representing the employers, one representing the employees and one lawyer¹⁶.
- In case a client does not agree with the decision of the complaint Board, he/she has the opportunity to try the case with the federal court.

4) Findings at ALS

Based the chosen key themes during the interviews

Main tasks: In practice, ALS see themselves strictly a service institution with no influence on the nature and extent of their services. Their task is to put the decisions of the Board into effect (carry out the wishes of the Board). ALS also sees itself as the connecting link between employers and employees.

Views on ALS' main role/task: The two interviewees from ALS felt that there were very differing views present in the public opinion on which role ALS should/aught to have. One extreme is that ALS should leave those who entered the system alone for the 3 years and 2 months that it is allowed to be in the system, while ALS should offer the client job opportunities and schooling without intermediating whether clients choose to stay at home for the full period and say no to everything offered to them. This view is held by those who see ALS as an insurance system, which the client him-/herself has financed and therefore has the right to make use of in whatever way he/she wishes. The other extreme is that ALS' main task is to get people back onto the labour market. ALS should take a very active part in this process whatever the price/cost of it. One of the ALS' employees felt that these were the two competing views both in the public in general and also in the Board. The interviewee felt that ALS' task was to act according to whichever of these two views was dominant, without concern about, what the views of the ALS' employees was/is. So the view of the interviewees was first and foremost to administer and carry out the wishes of the Board. Personally though, both interviewees felt that there was not to be any compulsion at all, as they both perceived of ALS as an insurance system, where people have a "right" to be unemployed if that is what they choose.

The two interviewees both mentioned that they felt their main task was to provide "good service" towards ALS' clients.

¹⁶ None of the representatives is to be represented in the ALS Board

Views on the Faroe Islands as one labour market: ALS' employees did not agree on the point as to whether it is fair to treat the Faroe Islands as one labour market. While one employee found this to be the only way to treat this small geographical area with its limited workforce, the other interviewee felt it would be more fair to divide the Faroes into regions, where areas which allow daily commuting to work would form a natural geographical entity. Still he felt that it should be taken into consideration, whether the person in question was in a situation either where he had a family or was a houseowner, and where the employment therefore would result in double households. In case a person had no economic or family strings attached to a place, ALS should be free to offer him/her a job in another region.

Quality control: ALS performs quality control on internal procedures, e.g. ALS conducts quality control on the cases that go through ALS. One person is employed to look through randomly chosen cases¹⁷ with the different caseworkers.

There is no control or evaluation of e.g. how successful courses paid by ALS are and which effect they have on the length of the unemployment period.

An exception are the courses in psychology, organized by ALS themselves, which seemed to have a very positive effect and where this effect had led ALS to arrange other courses of the same nature. ALS was not able to prove the fact that the courses were successful, but based their opinions on the fact that because of the smallness of the communities and of the system, the employees of ALS knew the participants of the courses and spoke according to their knowledge in that sense.

Information about services: ALS' employees were convinced that the institutions attempt at distributing information about its services was sufficient and felt that the current information strategy, distributing information about ALS and its services through the national post offices, was sufficient. ALS' employees did not feel it would be better if ALS regularly sent information about new and changed services and procedures to all households. ALS' employees also stated that they did not consider this a necessary measure, as everyone who wishes can find information at the post office and in ALS' homepage. The arrangement with the local post offices is that when they run out of material, they contact ALS to get new supplies. Also those of the local labour unions that are interested, contact ALS to get information material sent, when they run out or when there is new information. This does not happen automatically. Secondly, the employees felt more information about ALS services was unnecessary, as everyone who loses his/her job and joins ALS will get all the information handed when they have their first meeting with ALS in the start of their unemployment period.

Cooperation between ALS and other parts of the society

Actual and desirable cooperation with other: 1) Public Institutions, 2) Municipalities, 3) Labour Unions, 4) Industry Associations, 5) Economic Development Organizations, 6) Educational- and Training Institutes, 7) Social Services Organizations and 8) Interest Groups:

1) **Actual:** ALS does have some cooperation with other public institutions, but especially concerning administrative tasks. This cooperation is formal but the frequency of this cooperation varies according to variations in tasks. There is no formal cooperation with e.g. the Social Security Office (Almannastovan) and there are some limitations as to what kind of cooperation is possible, because of restrictions in ALS' regulations/laws concerning privacy of information about clients.

Desirable: ALS underlines that they feel such a cooperation is very desirable and they hope to be able to initiate such a cooperation in the near future.

¹⁷ So far only for consideration of individual cases. In the future ALS is planning to extend this function to all parts of their activity, but especially internal procedures.

- 2) **Actual:** ALS does not cooperate with any municipalities.

Desirable: It would be desirable for ALS to have a closer cooperation with municipalities.

- 3) **Actual:** ALS does not cooperate with any labour unions.

Desirable: One of the interviewees at ALS did not see the need to cooperate directly with any labour unions, as they are represented in the Board and hence can influence the structure and services of ALS that way. The other interviewee felt that a closer cooperation with the labour unions would benefit the clients and could result in a better service to the unemployed.

- 4) **Actual:** ALS does not have any cooperation with any Industry Associations. They do however have some limited cooperation with employers, but only when it comes to employment service (jobmatching), where ALS contacts businesses to hear of the possibility to find employment to ALS' clients. This cooperation is informal and takes place less than once a month. More frequently employers contact ALS, also in matters concerning jobmatching tasks.

Desirable: One of the interviewees felt that there was a pronounced need for a greater deal of cooperation between employers and ALS and hoped for this in the future. Again, the interviewees felt that this was a wish/view that had to come from the Board in case the two parts on the labour market – the labour unions and the employers – wanted ALS to be more active in activating or creating job opportunities for the unemployed. In case such an effort requires other (new or special) measures to be taken in order to be successful, this initiative should also come from the Board.

- 5) **Actual:** ALS does not have any cooperation with any Economic development organizations.

Desirable: ALS does not see the need for any cooperation with such organizations.

- 6) **Actual:** ALS does not have any cooperation with any educational- or training institutes.

Desirable: The interviewees did not feel there was a need for ALS to have a closer cooperation with educational or training institutes, as they felt the system worked better the way it is presently, with the clients themselves finding out which courses or schooling they want to attend.

- 7) **Actual:** ALS does not have any cooperation with any social services organizations, except a very limited communication with the Social Services Office.

Desirable: ALS does wish to have a closer cooperation with the Social Services Office, and hopes this will be a reality in the near future.

- 8) **Actual:** ALS does not have any communication or cooperation with any interest groups, movements, or private individuals.

Desirable: the two interviewees at ALS felt that a more active communication between ALS and other parts/groups in society is desirable, but in case this is going to be a reality, this communication should go through the Board.

Concerning employers: One of the interviewees at ALS was under the opinion that employers were to give reasons for, why they could not use the unemployed people that ALS had placed at their disposal. If this was the case, it would work as a closer control of, whether there was an actual need of imported labour.

Future plans: ALS is planning to extend the employment services office (jobmatching) in the future. Up until now, the employers that have turned to ALS have been looking mostly for unskilled people. ALS wishes to change this pattern, by getting people with various qualifications on different levels (low, medium and high) to join and make use of the job database. ALS is convinced that in case they will get people with different kinds of

qualifications to register, they will also get employers, looking for employees other than those with no skills, to make use of the database. In this way ALS hopes that e.g. Faroese students who are studying abroad and are planning to return after graduation will make use of the database. Hence ALS will have a more diversified job database which should ensure that more employers would consider the database a possibility when looking for employees. As a plus this would also lead to the fact that it would be impossible to see, which persons in the database are actually unemployed and who are just looking for a change of workplace.

5) Presentation of the selected communities

The two communities chosen to represent the situation of the Faroese periphery in this study are Sandur and Vágur.

Sandur

Sandur is located on the island of Sandoy, south of Streymoy and the capital. The total habitation is app. 1.500 people spread on six villages, each a separate municipality, whereof Sandur is one. The population of the town/village is app. 600 people.

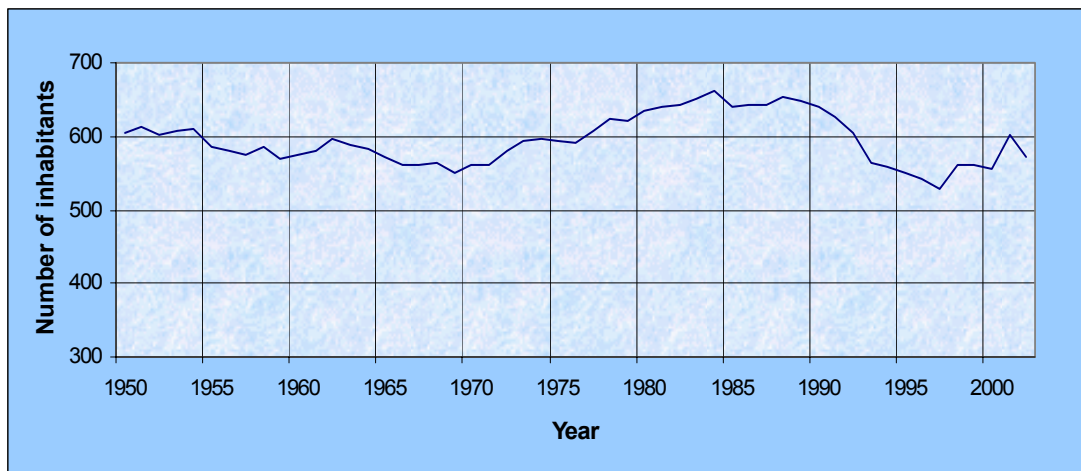


Figure 4 Population of Sandur, 1970-2002 (pr. 31. December each year). *Source:* Faroese Statistical Bureau.

The economy of the island is based almost exclusively on the fishery. In 1996 the fish factory in Sandur reopened¹⁸. It was a political decision to provide the company with economic support of 3 million Dkr to get the fish factory running again and in that way provide the island with some badly needed jobs. Apart from the fishing industry, in Sandur there are a few shops, a bakery, car repair shops, petrol station, some tradesmen, a hairdresser, a primary school and a secondary school for the whole island, banks, child care facilities, the municipality, post office, a hotel, a tourist information office and a few farmers. Most of the activities mentioned above are jobs indirectly derived from the activity in the fishing industry, so during the years with no activity in the fishing industry in the early and mid 1990's, almost all the other workplaces stopped their activity as well.

¹⁸ The factory is not locally owned but is part of a company from Suðuroy

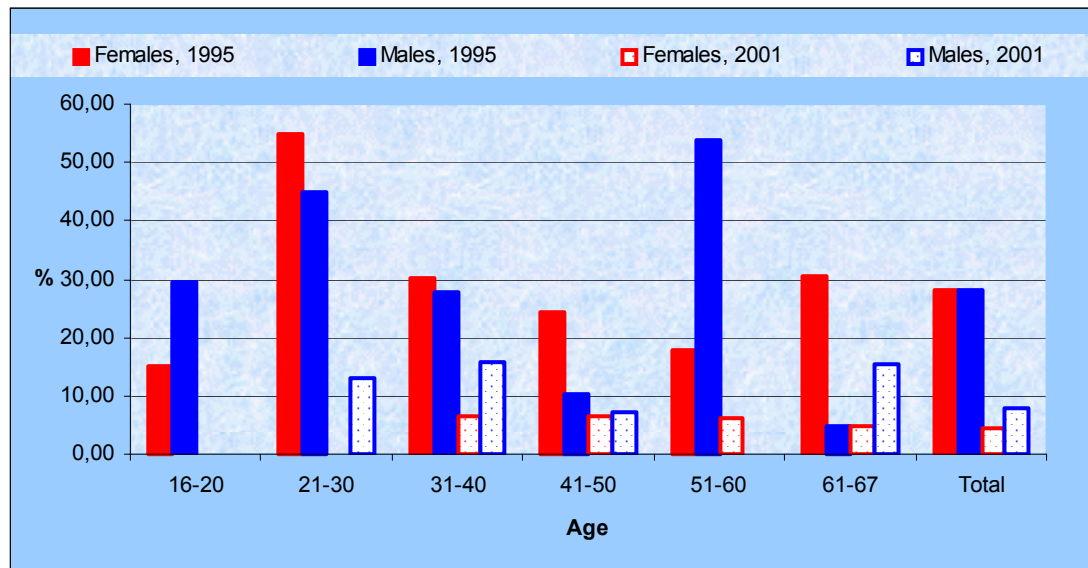


Figure 5 Unemployment divided between different age groups in Sandur in 1995 and 2001.
Source: ALS (the Faroese Unemployment Insurance System)

All of the above mentioned workplaces only employ from one to a few people each. Within the fisheries, there are a few boats/trawlers that employ only men, while the industry onshore consists of a large filleting factory, which employs mostly women. Also there are a few fish farming or aquaculture businesses, but they only employ one or two people each.

The situation in the other villages/towns on the island is similar to the one in Sandur. The smaller places have fewer workplaces (public functions) and it is characteristic for the smaller places that people commute to neighbouring villages for work.

The islands connection to the surrounding world is through a ferry that goes from Skopun on Sandoy to Gomlurætt, a place outside Tórshavn. To get to Tórshavn from Sandur, first you have to drive for app. 15 minutes¹⁹ to the ferry. The trip with the ferry takes around 30 minutes in comfortable surroundings²⁰ and the drive from the ferry berth at Gamlurætt to Tórshavn takes another app. 15 minutes. The ferry only departs 7 times per day (app. every two hours), so the time spent waiting for the ferry if you work in Tórshavn, might also be considerable if your workday doesn't coincide with the ferry departures. The weather on the Faroes - with storms and icy roads - taken into consideration, it is quite a trip, although it can be made all year around²¹.

The present labour market situation.

Sandoy must now be said to have recovered from the crisis in the 1990's and the unemployment level is low. There has been a lack of accession to the fishing industry onshore, which became very clear, when a filleting plant in Skálavík, one of the six municipalities on Sandoy, reopened after having been closed for some time. It was not possible to find the workforce on the island, so the problem was solved by importing people from abroad to work in the factory.

¹⁹ The time calculated for the driving distances is based on having access to private transportation. In case public transportation is used the time spend on transportation is considerably longer. Access to private transportation raises the cost of travelling, especially if the car is brought all the way to Tórshavn, as it means higher prices with the ferry

²⁰ The cost of using the ferries on the Faroes is heavily subsidized by the public authorities and the prices are the same whichever the route, except on the journey to Suðuroy (where Vágur, which is the other town in the Faroese case, is located) which takes app. 2½ hours

²¹ A new ferry is servicing the route and since it started sailing and the harbour facilities were improved, the connection to the mainland has become much more stable than it was previously – only one trip being cancelled during the first years in service

Still the economic base is very uniform and based almost solely on the fisheries. While the majority of the men on the island are fishermen, the majority of the women are working in the filleting industry. One of the interviewed community representatives felt that local men might find it slightly more difficult to find a job, because most of the available jobs on the island are “female” jobs, traditionally filled by women.

The demographic trend is that a large part of the young people are leaving the island, resulting in a net emigration, most likely because there are no educational offers on the island and because of the limited options the labour market has to offer. Some of the community representatives felt that the fishing industry might run into problems with a diminishing workforce in the near future, when many of the older people working in the industry become old age pensioners. The accession of young people to the industry is very low, because the industry is not seen as a desirable occupation by many young people.

Vágur

The second community, Vágur, is located on the southern part of the island of Suðuroy, the most southern of all the islands. App. 5.000 people live on the island and the community of Vágur is the second largest with app. 1.400 people.

During the 1980’s Vágur became one of the strongholds of a booming Faroese economy. The new prosperity was almost exclusively associated with a local man, wealthy skipper and shipowner Jákup Joensen. He built one of the biggest and most modern filleting plants in the Nordic countries. The new prosperity brought a period of wealth to other industries as well.

Like all other fisheries-based communities in the Faroes, Vágur was severely hit by the crisis in the 1990’s and the damage to its economy was overwhelming. The filleting plant went bankrupt and was closed down. The shipyard also went bankrupt and has since been unable to recapture orders for the construction of steel vessels. Finally, most of the modern trawlers were sold.

The filleting plant was one of eight plants that reopened in 1993, when the fishing industry was reorganized, but only for less than a year. Although it was generally the larger plants that were kept open, the Vágur filleting plant was closed down after only a short period of production.

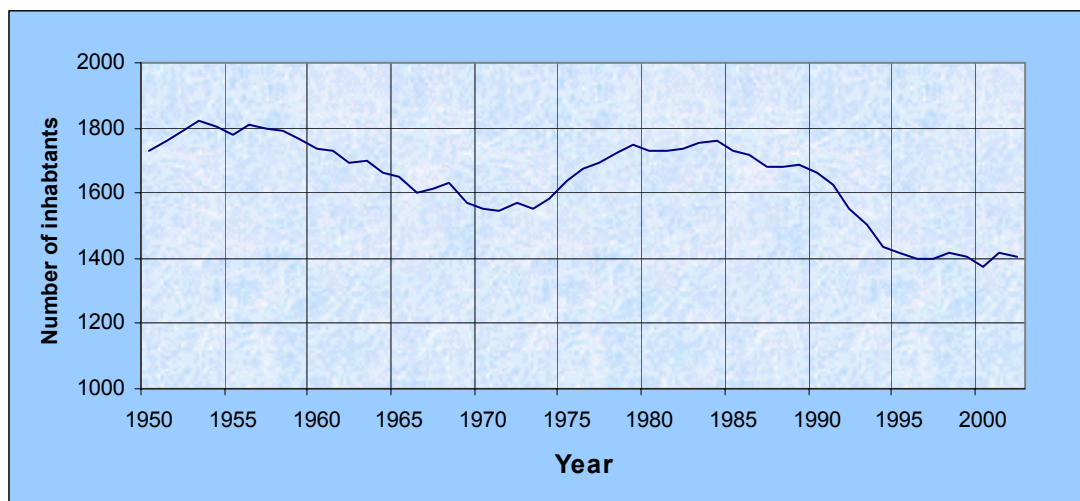


Figure 6 Population of Vágur, 1970–2002 (per 31. of December each year). *Source:* Faroese Statistical Bureau.

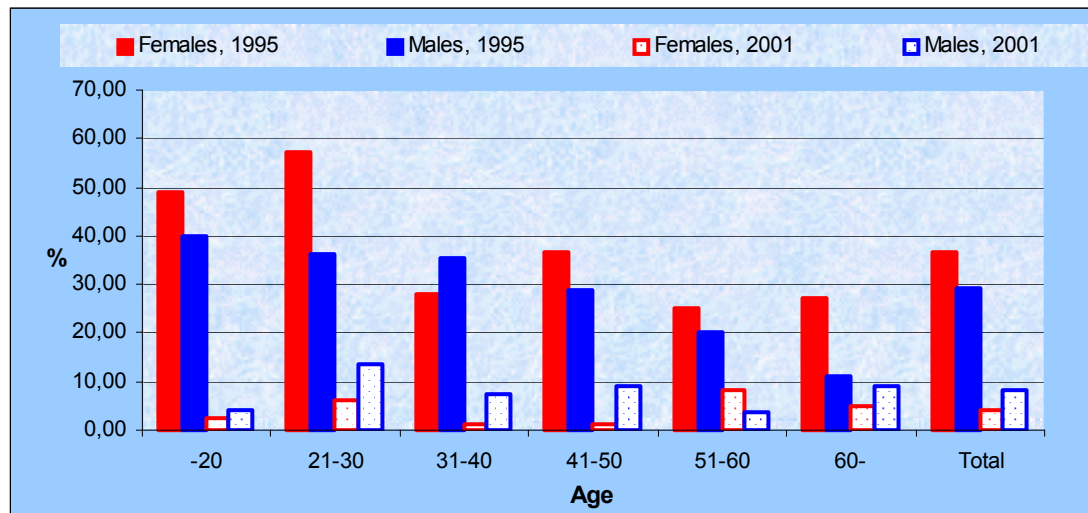


Figure 7 Unemployment divided between different age groups in Vágur in 1995 and 2001.
Source: ALS (the Faroese Unemployment System)

The newest numbers in the figure above showing the unemployment percentages in Vágur are from 2001 and hence do not show the present situation described in this case study. The average unemployment percentages in 2001 was just under 5% and 10% for women and men respectively. The situation during most of 2003 has been very different because the crisis in the fishfarming industry. This industry employs mainly women, why the crisis has effected the female unemployment numbers especially hard. The fact that the male unemployment rate is almost double the female unemployment rate most likely has the same explanation as in Sandur and that is that most of the employment in the town is derived from the fishing industry and this kind of activity is especially considered female employment. This leaves the male part of the population worse off when it comes to finding employment locally and hence results in a higher level of unemployment.

During the economic crisis in the 1990's, the island had a very high proportion of the unemployed and in Vágur, which was more severely hit by unemployment than the town of Tvøroyri²², there were practically no workplaces at all except from a few trawlers. A large part of the population emigrated – both to other areas on the Faroes and abroad. When the crisis was over in the late 1990's, the economy on the island as a whole recovered and is quite diversified today (although it is still dominated by the fishery). Population numbers haven't reached the same size as before the crisis. The unemployment level today on Suðuroy in general is only a little bit higher (but still the highest on the Faroes pt.) than that for the rest of the Faroes (which is low). Still, there is quite a large difference between both the economic and the employment situation in the northern and the southern part of the island, the southern part being much worse off.

The present labour market situation.

The crisis left the people on Suðuroy aware of how vulnerable the island is in times of economic crisis – mainly because of its remoteness – and they constantly fight for optimizing their possibilities and getting political backup for new projects.

In spite of this the employment situation today in Vágur is not good. The labour market in the southern part of Suðuroy has never recovered since the crisis in the 1990's. The fish farming industry has been through a lot of problems with fish diseases and in December last year one of the large factories working salmon from the fish farming industry went bankrupt and rendered app. 80 people without employment. The factory reopened in the spring, but only with app. 30 employees. The only reason the factory reopened was to get through the fish

²² because Tvøroyri has most of the jobs in the public sector on the island

from the fish farming businesses who are closing down. Employment at this the largest of the fish factories in Vágur will come to a total halt by the end of this year. The same seems to be the faith of all of the fish farming activities in Vágur, although the situation hasn't been completely clarified yet²³.

The economic base of the town has changed quite severely from how it was before the crisis. Earlier the economic base was similar to that in Sandur – based almost solely on the fishing industry, where large factories dominated the labour market. After the crisis the economy of the town recovered to some extent, but never resumed the same strength as before. Many of the fishing vessels were sold during the crisis and new ones were not purchased.

Still, the economy is based mainly on the fishing industry. The difference is that small business are dominating the arena. The shipyard never regained full strength, but has survived so far, although the situation does not look too good. Of the remaining enterprises, only a few are experiencing growth, while the majority have informed about economic hardships and probable downsizing.

The only connection to the outside world is a ferry that goes to Tórshavn two or three times a day and takes app. 2½ hours. To get to the capital, first there is a drive of about 40 minutes and then the trip with the ferry. Unlike the ferry from Sandoy, the ferry from Suðuroy berths at the harbour of Tórshavn, so there is no extra driving time added to the trip. Nevertheless, the trip is too long for daily commuting to work in Tórshavn, which only leaves the people from Suðuroy with the possibility to work on the island if they wish to keep on living on Suðuroy or to practise weekly commuting, which at best is a way of life that most families find stressing, while it is not possible for many families especially families with children, where the man in the house works as a fisherman.

6) Findings with the community representatives

Familiarity with existing labour market services:

- Generally speaking for all the interviewed community representatives, concerning their knowledge about ALS, the services and offers they provide, must be described as very poor, with the exception of two or three people

Views on the accessibility and appropriateness of services:

- **Accessibility:** All of the interviewed people agreed upon the fact that the accessibility of ALS and their services was not sufficient. They felt there was a difference in accessibility according to where on the Faroe Islands you live geographically. The more peripheral the region the worse the accessibility of ALS services. All but one of the interviewees felt that the fact that ALS was not physically present in the periphery was the reason for this diminished accessibility.
- **Appropriateness of services:** The limited knowledge the interviewees held about ALS effected the views they held about the appropriateness of ALS services. Generally they seemed to perceive of the services as satisfactory or they did not have any opinion on the matter. Those of the interviewees that had been in contact with ALS previously all had a number of critical comments on the services they knew about and on what services they felt ALS ought to have and which they had felt the need for when in the system. In many of the cases they mentioned, changes had already been implemented, according to the interviewees at ALS.

²³ The banks haven't decided whether they are willing to invest more capital in the fish farming industry which is already heavily mortgaged. The problems with fish diseases in the industry have been severe for a long time and they seem to be difficult to get under control, leaving the fish farming industry a very risky business economically

- **Views held in both Sandur and Vágur about services they felt ALS ought to have:** The different labour market situations in the two villages/towns resulted in some differences in the views held about the services people felt ALS ought to have, although some of the views were identical. The large majority of the interviewed people held the opinion that one of the main tasks of ALS ought to be concerning information about the present labour market situation both locally, regionally and nationally. This should be done through information meetings either with the local labour unions, who could then pass the information on to their members or ALS could throw regular open information meetings, where everyone was invited. The interviewees felt that such a service would have a preventive effect as it would inform people about the local labour market situation. In this way people would have a chance to influence their own labour market “destiny”. E.g. in case there was an information meeting, where the crisis in the fish farming industry was explained together with the future prospects of the industry. If people were informed or warned that the situation in their field of employment was getting more insecure, they would have the possibility to change their career pattern or possibly take some qualifying schooling or courses that made them suitable to work in other fields of employment in case there were going to be cut downs in their present field of employment or even change jobs before the situation got so bad that they lost their job.

Also the employers felt they would benefit from such a service although the information on their part was to involve the available workforce in the town/village or region and the qualifications of the workforce. In this way it would be possible to know whether the workforce would be available in case an employer decided to start some activity. Some employers also stated that such information could help them if the available workforce did not possess the right qualifications for the activity he/she was about to start. In case the employer wanted some of the unemployed persons available in the area working for him/her, it would then be possible to turn to the unemployed and inform him/her that if he/she took some course he/she would be guaranteed employment. In this way the unemployed could turn to ALS and ask for their help to attend the course instead of taking some course that would not provide the unemployed with a job.

- **Sandur:** In Sandur people generally did not perceive of ALS as having any role in economic development at all.
- **Vágur:** The economic difficulties of the community at the moment resulted in that people generally felt that ALS could take on a more active role in cooperation with other authorities in the attempt to create business opportunities and hence employment. The main view was that ALS’ role would be in education and training of the workforce and the provision of information to the new businesses about the current labour market and labour force situation. None of the interviewees felt ALS should engage in direct economic investments. The main opinion in Vágur was that there was a need for some kind of an “Economic Development Fund”, which task it should be both to help existing businesses and to help new businesses get started.

ALS reputation (region/community):

- **Local vs. regional:** The interviewees either didn’t feel there was a difference in ALS’ performance in the local community as compared to the region as a whole or they didn’t know anything about ALS’ performance in other parts of the region and how people there were satisfied with ALS.
- **Good and mediocre:** Two of the interviewees point of view was that ALS did a good job during the crisis, making it possible for a lot of families to stay on the islands, while two interviewees felt they did a mediocre job.
- **Bad:** The perceptions of ALS’ performance through the crisis in the 1990’s and in general, varied. Especially the opinions on how well they solved their tasks during

the crisis were differing, but the majority of the interviewees agreed upon that ALS' performance left many things unsolved for the clients. The points of critique that were mentioned were that ALS' employees were not very forthcoming, every time you called you got to talk to a different person, the answers you got differed according to whom you talked to, wrong answers resulted in wrong payments that the client had to suffer/pay for, no offers whatsoever about schooling/courses, very rigid system with no exceptions and no graduations. One interviewee told that he/she complained about a decision ALS took concerning him/her. The handling of the case took two years after which he/she got an answer and by that time the law had been changed and this was reflected in the reply that was given according to the new law. Generally, those who felt that ALS did a poor job had the opinion that this was mainly caused by the fact that ALS was not present in the local community and hence had no feeling with the situation, which resulted in wrong decisions being made.

Perceptions of the importance of locally based services:

- **Importance.** All the community representatives, without exception, underlined the importance of ALS being represented with an office in the region, although there was some graduation to the answers as to how important it is at the moment in Sandur, because of the favourable labour market situation.
- **Favourable labour market situations.** Generally people agreed that it is always important for ALS to be represented locally in order to be able to follow the development in the region closely. Some of the interviewed noted that the limited need for ALS services at present could be solved by reducing the opening hours for a local office, e.g. leaving it open only once a week or a few hours every day, hence adapt the opening hours to the local/regional need.
- **ALS has limited knowledge about the periphery.** One reason why the interviewees felt a local office was important is that the knowledge of employees working at ALS in Tórshavn, who have no connection to the periphery, is very limited. All the interviewees felt that the kind of community information required to fill the information task – which all the interviewees felt ALS ought to have as mentioned in the section on “Views on the accessibility and appropriateness of services” – was not satisfactory if ALS was not locally/regionally represented.

Hindering factors for the economic development in the community that could be changed through interference:

- **Generally:** Opposite many of the other points in the findings of the community representative section there are not a lot of coinciding statements in Sandur and Vágur about factors that either contributed to facilitate or hinder economic development. To the question what was the largest hindering factor for further economic development in the communities, the interviewees in both Sandur and Vágur agreed that it was the lack of available risk capital. Especially the community leaders mentioned this problem. They all agreed that there were two reasons for this problem. One was changes in attitudes that stem from the crisis in the 1990's. These changes in attitudes led to a much larger degree of cautiousness concerning economic matters and people were reluctant to invest in new projects. One community representative put it like this:

“there is a lot of money in the community, but only owned by a few people. These people are the same as those who had money through the crisis. They don't spend it, no matter what happens. The crisis led to changes in attitudes. Now people don't think about the future anymore. They just close their eyes and thank God that they have employment right now”.

Especially investments in new fishing vessels and trawlers have been problematic to raise, probably because many such projects went bankrupt during the crisis.

The second reason for the lack of available risk capital is the fact that the crisis drained the communities for capital. Most of the peripheral communities such as Sandur and Vágur have not recovered their full economic strength. The years from 1992 to 1997 drained all capital from the communities and since then people have just managed to get by on wage work which usually does not leave much money left over for investments.

The interviewees also felt that the banks and other financial institutions were very reluctant to invest in projects in the periphery because of the greater risk connected to such investments. If a business goes bankrupt in a peripheral area there is no guarantee that it will be bought by anyone else who has another idea what to use the buildings for as it would happen in the capital area and other central areas. The investors therefore don't have much chance of retrieving any of their investments in case the business fails.

- **Sandur:** One of the largest problems mentioned in Sandur was the number of municipalities on the island. Some community representatives felt this fragmentation was a hindering factor, in that it led to a too large administrative task which is much too costly for each of the municipalities. At the same time it isn't possible for the authorities in each community to offer all the services they would like to and which would make it more attractive to live in the towns/villages for its inhabitants. One of the representatives with connection to the municipal authorities mentioned that he was confident that all this is going to change, as 5 of the 6 municipalities were in favour of a merger. Several of the interviewees also mentioned that the large number of municipalities on the island also results in fierce fighting when it comes to locating new public workplaces and in other ways attracting public capital to the island. Many of the interviewees felt that the island would stand much stronger nationally if they outwardly stood as one unit instead of six separate units.

Opposite the representatives from Vágur some of the interviewees in Sandur mentioned that they did not perceive of the fact that goods and people had to be transported to Tórshavn by ferry as a hindering factor. They felt that the new ferry and the reduced travelling time to Tórshavn didn't leave Sandoy worse off than most of the rest of the Faroe Islands.

- **Vágur:** In Vágur it was very strongly emphasized that the lack of available risk capital by large was the biggest hindering factor to further economic development. They felt there were lots of unexploited business opportunities if only there were money to start the businesses.

There was a feeling among the interviewees that there was a pronounced need for an Economic Development Fund on the island that could promote and finance new initiatives. There was no mention of the fact that a local Economic Development Fund and a local financial institution are present on the island and both have been engaged in economic support to new businesses.

A second hindering factor to all manufacturing activities that either produced goods to a market off the island or where the production needed inputs that had to be transported to the island, were the transport expenses. In these cases the extra costs from transportation was a hindering factor leaving many of the local businesses unable to compete on a national level. Not only the economic costs of transportation were mentioned, but also the timely costs that had consequence for e.g. fresh fish products where the extra time spent on transportation will lead to deteriorating quality. This could be helped, either by improving the transportation by having more departures during a day or by having some of the freighters berth in Suðuroy on their way from Tórshavn with cargo.

The Faroe Islands as one labour market:

- The majority of the community representatives in both Sandur and Vágur agreed upon the fact that the Faroe Islands ought not to be treated as one labour market. All the interviewees in Suðuroy agreed that Suðuroy ought to be a separate labour market. In Sandur app. half of the interviewees felt that Sandoy should be a separate labour market, while the other half felt that because of the new and improved transportation facilities/possibilities that connect Sandoy to the capital area, Sandoy ought to be part of the larger central labour market.
- Vital to all of the interviewed people in both Sandur and Vágur was the fact that daily commuting was a possibility. Concerning the journey to and from work both number of departures, convenience and time should be taken into consideration at the same time as it did not prolong the workday more than was reasonable²⁴. They felt that in case the person in question is a breadwinner, it should be possible for the family to cope by using the opening hours of the public day care facilities. In fact the majority of the interviewed felt that these two factors were decisive for whether a place or a person was part of the larger labour market.
- Generally, apart from two of the interviewed, the interviewees all felt that there had to be distinguished between, whether the person in question had a family in the periphery or not. In case the person in question was single they felt it should be possible for ALS to refer them to any job on the Faroe Islands. The general view was that in case ALS refers someone from the periphery to a job in e.g. Tórshavn, ALS has to assist the person in finding accommodation, to cover the cost of moving etc. In case they don't do this there is a risk that a person who has been offered a job in Tórshavn has to say no because he/she can't find a place to stay, because of the housing shortages in the capital area. In this case the interviewees did not feel it is fair that the person gets a quarantine for saying no to the job.
- Two of the interviewed persons did not think there should be distinguished between the family situation of the person in question. They felt that everybody should have the right to choose freely where they want to live and hence should not be forced to move to the other end of the country for employment.

Level of satisfaction with the visibility of ALS:

- Generally speaking, the level of satisfaction with the visibility of ALS is low. All of the interviewees felt that ALS did not put enough effort into informing people and potential future clients as to what services ALS provides and what the offers and the rights of the unemployed are. All of the interviewees also felt that everyone ought to receive information about ALS, not just the unemployed. Several of the interviewees also felt that a broader knowledge amongst people in general would lead to a more active debate as to what the members or "owners" of ALS wanted from the system. There were a number of proposals as to what measures ALS ought to take to make sure that employees and employers that pay a certain part of their income to ALS know what they are paying for.
- **Suggestions:** One former unemployed said that he/she explicitly had felt the need of an information line or a hotline where it was possible to get answers without having to wait for a case worker, who was not available and hence you had to call several times and sometimes several days just to get a simple answer. The time spent on trying to get some answers could easily result in lower benefits, because papers were filled in wrong and hence were sent back and would result in the application finally being sent in after deadline.

²⁴ All the interviewees defined "reasonable" to be less than 1½ hours transport each way.

The periphery's influence on design and provision of services:

- In theory there is a difference between the influence that the periphery and the centre have on the design and provision of services as such, when the structure of the Board for ALS is taken into consideration. As all but one of the labour unions represented in the Board for ALS is located in Tórshavn, there is no security that the members from all the different regions are heard regarding what they feel ALS' services ought to be, how they should be provided etc.
- In practice there should be a possibility for some involvement from the peripheral regions concerning the influence they could have on ALS. This is based on the fact that the largest labour union on the Faroe Islands "the labour union for the unskilled workers" probably is the union which most of the people living in the periphery are members of and this labour union is the only labour union with local offices. This should provide the majority of the people living in the peripheral regions with the possibility to influence the decisions made in the Board of ALS through the local offices of their labour union. But this does not seem to be the case, at the interviewee representing the labour union in Sandur informed us, that in their case the formal communication channels between the Board and the labour union did not work. The members don't show up at the labour union meetings and hence there is no basis neither to debate nor decide on new proposals and changes concerning ALS. This indicates that the link between the labour union representatives on the Board for ALS, the labour unions themselves and their members, especially in the periphery, does not work.

Views on ALS' role in local economic development

- The large majority of the interviewees agreed upon the view that ALS did not have any role to play in local economic development at all. Some of the community representatives felt that ALS should only concentrate on the present tasks. Otherwise they feared there was a risk that the other services ALS provides would be affected and would gradually suffer from the increased focus on other tasks.
- Others again felt that in case ALS would engage in direct economic development there would be a risk that it could lead to practices that would distort competition. Most of the interviewees in both Sandur and Vágur felt that their communities needed economic development support, but the large majority did not feel it was ALS' task.

Views on ALS' role in education and training:

- The view of the interviewees in Sandur and Vágur respectively, differed considerably. The general view in Sandur was that ALS did have a role to play in education and training, but this service was not only to be provided to the unemployed. The employed should have this opportunity as well, as they paid to and owned part of ALS as well and hence this should provide them with the same opportunities as the unemployed to take courses and other qualifying schooling that could strengthen the local labour market. In Vágur, the view was the same, but the offer was only to be given to the unemployed. There were some differences as to whether the interviewees felt that the educational offers should be directed towards the local labour market or towards a larger labour market. Not surprisingly, the employers felt the local labour market should be favoured, while other community representatives felt the employee should be in focus, leaving it up to him/her whether he/she wanted schooling directed towards the local labour market or it should be an opportunity for the individual to try out another labour market.

7) Summary

The representatives from ALS were very keen on underlining that ALS is an insurance system. They both mentioned that coming into ALS for services was no different than if you damaged your car and went to the insurance company to collect the insurance money. In both cases you collect a service that you have the right to receive and which you paid for yourself. The fact that both the interviewees at ALS mentioned this fact might also mean they are aware of a certain “stigma” being connected to ALS, which ALS is trying to get rid of. The fact that some of the interviewed community representatives had the need to underline that they never had any connection to ALS might indicate the same thing. If this is the case, it might be because of the young age of ALS, as well as of the traditional way of living on the Faroe Islands. It has been customary and also seen upon with pride to be able to take care of yourself and your family. Families have helped each other in times of need, both through friendship bonds, like neighbour solidarity and through family ties. This help was practised by using the informal economy that up until recently has characterized the Faroese society, where people shared the things they had, especially food, like fish, game, whale and sheep. Therefore it is a new situation on the Faroe Islands that the state takes care of you in case you get unemployed or otherwise end up in a situation, where you are not able to take care of yourself or your family.

The way people seem to perceive of ALS in general, might be a result of both of the above mentioned reasons. The fact that the ALS system has only been working for 10 years, might also influence the way people think of it.

The fact that the system is semi-public, might also have an effect on the way the system works at present. Usually when it comes to public money, there is a lot of debate as to the right and fair way to spend it. By being semi-public, it might have effected the debate concerning how to spend the money and the debate has been practically non-existent. Another thing that might effect the nature and present structure of the system, including the services provided by it, seems to be the fact that it is “owned” by both the employers and the employees jointly. It is easy to imagine that it can be hard to get the two parts to cooperate when it comes to new measures and projects, as the nature of most of such measures mean that one side feels the measures are more directed to the other side and hence chooses not to back it up.

ALS services on the Faroe Islands are very narrowly defined and the services are limited to payments, qualifying schooling and employment service in a very narrow sense. The small range of proposed changes that the interviewees held about ALS’ function could be a result of the short time period that ALS has been in function. It almost seemed like people didn’t perceive of ALS as a natural part of the labour market and never really had given it any thought which functions they individually felt ALS ought to have. The majority of the community representatives merely seemed to think of ALS as a last resort in case things got really bad, and not like an integrated part of the local and national economic environment and labour market. Furthermore the majority of the interviewees felt a need to underline that they *never* had been in touch with ALS and *never* had any need for their services. This can stem from a reluctance of being associated with ALS or be used as an explanation for the limited knowledge the interviewee held about ALS, a knowledge which he/she felt ought to have been better/more complete.

Most of the comments on ALS from the community representatives in Sandur and Vágur was concerning ALS’ lack of appearance in the regions and their anonymity. Generally speaking, the interviewees had very limited knowledge of ALS and the services they provide.

CHAPTER 3: ICELAND

1) Background information

The Icelandic labour market

The paragraphs below summarize some key facts on the Icelandic labour market with a focus on the current status and the recent trends.

The number of labour force

In 2002 the Icelandic labour force was estimated at 162,000 persons. This estimation is based on joining up data from Statistics Iceland population counts as well as on Statistics Iceland labour force survey from the year 2002²⁵. The labour force here refers to people, age 16-74, who fit either of the two following criterion: a) employed or b) unemployed but willing to work and have stated they could start working within two weeks from the survey date.

Activity rate

The total population within the age group of 16-74, at the same reference date, was 195,700. The activity rate for the year 2002 was therefore 82.8% (162,000/196,700). The activity rate was slightly lower for the capital region, i.e. Reykjavík and the surrounding area, or 82.5%, compared to 83.3% for other regions²⁶. In the last ten years the activity rate has remained fairly constant or in the range of 81.0-83.6%. International comparison shows (based on 2001 data) that the labour force activity rate in Iceland is the highest among the OECD countries²⁷. This is partly due to the fact that the participation rate for both the elderly and the young is relatively high in Iceland compared to the neighbouring countries²⁸.

Employment by industry sectors

Employment by industry sectors in Iceland has been changing according to the development in other industrialized countries. Technological advances and increased tourism, for example, have led to an expansion of Iceland's service sector, while employment in the more traditional sectors such as agriculture, fisheries and fish processing has decreased²⁹ (see Figure 8 and Figure 9). These traditional sectors have been the back-bone of local economies in Iceland's rural and peripheral regions and recent development trends, therefore, have posed some challenges for these regions.

²⁵ Statistics Iceland. 2003. *Labour Market Statistics 2002* [in Icelandic: Vinnumarkaður 2002]. Reykjavík, Statistics Iceland. Available on the World Wide Web at <http://www.hagstofa.is/template44.asp?PageID=900>.

²⁶ See the same reference as above.

²⁷ See the same reference as above.

²⁸ Invest in Iceland Agency. 2002. *Labour Market in Iceland*. Reykjavík, Invest in Iceland Agency. Available on the World Wide Web at <http://www.invest.is>.

²⁹ See the same reference as above.

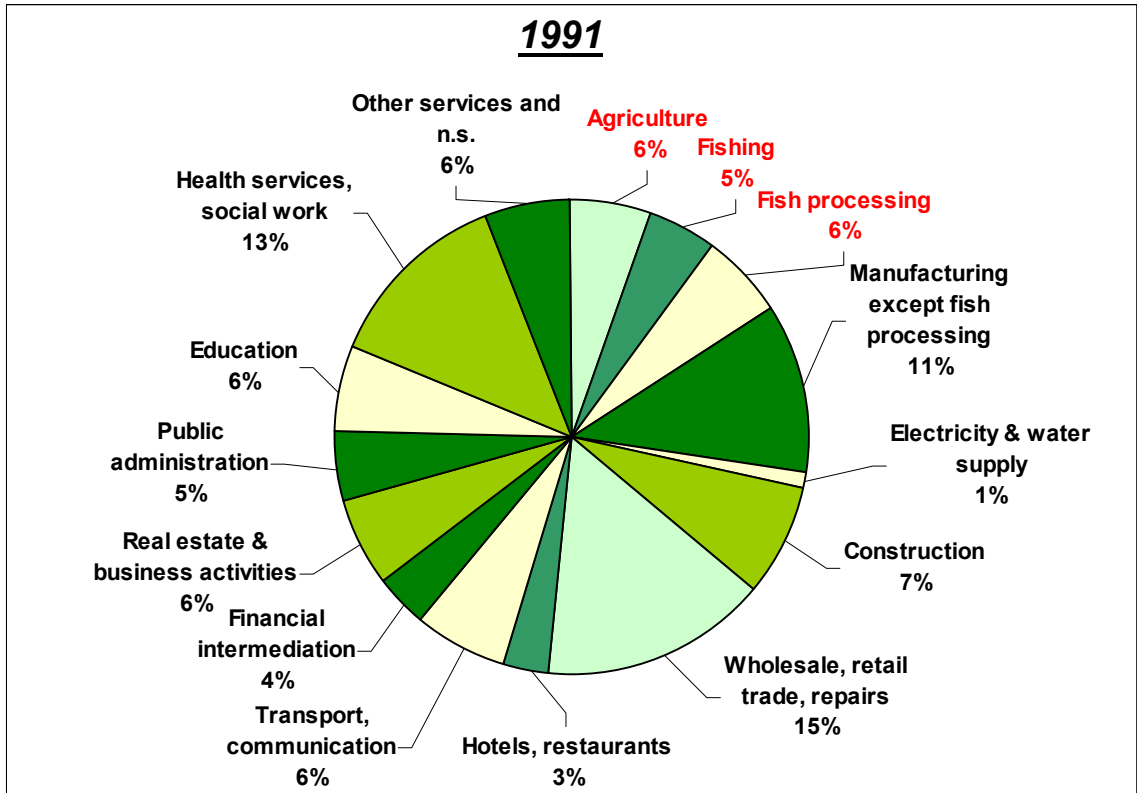


Figure 8: Division of employed persons in Iceland by industry sectors in the year 1991.

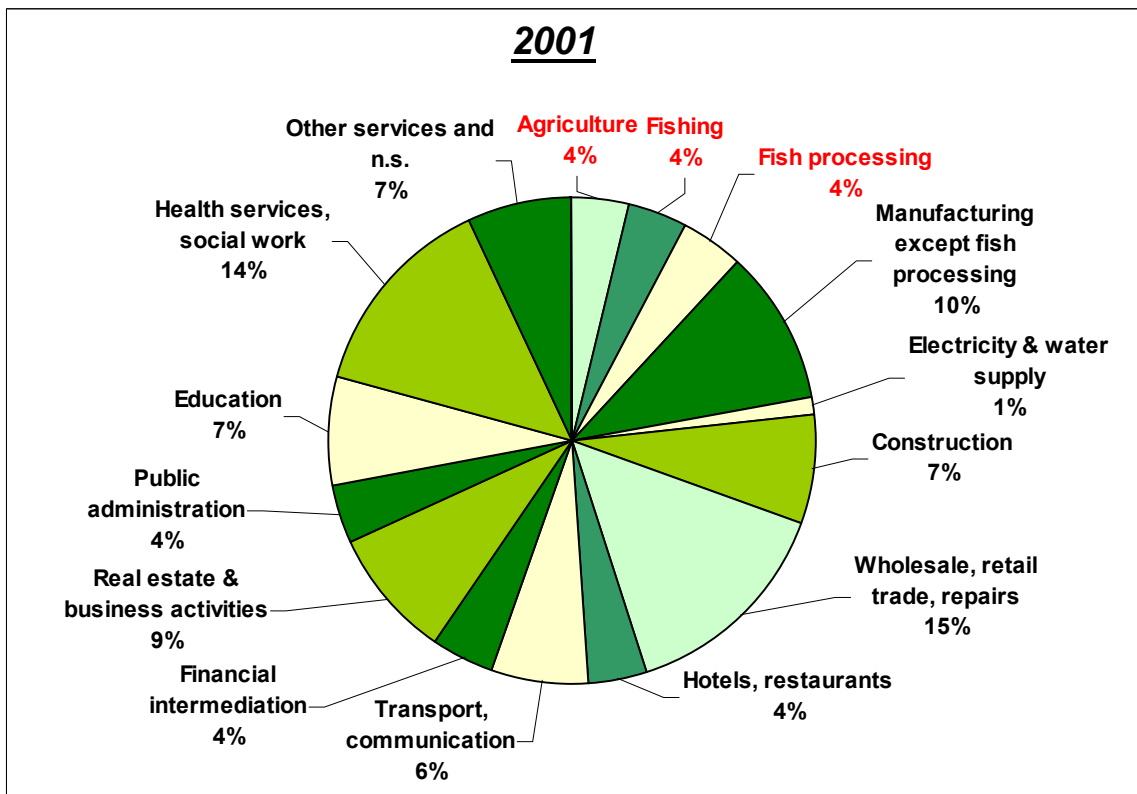


Figure 9: Division of employed persons in Iceland by industry sectors in the year 2001.

Unemployment rate

The unemployment rate in Iceland has been rather low compared to other Western countries in last few decades. According to the Icelandic Directorate of Labour³⁰ average registered unemployment measured at 2.5% in 2002 and 1.4% in 2001. This is equivalent to an average of 3,631 people having been unemployed in 2002 and 2,009 in the previous year. It should be noted that in the period 1991-2002 Statistics Iceland also conducted a labour force survey twice a year, for one reference week in April and one in November. These survey's generally show a slightly higher unemployment rate, or 3.3% for the year 2002 and 2.3% in the year 2001³¹. In the following sections, of this case report, discussions will usually be based on data from the Icelandic Directorate of labour.

Unemployment and gender

According to figures from the Icelandic Directorate of labour, registered unemployment, in 2002, was higher among women than men, or 3% for women while 2.1% for men³².

Unemployment rate in the capital region vs. other regions

According to the same source as above, the average unemployment rate for the year 2002 was somewhat higher in the capital region than in other regions, or 2.7% opposed to 2.1% for the other regions³³. The unemployment rate has been slightly higher in the capital region since 1995 with the exception of 2001. However, the difference has usually been small.

Seasonal unemployment

Based on the Directorate's data on registered unemployment, unemployment outside the capital region seems to follow a certain seasonal pattern. For the last four years the average unemployment in December, in regions outside the capital, has been considerably higher than the corresponding rate for July (see Figure 10). In the capital region, however, the seasonal differences for the last four years have not followed the same pattern.

³⁰ The Icelandic Directorate of Labour. 2003. *Atvinnuástand 2002* [title in English: The Status of the Icelandic Labour Market in 2002]. Reykjavík, the Icelandic Directorate of Labour. Available on the World Wide Web at <http://www.vinnumalastofnun.is>.

³¹ Statistics Iceland. 2003. *Labour Market Statistics 2002* [in Icelandic: Vinnumarkaður 2002]. Reykjavík, Statistics Iceland. Available on the World Wide Web at <http://www.hagstofa.is/template44.asp?PageID=900>.

³² The Icelandic Directorate of Labour. 2003. *Atvinnuástand 2002* [title in English: The Status of the Icelandic Labour Market in 2002]. Reykjavík, the Icelandic Directorate of Labour. Available on the World Wide Web at <http://www.vinnumalastofnun.is>.

³³ See the same reference as above.

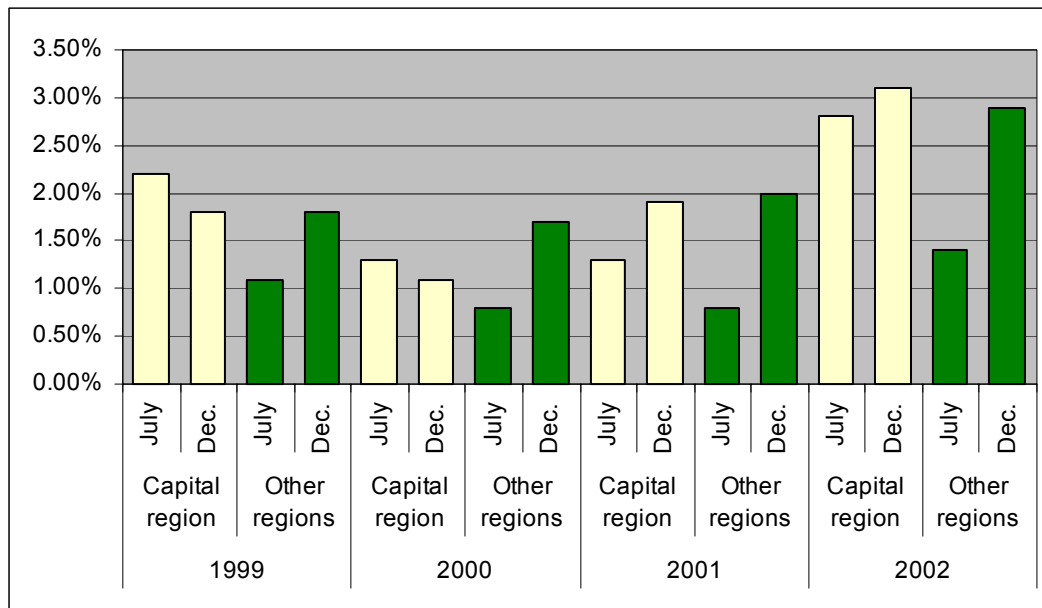


Figure 10: Registered unemployment in July and December, in the years 1999 to 2002, in the Capital region and other regions. Based on data from the Icelandic Directorate of Labour³⁴.

Unemployment among young people

According to the Labour force survey of Statistics Iceland³⁵, unemployment has been consistently highest in the age group of 16-24 years over the period 1991-2002. Data from the Icelandic Directorate of Labour³⁶ shows that the proportion of people 16-24 years old of all unemployed increased considerably in the year 2002, or from being 21% of all unemployed to being 26% of all employed.

The role of foreigners

According to a report from the Icelandic National Economic Institute³⁷, the share of foreigners in the Icelandic labour market has increased extensively in the past few years. From early 1998 to early 2002 the number of foreign workers increased by 3,300, or up to 7,300, which is an increase of 82.5%. Foreign citizens from non-EEA countries need permits to work in Iceland. A large number of such permits has been issued in recent years. This peaked in the fall of 2000, but has since then somewhat slowed down. A vast majority of such permits are temporary permits and a vast majority of those have been issued for jobs that require a low skill level. Polish citizens have for a number of years been the largest group of foreign non-EEA workers in Iceland. In 2001 they held over 50% of temporary employment permits. Other nationalities that also stand out are Lithuanians, Philippians, Thais, and people from former Yugoslavia.

The Icelandic unemployment insurance system and its implementation

The paragraphs below summarize some key facts on Icelandic unemployment insurance system, and the relevant official frameworks that have been established to implement the system.

³⁴ The Icelandic Directorate of Labour. 2003. Series of reports available on the Directorate's web site at <http://www.vinnumalastofnun.is>.

³⁵ Statistics Iceland. 2003. *Labour Market Statistics 2002* [in Icelandic: Vinnumarkaður 2002]. Reykjavik, Statistics Iceland. Available on the World Wide Web at <http://www.hagstofa.is/template44.asp?PageID=900>.

³⁶ The Icelandic Directorate of Labour. 2003. *Atvinnuástand 2002* [title in English: The Status of the Icelandic Labour Market in 2002]. Reykjavik, the Icelandic Directorate of Labour. Available on the World Wide Web at <http://www.vinnumalastofnun.is>.

³⁷ The Icelandic National Economic Institute. 2002. *The Icelandic Economy. Development 2001 and outlook for 2002*. Reykjavik, the Icelandic Economic Institute. Available on the World Wide Web at <http://www.ths.is/eng/ie/ie.pdf>.

Legislation

The first Icelandic act, which initiated an unemployment insurance system, was passed by the Icelandic parliament in 1956. Today extensive legislation exists in Iceland covering various aspects of labour market issues including the basic principles of the unemployment insurance system and the provision of labour market measures and employment exchange services. Over 20 Icelandic acts and regulations have been implemented for this purpose, although the following three are probably the most important in the context of this case study:

- The Unemployment Insurance Act, no.12/1997³⁸.
- Labour Market Measures Act, no. 13/1997³⁹.
- Act on the Unemployment Insurance Fund's payments to fish processing workers, no. 51/1995⁴⁰.

The unemployment system – nature of the system

The current unemployment system is a public system, run and administered by the state through the Ministry of Social Affairs. The system is financed through a special taxation on employers, the so-called “insurance levy”. The insurance levy is calculated as a certain percentage of the salaries paid by the employer and a part of the levy runs directly to a governmental fund called the Unemployment Insurance Fund (UIF, in Icelandic: Atvinnuleysisstryggingasjóður). A special governmental organization, i.e. the Directorate of Labour (DL), administers the fund on behalf of the Ministry. The DL was established in 1997 and the system has been run in the present way since then. In the period from 1994 to 1997 the unemployment system was administered directly through one of the offices of the Ministry of Social Affairs, but before that period the system was administered directly through the Ministry of Health and Social Insurance.

DL's tasks and the goal of public labour market measures

DL is the implementation entity for public labour market measures and works under the above-mentioned Labour Market Measures Act. According to the Labour Market Measures Act the main goal of public labour market measures is to promote equilibrium between the supply of and demand for labour in Iceland and to provide business enterprises with capable staff. DL is in charge of all public labour market programs and employment exchanges services in Iceland and according to the Labour Market Measures Act (No. 13/1997) DL's tasks shall be the following:

- a. To monitor the employment exchange offices and co-ordinate their functions.
- b. To provide the staff of the employment exchange offices with professional assistance and information.
- c. To gather information from the employment exchange offices on the employment situation, unemployment and employment prospects.
- d. To process information from the employment exchange offices and present findings, suggestions and recommendations on labour market measures to the board of the directorate.
- e. To keep track of trends in employment affairs overseas and relay information on them to the parties concerned.
- f. To relay information on employment affairs in Iceland to foreign parties in accordance with international commitments.

In addition to the above, and to administering the UIF (as noted earlier), DL administers several other Governmental funds, such as the Insurance fund for the self-employed (in Icelandic: Tryggingasjóður sjálfstætt starfandi einstaklinga) and a special fund that provides women entrepreneurs with loan guaranties (in Icelandic: Lánatryggingasjóður kvenna).

³⁸ Available in English on the World Wide Web at [http://felagsmalaraduneyti.is/interpro/fel/fel.nsf/Files/act_12_1997/\\$file/act_12_1997.PDF](http://felagsmalaraduneyti.is/interpro/fel/fel.nsf/Files/act_12_1997/$file/act_12_1997.PDF).

³⁹ Available in English on the World Wide Web at <http://www.vinnumalastofnun.is/Vefsidur.asp?ID=73>.

⁴⁰ Available [only in Icelandic] on the World Wide Web at <http://www.althingi.is/lagasofn/127b/1995051.html>.

Funding of DL

The operational costs of DL, and its offices, is covered by the state and by the revenues of the Unemployment Insurance Fund and the other funds that DL administers, as is determined annually in the state budget. Specific labour market measures and specific assistance for the unemployed that is organized by DL and its offices is also funded through the revenues of the Unemployment Insurance Fund.

Key aspects of the unemployment system

Below is a summary-description of the key aspects of the Icelandic unemployment insurance system as it is presented in the three acts referred to earlier:

The right to receive benefits: Wage-earners and self-employed individuals who become unemployed shall have the right to receive benefits from the Unemployment Insurance, providing they are actively seeking employment and are fully capable and willing to work. In addition those who seek unemployment benefits should meet the following conditions:

- They shall be between 16 and 70 years of age.
- They shall be domiciled in Iceland or shall have received a permit to seek employment in a country within the European Economic Area.
- They shall have an unrestricted right to engage in employment in Iceland.
- They shall have worked for a total of at least 10 weeks during the past twelve months in full-time employment subject to social insurance tax, or a proportionally longer period in the case of part time.
- They shall have been registered as unemployed for three consecutive days at the beginning of the benefit period.
- They shall be prepared to accept employment in all ordinary types of jobs.

Those who do not qualify for benefits: Notwithstanding the paragraphs above, the following individuals do not qualify for unemployment benefits:

- Those who participate in a strike, or who are affected by a lock-out.
- Those who receive per diem accident or sick-leave payments under the Social Insurance Act.
- Those who are deprived of their liberty by judgement of a court.
- Those who have resigned their positions without valid reasons or lost jobs for reasons for which they are responsible.
- Those who discontinue their studies before the end of the study term.
- Those who engage in work in their own service which gives them income or the equivalent of income corresponding at least to the maximum amount of unemployment benefit at any given time.
- Those who have attempted to obtain benefit by fraud.

Registration: An unemployed person who meets the required conditions shall register with one of DL's offices (regional employment exchange offices) or another registration body, which has been approved by the Icelandic Directorate of Labour. Those who have not made an employment search schedule (see further details in a paragraph below) shall be obliged to register each week.

Mandatory employment search schedule: By agreement with each individual person seeking employment, DL's regional employment exchange office (see further details on page 43) shall draw up an employment search schedule within ten weeks of the person's registration. The employment search schedule shall contain the ideas of the person seeking employment and the representatives of the employment exchange office regarding the person's employment potential and what offers and assistance the employment exchange is able to give. After the search schedule has been drawn up the unemployed can in some cases be permitted to register on a two or even four weeks interval (instead of every week).

The benefit amount: Unemployment benefits shall be paid for every day, except Saturdays and Sundays, during each benefits period. As of January 2003, maximum unemployment benefits shall be ISK 3,574 per day. Minimum benefit shall be 1/4 of the same sum. All unemployed persons receive the same amount of benefits regardless of previous economic situation or former income.

Benefit period: The maximum benefit period shall be five years. A new benefit period may begin twelve months after the end of a benefit period providing that the person concerned has completed at least six months' paid employment after the end of the benefit period.

Special provisions for fish processing employers/workers: The Unemployment Insurance Fund pays the amount of regular unemployment benefits to employers in the fish processing industry to cover basic salaries of each worker who goes temporarily out of work due to a temporary processing shutdown caused by a lack of raw materials or other related circumstances. The UIF also pays the employer the equivalent of the employer's regular contribution to the workers' pension funds as well as the compulsory insurance levy that is payable to the UIF (mentioned in a previous section). It should be noted that the above is only applicable if the employer in question has a temporary shut-down for more than two days during a calendar year. Each employer can also only receive such payments for maximum 30 consecutive days and for maximum 60 days per calendar year.

The Icelandic labour market measures and services

The service providers

Employment exchange offices: According to the Labour Market Measures Act (No. 13/1997) Iceland, as a whole, is defined as one labour market. The Icelandic Directorate of Labour, however, runs eight employment exchange offices that operate in different regions of the country. The areas, which the offices cover, vary considerably in size and the offices also vary quite a lot in operational capacity (number of staff). However, the operational focus and the key tasks of all eight offices are the same.

Local offices: Three of the regional employment exchange offices also operate one local office, which services a certain part of their operational area. These offices are the Akureyri office, which operates an office in Húsavíkurbær, the Blönduós office, which operates an office in Sauðárkrúkur, and the Selfoss office, operates an office in Vestmannaeyjar. Figure 11 shows the geographical distribution of the eight employment exchange offices as well as the location of the two local offices.



Figure 11: Geographical distribution of DL's regional employment exchange offices.

Other service bodies: Although the regional employment exchange offices do not generally run local offices or offices at the municipal level (note the three exceptions mentioned above), the regional offices generally have service contracts with municipal offices (or in some cases union offices) throughout their service area. This generally involves that the municipal offices provides DL's clients with basic services, such as the distribution of various forms and brochures, receiving forms that have been filled out (e.g.

declaration/registration of a continuing unemployment), etc. The municipal offices, however, do not provide DL's clients with any type of consultation services or act as intermediates between employers and the unemployed.

The role of the regional employment exchange offices

According to the Labour Market Measures Act (No. 13/1997), each regional employment exchange office shall be obliged to assist all those who have an unrestricted right to engage in employment in Iceland in seeking employment and selecting courses of vocational training. It shall furthermore be obliged to assist employers seeking general information about the supply of labour or assistance with the engagement of staff. Services provided by the local employment exchange office shall be designed to meet the needs of each individual recipient.

Tasks of the regional employment exchange offices

The key tasks of the regional employment exchange offices, as stated in the Labour Market Measures Act (No. 13/1997), are the following:

- a. To assist those in search of employment with their search and to assist employers by supplying them with capable staff.
- b. To gather and relay information on the employment situation, unemployment and employment prospects to the regional advisory committee (see more on the advisory committees below) and the Directorate of Labour.
- c. To supply information and advice on job choice and vocational training.
- d. To relay information on job vacancies, and job applications, to other regional employment exchange offices.
- e. To ensure that unemployed persons have access to advice and remedial measures, such as education programmes or vocational training, based on each individual's needs and circumstances and aimed at increasing each unemployed person's employment capacity and employment potential.
- f. To see to the registration of unemployed persons, issue certificates on unemployment and relay information and materials to the allocation committees (see more on the allocation committees below).
- g. To ensure that applicants for unemployment benefit meet the conditions set by the Unemployment Insurance Act and to inform the allocation committee (see more on the allocation committees below) if there are reasonable grounds to believe that they do not.

As noted in section e) above, in addition to assisting and advising the unemployed in their job search, the regional employment exchange offices offer a range of specific measures or remedies. Examples of those are the following:

- Job visit: A short, unpaid stay at work place.
- Job training: A short-term training or participation at a work place.
- Temporary position: A temporary employment that can lead to a future permanent employment.
- Training courses: Various courses that increase the individual potentials and capabilities.

The services of the regional employment exchange offices are provided free of charge to those who are seeking employment and to employers.

Financial situation of the regional employment exchange offices

The employment exchange offices are run as branches of the Directorate of Labour. The head quarters in Reykjavík administer financial aspects of their operations in cooperation with the office directors in each region. Each office does not work under a fixed yearly budget or get a fixed amount of funding for each year to cover operational expenses. However, each year a financial plan for each region is made which is used as a guideline.

Funding of unemployment benefits and specific labour market measures

As noted earlier the Unemployment Insurance Fund (UIF), which is administered by the Directorate of Labour, is the source for unemployment benefits and covers the costs of specific labour market measures in Iceland. Allocation of funds and division of funds between the different regions is administered from the head quarters in Reykjavík. At the

beginning of each year a budget is made for each region, however, this budget is only used as a guide since the demand for services (and benefits) is unpredictable. In that way unexpected labour market changes can cause one region to need increased funding from what had been planned for, while another region might not use up their budget due to a low level of need for benefits and services. If the regional offices want to respond to unexpected regional or local labour market problems by, for example, offering a course or special assistance, they would generally be able to do so, at least if the project is within a certain financial limit in scope, without getting an approval from the head-quarters in Reykjavík.

Regional allocation committees

Parallel to DL's regional employment exchange offices, UIF has put in place eight regional allocation committees that shall determine on benefits and on the forfeiture of benefits under the Unemployment Insurance Act (no.12/1997). After a person has finished the initial registration process with an employment exchange office, his/her registration papers are reviewed by the allocation committee and the decision then made known to the employment exchange office in question which then, in the case of the committee's approval, takes care of the benefit payments.

Regional advisory committees – composition and role

Also parallel to DL's regional employment exchange offices, the Minister of Social Affairs appoints a nine-person advisory committee for each office. According to the Labour Market Measures Act (no. 13/1997)⁴¹, the committee shall be composed of three members representing the employers in the area, and three representatives nominated by the unions (wage-earners' organizations) in the area. Two representatives shall be nominated by the municipal councils in the area, and one by the secondary schools in the area. The director of the regional employment exchange office shall attend meetings of the committee and have the right to address them and make proposals.

According to the Labour Market Measures Act (No. 13/1997) each regional advisory committee shall monitor developments in the employment situation in its area and make proposals on labour market measures. The council shall direct its proposals to the board of the Directorate of Labour, the authorities of the municipalities in the area, non-governmental organizations and enterprises in the area, as appropriate. The committee shall, furthermore, assist the employment exchange office to implement remedial measures for the unemployed for example by involving the parties listed earlier in this paragraph in collaborative efforts on such measures.

Services of special importance to the periphery

According to the Labour Market Measures Act (No. 13/1997) the choice of location for the regional employment exchange offices shall aim at granting the maximum number of inhabitants of each region an easy access to the services. Since the regional employment exchange offices are only eight (plus the three local offices) it is, however, quite common that people in peripheral communities have to travel quite a distance to visit the next employment exchange office.

As noted earlier the employment exchange offices generally have service contracts with some municipal offices in their area that take care of basic unemployment registration processes. These offices, however, do not provide any type of consultation for example in relation to the preparation of the mandatory employment search schedule.

The relevant legislation does not specifically state that the staff of the employment exchange offices shall visit peripheral communities. Many of them, however, do. The frequency of such visits usually depends on the level of demand for services in each locality. The demand is usually measured by the number of people who are registered unemployed.

⁴¹ Available in English on the World Wide Web at <http://www.vinnumalastofnun.is/Vefsipur.asp?ID=73>.

It should be noted that the Directorate of Labour and its employment exchange offices do not cover travelling costs of people wanting/having to visit a regional employment exchange office or a registration post located far from their place of residence.

2) Presentation of the area of study

The North East Region

This case study focuses on one particular Icelandic region and furthermore puts a special emphasis on two selected communities within it. Below are some key facts on the region in question.

Location

The North East Region counts for the East part of North Iceland, reaching as far North as the Arctic circle. The total land area of the region is 20,616 square km. and the landscape is very varied. Large mountainous areas and fjords reach deep into the land, in some cases dividing the lowlands into fairly well defined geographical areas. The North East Region is located in a fairly large driving distance from Iceland's capital, i.e. Reykjavík, or between 389 and 629 km. depending on which community of the region you look at. Figure 12 shows the geographical position of the region.

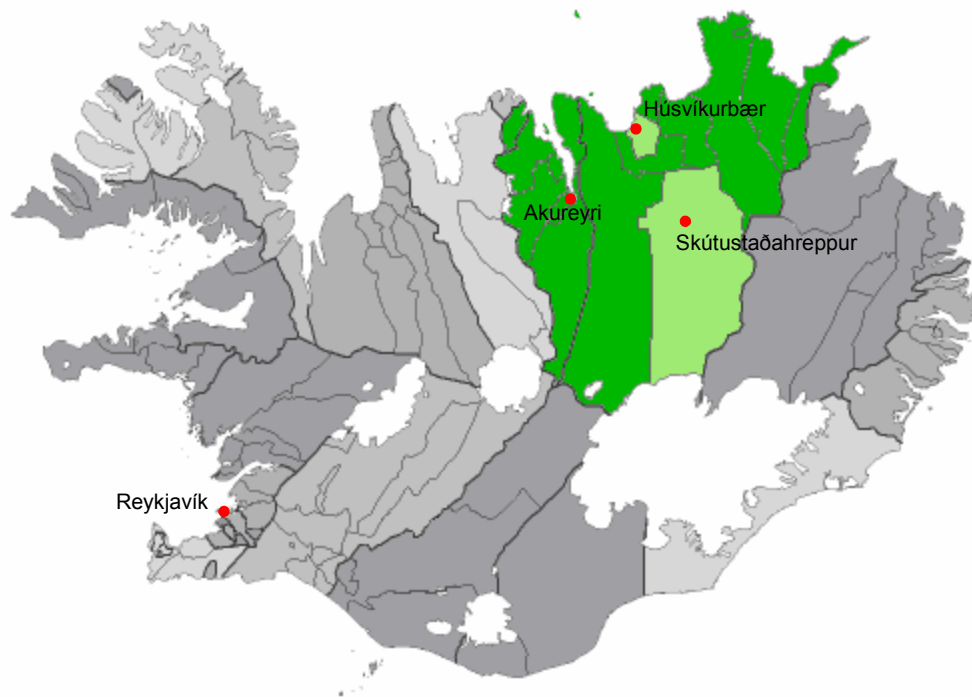


Figure 12: A map of Iceland that shows the location of the North East Region (dark green) and location of the two selected communities (light green).

Habitat patterns

The region includes several towns as well as quite a few more sparsely populated communities. It covers three counties (Eyjafjarðarsýsla county, Suður Þingeyjarsýsla county and Norður Þingeyjarsýsla county), which together encompass 20 municipalities.

Population

The total population of the North East Region is 26,761⁴². The largest town, i.e. the town of Akureyri, counts for 59% of the region's population with 15,840 residents⁴³. Only three other municipalities have more than 1000 residents. Akureyri can be regarded as the regional service centre. Several administrative and governmental offices are located in the town and it is also a centre for transportation and education.

Economic base

When looking at the North East Region as a whole, particularly Akureyri and the surrounding area, the economic base is relatively diverse at least compared to other rural regions in Iceland. This is due to the relatively diversified nature of Akureyri's local economy, particularly when looking at the range of service industries that thrive in the town. However, when looking at the region's periphery, most of the local economies are dependant on few industry sectors and commonly also reliant on few employers. This is particularly evident in the coastal areas where the fisheries and fish processing is the back bone of the local economies.

The labour market situation

According to the Directorate of Labour the registered unemployment rate in the North East Region was 2.6% in the year 2002⁴⁴. The unemployment rate went slightly up from the previous year (see Table 1). In the last few years the registered unemployment in the North East Region has been similar to the national average and slightly above the average rate in areas outside the capital region.

	2002	2001	2000	1999
Iceland as a whole	2.5%	1.4%	1.3	1.9
The Capital Region	2.7%	1.3%	1.4	2.1
Other regions	2.1%	1.5%	1.5	1.6
The North East Region	2.6%	2.0%	2.0	2.1

Table 1: Registered unemployment rates in the 1999-2002 period⁴⁵.

DL's collects statistics on how many men and women are registered unemployed at the end of each month in each region. By using these statistics the average number for the 12 months of each year can be found. These annual average numbers show that for the last few years women have counted for a higher proportion of the total number of persons registered unemployment than men (see Figure 13).

⁴² Statistics Iceland. 2003. Data available on SI's web site at <http://www.hagstofa.is>.

⁴³ Statistics Iceland. 2003. Data available on SI's web site at <http://www.hagstofa.is>.

⁴⁴ The Icelandic Directorate of Labour. 2003. Series of reports available on the Directorate's web site at <http://www.vinnumalastofnun.is>.

⁴⁵ See the same reference as above.

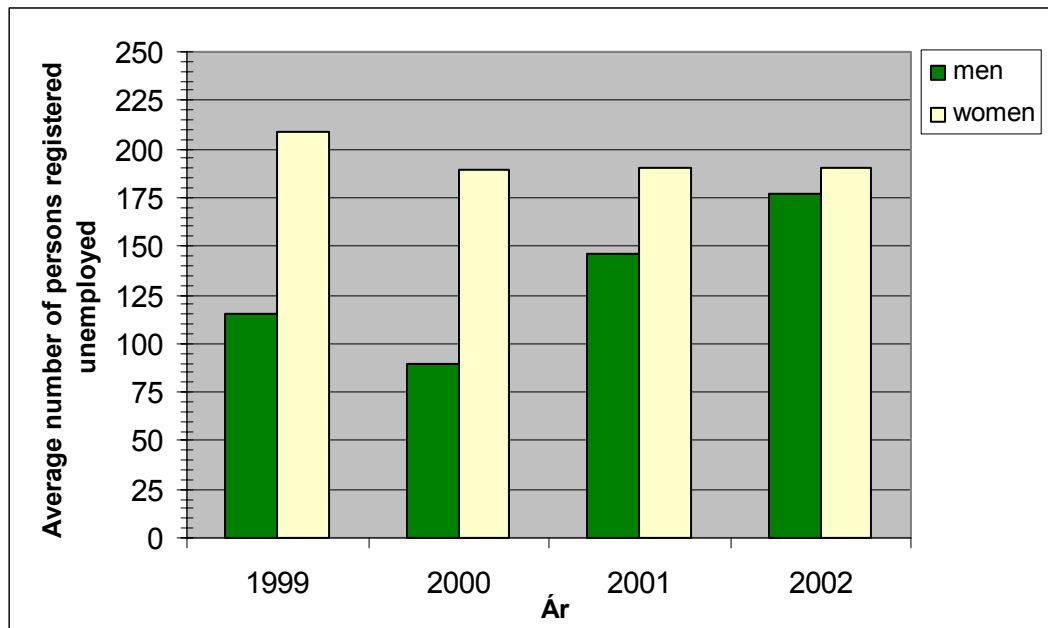


Figure 13: Annual average number of men and women who were registered unemployed in the North East Region in the period 1999-2002.

Húsavíkurbær municipality

Location

Húsavíkurbær municipality is located on the Eastern shores of the Skjálfandi Bay. It consists of Húsavík, a coastal town, and a fairly small agricultural area south of the town, which is referred to as Reykjahverfi (see Figure 12). The driving distance from Húsavík to Akureyri is 91 km.

Population

The population of Húsavíkurbær municipality is 2,484 of which a vast majority, or 2,383, live in the town of Húsavík⁴⁶. In the period from 1990 to 2000 the population of the municipality went from 2613 to 2535, a decline of 3%. Meanwhile the population of the North East Region experienced an increase of 1.4%⁴⁷.

Economic base

Main industries in Húsavíkurbær municipality are fishing and fish processing but also different service industries, both public and private. Tourism has grown to be an important industry, particularly in the last few years. Agriculture is the key industry in Reykjahverfi. One of Iceland's longest established fish processing plant is operated in Húsavík, providing around 100 people with work. The municipality's Health Service Centre is also a large employer as well as the municipality with its different service operations. Húsavíkurbær has its own junior college (gymnasium).

The labour market situation

No official statistics are available on the number of labour force in Húsavíkurbær municipality. However, by using a rough estimation, 50% of the population can be expected to belong to the labour force. By using such a rule of thumb, 1242 people belonged to Húsavíkurbær municipality's labour force in the year 2002. The Icelandic Directorate of Labour collects statistics at a municipal level on the number of people registered unemployed

⁴⁶ Statistics Iceland. 2003. Data available on SI's web site at <http://www.hagstofa.is>.

⁴⁷ See the same reference as above.

at the end of each month. In the year 2002, 30 people were registered unemployed on average at the end of a month in Húsavíkurbær municipality⁴⁸. This translates into 2.4% of the labour force.

As in many other communities in rural Iceland, the unemployment in Húsavíkurbær municipality is a seasonal phenomenon. In the year 2002, 49 people were registered unemployed at the end of January, but only 17 at the end of July (see Figure 14). The corresponding unemployment rate, therefore, fluctuated between 1.4% and 3.9% in the year 2002.

Women accounted for a considerably higher proportion of the unemployed in Húsavíkurbær municipality in the year 2002 than men. In the year 2002, 18 women on average were registered at the end of a month but only 12 men. So on average in the year 2002 three women were registered for every two men.

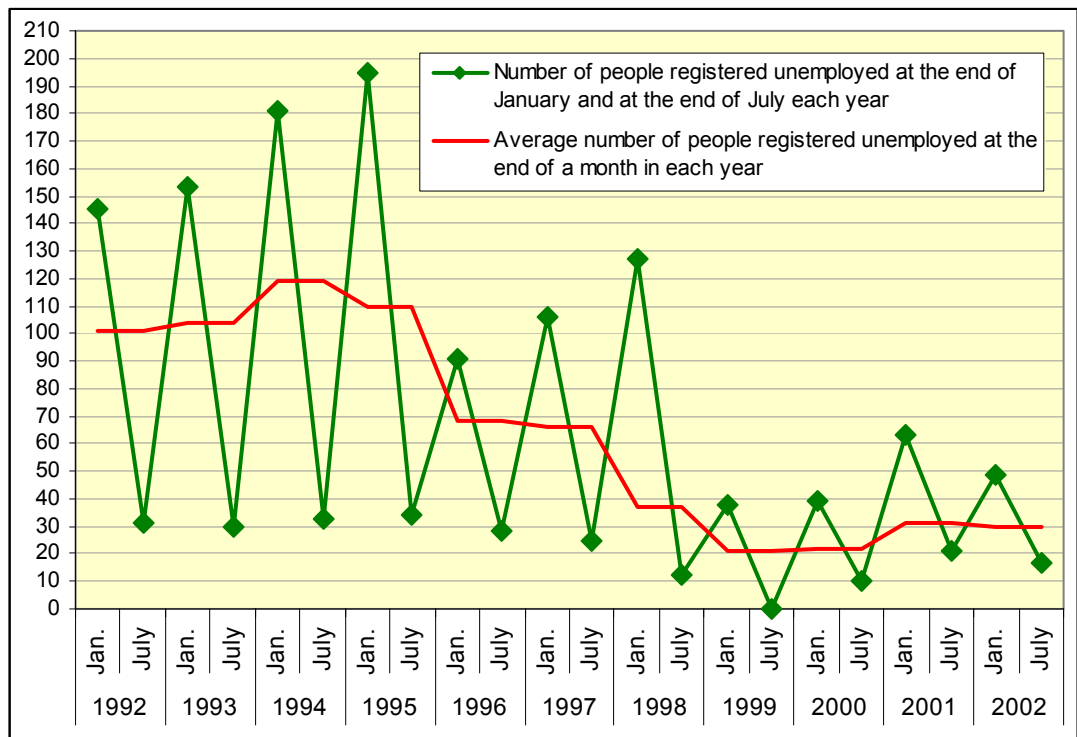


Figure 14: Registered unemployment in Húsavíkurbær municipality in the period 1992-2002.

Skútustaðahreppur municipality

Below are some key facts on Skútustaðahreppur municipality.

Location

Skútustaðahreppur municipality, also commonly referred to as Mývatnssveit after Lake Mývatn, the municipality's greatest landmark, fills up the South East corner of the North East region (see Figure 12). The driving distance from Skútustaðahreppur municipality to Akureyri is around 100 km. and the driving distance from the municipality to Húsavík is around 55 km.

Population

According to Statistics Iceland's population counts⁴⁹, the municipality has 453 inhabitants (based on December 2002 data). Approximately 200 people live in the village Reykjahlíð, but

⁴⁸ The Icelandic Directorate of Labour. 2003. Series of reports available on the Directorate's web site at <http://www.vinnumalastofnun.is>.

the rest live in sparsely distributed habitats such as farms and other private residences. In the period from 1990 to 2000 the population of the municipality declined by 14%⁵⁰.

Economic base

In earlier days, the people living in Skútustaðahreppur municipality made their living mostly from agriculture and trout fishing. In recent years, however, the scenario has changed considerably. A diatomite factory (Kísiliðjan) was established in the late sixties and has since been the largest employer in the area. Currently it employs around 45 people. Another large employer is a governmentally run geothermal power plant (Kröfluvirkjun) with around 20 employees and the municipality with around 30 employees. Tourism is also a very important industry in the municipality, although a majority of jobs in that industry are seasonal, i.e only available during the summer months.

The labour market situation

Similar as to the case of Húsavíkurbær municipality, no official statistics are available on the number of labour force in Skútustaðahreppur municipality. However, by using a rough estimation, 50% of the population can be expected to belong to the labour force. By using such a rule of thumb, 227 people belonged to Skútustaðahreppur municipality's labour force in the year 2002. The Icelandic Directorate of Labour collects statistics at a municipal level on the number of people registered unemployed at the end of each month. In the year 2002, eight people were registered unemployed on average at the end of a month in Skútustaðahreppur municipality⁵¹. This translates into 3.5% of the labour force.

Unemployment in Skútustaðahreppur municipality is a seasonal phenomenon. This is primarily caused by seasonal swings in the tourism industry which is the municipality's greatest source of jobs during the summer months (see Figure 15).

⁴⁹ Statistics Iceland. 2003. Data available on SI's web site at <http://www.hagstofa.is>.

⁵⁰ See the same reference as above.

⁵¹ The Icelandic Directorate of Labour. 2003. Series of reports available on the Directorate's web site at <http://www.vinnumalastofnun.is>.

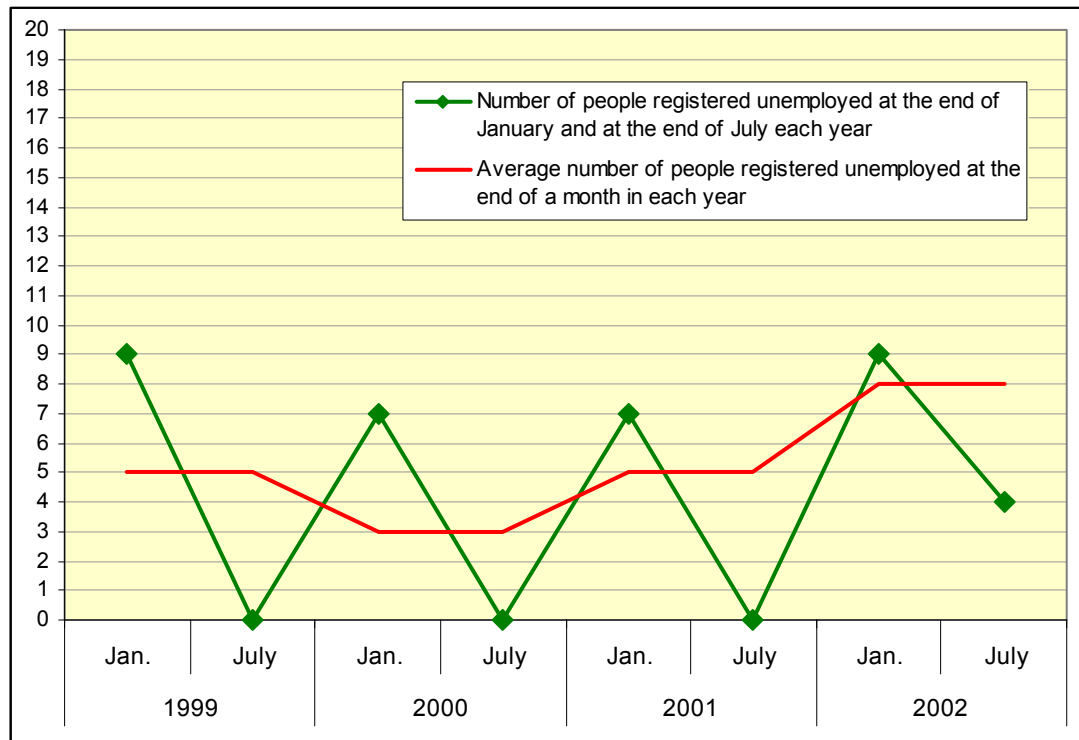


Figure 15: Registered unemployment in Skútustaðahreppur municipality in the period 1999-2002

In fact around 80-100 non-local workers move to Skútustaðahreppur for work during the summer. The local labour force is, therefore, not even close to being able to meet the demands for workers during the summer months. Nevertheless there were four people registered as unemployed at the end of July 2002. In January, however the corresponding rate was 9 people and 15 for the end of April. This translates to an unemployment rate range of 1.8- 6.6%

Unemployment among men in Skútustaðahreppur does hardly exist. In the year 2002 one man on average was registered unemployed at the end of a month. The corresponding number for women, however, was seven.

3) Findings

Labour market services in the North East Region

The sections below contain information on the nature and the characteristics of the labour market services in the North East Region. The information below are based on 1) primary gathering of data through interviews with staff persons of the Directorate of Labour who work in the region, and 2) a review of various documents and web sites relevant to this case study.

Structure of the service

The Icelandic Directorate of Labour runs a regional employment exchange office in Akureyri. In Icelandic this office is referred to as “Svæðisvinnumiðlun Norðurlands Eystra” (SNE) which in English means “the Regional Employment Exchange Office of the North East”. The office services the whole North East region. SNE has been operated in its current form since April 1998. It is DL’s largest regional office, outside the capital area, based on the number of staff it employs. The office employs eight people (six full-time positions combined), of which seven are located in the head office in Akureyri and one full time employee is located at a local office in Húsavíkurbær municipality. The key tasks of SNE are the same as the tasks of

the regional employment exchange offices in general and as stated in the Labour Market Measures Act (No. 13/1997). The key tasks have been listed in a previous section of this report (see page 43).

As noted earlier, the SNE runs a local office in Húsavíkurbær. This office services Húsavíkurbær municipality but also responds to service requests from individuals and employers in the neighbouring municipalities. The Húsavíkurbær office uses the exact same working procedures as the head office in Akureyri. All decisions on specific service provisions or special measures on an individual or group basis have to be approved by the Akureyri head office.

In addition, SNE has service contracts with eight municipal and union offices in the region. This means that the offices in question provide DL's clients, with basic services, such as the distribution of various forms and brochures, the reception of forms that have been filled out (e.g. declaration/registration of unemployment and of a continuing unemployment), etc. These posts, however, do not provide DL's clients with any type of consultation services or act as intermediates between employers and the unemployed, as the SNE's offices in Akureyri and Húsavíkurbær municipality do.

The "clients" and the focus of SNE's services

According to SNE's Director, Ms. Helena Karlsdóttir⁵², approximately two thirds of her staff's time is allocated in services that have to do with basic administration of the unemployment system, i.e. supervising basic registration processes, assisting individuals with the mandatory employment search schedules, and processing benefit payments. The focus of SNE's other specific measures such as training courses or community specific remedies, is determined by the level of demand for services as well as of the type of people who seek for the services.

In the beginning of each year SNE's puts together a plan for the year. This plan includes broad goals for the services, a list of key remedies that will be offered to clients, a list of special target groups, the number of visits planned to the different communities of the region, the number of visits to firms/employers, a list of contracted registration posts, and various issues that have to do with the operation's micro environment.

According to Helena, young people in the age of 16-24 years, and also women 30-39 years old, are the largest and most visible groups of unemployed people in the North East Region. Helena also notes that at least 80% of the people that are unemployed in the region do not have any secondary education or any specific qualifications. SNE's specific measures and remedies therefore aim at assisting these categories of people. An example of such a specific remedy is the so-called women education course, which is run by the Women education centre, which is a joint project of SNE, Akureyri municipality and some other partners in Akureyri and the surrounding area. The women education course is a 14-16 weeks training course, for women only, that includes a combination of 1) communication skill and confidence building and 2) practical skills building such as computer skills, English skills etc. The women education course has been run for several years, but in 2002 a course, which builds on the same basic idea was initiated for the age group of 17-25 years old. This course is open for both genders.

Evaluation and development of services

According to SNE's director⁵³, there are no formal evaluation methods or an official framework of indicators being used to evaluate the success of the services or to develop the services further. No surveys have been made with the office's clients and no attempts have been made to evaluate the office's image or visibility in the region. The director emphasized that the key monitoring tool that is considered, when designing the focus and development of

⁵² Personal interview, April 29, 2003.

⁵³ See the same reference as above.

the operation, is the unemployment registry. By examining how many people are unemployed, what their characteristics are and where they live, the primary needs for services are identified.

Promotion of the services

According to SNE's director⁵⁴, promotion of SNE's service takes place primarily through informal channels, or by the "the word of mouth method" as the director calls it. There are, however certain tasks that are carried out on a regular basis that have a promotional purpose. An example of these are visits to employers where the service are presented. According to SNE's annual plan, 50-60 such visits are scheduled for the year 2003. SNE also has a special sub-section on the web site of the Directorate of Labour where the operation is promoted. According to the Director, SNE usually does not advertise in printed media or broadcasting media with the exception of the publishing of general Christmas, Easter and First-day-of-summer greetings.

SNE's director stressed that there is a need for better promoting the operation among the different municipal councils of the region as well as for "indirect" promotion through increased preventive-type of work. An example of the latter could be visits in schools, both at the primary and secondary level, where the labour market situation, key threats, and available services, were presented to young people. In the director's opinion such measures would be very constructive and also would promote the office in an indirect way.

The director emphasized that she believes SNE's operation is generally fairly well known by the public and the employers in the region and that the services are quite visible. However, she also stressed that the image of the office (and of the Directorate of Labour in general) could do with some improvement, or as she put it: "We are regarded as an institute for the unfortunate and the wimps, and we need to change that". According to the director, the DL's head office does not provide the regional employment exchange offices with any policy or working guidelines on how the operation should be promoted and how its image could be strengthened.

SNE's role in education and training

In the opinion of Ms. Helena Karlsdottir⁵⁵, SNE's director, SNE indisputably has a role in education and training in the North East Region. In Helena's view, SNE carries out this role primarily through the three following measures:

- By providing individuals with information on available training and educational courses.
- By providing individuals with financial support to cover the cost of short term training and educational courses.
- By encouraging individuals to increase their skills and knowledge through participation in education and training.

According to Helena, SNE occasionally offer courses or seminars as a specific labour market remedies. However in such circumstances SNE would contract an educational institute to organize and administer such measures and they would be held in the educational institute's name, although financed by SNE. Two so-called "continuing education centers" are operated in the region (Símenntunarmiðstöð Eyjafjarðar and Fræðslumiðstöð Þingeyinga). These centers focus on short practical courses with an emphasis on the ideology of "life long learning". SNE has had several cooperation projects with both these centers and they would usually be the agencies of choice when SNE needs to out-source projects that have to do with specific training needs of the unemployed.

⁵⁴ See the same reference as above.

⁵⁵ Personal interview, April 29, 2003.

The role of the regional advisory committee

As with all regional employment exchange offices in Iceland an advisory committee has been put in place in the North East Region. In the view of SNE's director⁵⁶ the operation of the advisory committee has two key positive aspects for the provision of labour market services in the region:

- The advisory committee creates a task force that through a joint effort with SNE can help push through ideas and projects that require lobbying at a regional or national level.
- The advisory committee joins individuals from different stakeholders groups. By joining up these people a valuable knowledge pool is created. The members of the committee know the region and have a good insight into what is going on at each point in time. It is invaluable for SNE to have access to such information sources.

The “periphery’s” influence on the design and provision of services

As noted earlier a guideline for the composition of the regional advisory committee is provided in the Labour Market Measures Act. Two of nine committee members are nominated by the municipal councils in the area. The other committee members represent stakeholder groups that do not necessarily stand for the interests of particular areas or communities within the region (i.e. employers' organizations, unions, and secondary schools). Representation of different areas of the region, including representation of the peripheral communities or less populated areas, is therefore not guaranteed.

According to SNE's director⁵⁷, apart from the advisory committee, no formal consultation channels are used to ensure that community specific interests are considered in the design and provision of SNE's services.

SNE's participation in regional cooperation and intra-regional networking

The regional advisory committee joins up representatives of different stakeholder groups and in a way could be regarded as a “launching platform” for cooperation between SNE and these particular stakeholders groups. SNE's director was asked to indicate how much actual formal and informal cooperation SNE has with various groups and organizations that operate in the region in relation to SNE's specific projects or day to day tasks. The groups/organizations, which the director was asked about, were the following: 1)municipalities, 2)unions, 3)employers associations, 4)economic development organizations, 5)education- and training institutes, and 6)social services organizations.

Apart from the service contracts SNE has with the eight registration posts, SNE's director⁵⁸ indicated that SNE has other formal cooperation projects or formal partnerships with the four largest towns in the region. Formal here refers to cooperation that is based on a written agreement or a written memorandum of understanding. These formal partnerships have been built around specific labour market measures or projects that have been implemented in these towns. The director, however, noted that only one of the partnerships were actually active on a continuing basis, i.e. only the partnership with Akureyri municipality.

SNE also has formal cooperation on a regular basis with the two “continuing education” centers in the Region (Símennunarmiðstöð Eyjafjarðar and Fræðslumiðstöð Þingeyinga), as noted earlier.

Apart from the four municipalities and the two education centres, SNE did not have any formal cooperation with the other groups/organization listed above.

When the director was asked about informal cooperation, however, the scenario seems to be a whole lot different. Informal here refers to all forms of cooperation that is not based on a

⁵⁶ Personal interview, April 29, 2003.

⁵⁷ Personal interview, April 29, 2003.

⁵⁸ Personal interview, April 29, 2003.

written agreement. This could for example include seeking for informal advice, sharing information, or providing each other with other types of assistance. According to the director, SNE has fairly extensive informal cooperation with all the groups/organizations listed above, except for the economic development organizations. SNE communicates with these groups/organizations on a regular basis, or at least once a month, and in the case of the larger municipalities, the unions, and the continuing education centres, at least once a week. SNE has, however, no cooperation, what so ever, with the economic development organizations that operate in the region.

The director emphasized that both informal and formal cooperation with different stake holder groups in the region could and should be increased particularly with the municipalities (especially the smaller ones), the economic development organizations, the education and training institutes, and employers associations. This opinion was also clearly expressed by Ms. Jóhanna Sigurðardóttir, the local staff person in the Húsavíkurbær office⁵⁹. The director and the staff person in Húsavíkurbær both stressed that SNE is very open for cooperation and participation in development projects in the future in a broad context.

SNE's participation in economic development initiatives

As noted earlier SNE does not cooperate with economic development organizations in the region. When asked about the reason for this situation, SNE's director⁶⁰ noted that in her experience there is a fundamental difference between SNE's target groups and the key clients of the economic development organizations. In the director's experience the economic development organizations are mostly concerned with projects that aim at creating knowledge intensive jobs, i.e. jobs for people with a high skill level. SNE's clients, however, are mostly people with only primary education and in the director's view the economic development organizations are not really aiming at addressing the needs of those people. Based on the director's interpretation there is, therefore, a certain mismatch between economic development efforts that aim at creating jobs and the actual needs of the unemployed.

SNE's director, however, noted that as a specific labour market measure, SNE offers a direct support to unemployed people that wish to start their own business. In that way unemployed people are assisted with the process of creating employment for themselves. This support is in the form of salaries that equal the amount of unemployment benefit for up to six months.

Ms. Jóhanna Sigurðardóttir⁶¹, the local staff person at SNE's office in Húsavíkurbær, expressed that in her view there should be increased cooperation and information sharing between the economic development organizations in the region and SNE's regional and local offices. In Jóhanna's view the first step is to improve information flows between the organizations, since, at the current point in time, SNE's staff does not even know exactly what projects the economic development organizations are working on. Jóhanna clearly expressed that by informing each other of new projects and project ideas, areas for cooperation and ideas for joint projects would without doubt appear.

The periphery's access to labour market services

According to SNE's director⁶², SNE staff aims at visiting the peripheral communities of the region two to four times per year for meetings with the unemployed and for visiting employers. Again the number of such visit depends on the need for services and assistance, which is measured by the number of people registered unemployed in these communities.

As noted earlier, SNE has service contracts with several municipal and union offices in peripheral communities of the region, which take care of basic registration processes and other basic service tasks. However, other services, such as for example consultation and

⁵⁹ Personal interview, April 30, 2003.

⁶⁰ Personal interview, April 29, 2003

⁶¹ Personal interview, April 30, 2003.

⁶² See the same reference as above.

assistance in relation to the creation of the mandatory job search schedules, will have to be carried out by one of SNE's staff. As noted above the visits of SNE's staff to the peripheral communities are infrequent. The unemployed and others who want to use SNE's services would, therefore, have to visit SNE's offices either in Akureyri or Húsavíkurbær. According to SNE's director, SNE does not cover traveling costs of clients associated with office visits from peripheral communities. However, service processes are made as flexible as possible for those clients that have to travel far, for example by allowing the clients to choose what day of the week he/she comes in. In that way clients can use their trip for running other personal errands.

The director stressed that that in the case of a local labour market crisis in a peripheral community (e.g. a closure of an important firm, etc.), a representative of SNE would always visit the community to estimate the need for specific measures. Such visits and estimation would usually be planned in cooperation with the municipal council of the community in question.

Challenges and barriers for the provision of SNE's services in the peripheral communities

According to SNE's director⁶³, there are several barriers for organizing or creating specific labour market measures at the local level in the peripheral communities. Following issues are examples of such barriers:

- The size of peripheral communities is the biggest issue in this context. The population of many of these communities is less than 500 and with the unemployment at a fairly low rate, unemployed individuals in each community are few. SNE uses a rule of thumb that states that a specific remedy (course, consultation group, etc) cannot be financially justified unless at least 12 persons can be anticipated to take part in it. The smaller peripheral communities usually do not have that many unemployed people. Implementation of a specific labour market measure in a peripheral community is, therefore, a very uncommon event.
- Another factor that has a hindering effect is the geographical size of the region. The area that SNE is supposed to service is fairly big and physical distance evidently is in some cases a limiting factor for the frequency of SNE's visit to peripheral communities. The physical distance is of course also a barrier for people who live in the peripheral communities and need to travel a long way to access SNE's offices.
- A third hindering factor for implementing specific measures in the peripheral communities has to do with the organization of educational courses and seminars. As noted earlier SNE's preferred way of organizing such measures is to contract educational institutes to administer the events. Many of the smaller communities do not have such institutes operating in the community which means that an "outside-based" organization has to be brought in. This is in some cases very expensive and can call for complicated arrangements.
- The last factor that SNE's director regarded as a serious challenge for the provision of labour market services is the somewhat negative image the services seem to have gained through time. In essence the operation is a public system and many people seem to be somewhat negative notion of everything that can be categorized as such. In the director's view there is a strong need to decrease the effect of time-consuming bureaucratic processes for the purpose of decreasing the effect of this negative image on the attractiveness of the services.

Ms. Jóhanna Sigurðardóttir⁶⁴, SNE's local staff person in Húsavíkurbær was also asked to name the key challenges and barriers she has faced in her work in the peripheral communities of the region. She added the following two issues to the discussion:

⁶³ Personal interview, April 29, 2003.

- The lack of promotion of SNE in general can in some instance be a problem. Clients have in many cases very limited knowledge of what services and measures SNE can offer. Jóhanna also notes that in her experience various other service organizations and public institutes seem to have very limited knowledge of what SNE is all about. This affects the visibility of SNE in general and can influence its involvement in regional and local development projects.
- Labour market service providers deal with issues in their every day work that can be of a very personal and delicate nature. In a small community, where everybody knows everybody, a service provision of this nature is a very challenging task. In such circumstances it can be difficult for the service provider (the staff person) to maintain his/her objectivity and to treat every client in standard way. Jóhanna also notes that the personal connections and/or closeness that characterize the services in small communities can also be regarded as a facilitating factor for the provision of the services. News travels fast in such an environment and information chains are short. This allows the labour market service provider to respond quickly. Jóhanna also notes that in some instances people prefer to seek advice, or services in general, with a local person rather than someone that is located in a different community and does not possess knowledge on community specific issues.

The views of community leaders in the two selected communities

Twelve people were interviewed in the two selected communities, six from Húsavíkurbær municipality and six from Skútustaðahreppur municipality. The interviewees represented different groups in the community that all are involved in labour market issues in one way or another (see Chapter one, p. 9). A summary of the interviewees' responses is presented in the paragraphs below.

Familiarity with existing labour market services

The interviewees were asked to indicate how familiar they were with SNE's central office in Akureyri as well as with SNE's local office in Húsavíkurbær. The interviewees were asked to indicate the level of familiarity on the scale from one to five, where one stood for "not familiar at all" and five for "very familiar".

The interviewees from Húsavíkurbær generally considered themselves fairly well familiar with the operation of the local office in Húsavíkurbær (average of responses: 3.8). They were, however, considerably less familiar with the operation of the central office in Akureyri (average of responses: 2.8).

The interviewees from Skútustaðahreppur municipality generally indicated that they were not very familiar with neither of the offices. The average of the numbers, which were chosen by the interviewees from Skútustaðahreppur, for the Húsavíkurbær office was 2.3 and the average for the Akureyri office was 2.0. It also became clear that some of the interviewees from Skútustaðahreppur municipality did not know that the office in Húsavíkurbær is, in fact, run under the supervision of the Akureyri office and is, therefore, a part of the Icelandic Directorate of Labour.

Many of the interviewees, particularly those from Skútustaðahreppur municipality, indicated that even though they were somewhat familiar with the operation of the two offices they had very limited knowledge of the specific services that they had to offer.

Accessibility of services

The interviewees were asked to indicate how accessible they believed labour market services were for potential clients in their communities. Again the interviewees were asked to respond

⁶⁴ Personal interview, April 30, 2003.

by using a scale from one to five where one stood for “not accessible at all” and five for “very accessible”.

With only one exception the interviewees chose either the number four or the number five as their response to this issue. This indicates that the interviewees generally find the services quite accessible.

It should be noted that the interviewees in Skútustaðahreppur municipality commonly mentioned the Húsavíkurbær office when describing their satisfaction with the accessibility of services, as well as the basic registration services that the local municipal office offer (one of SNE’s contracted registration posts). One of the interviewees from Skútustaðahreppur municipality specifically stated that the central office in Akureyri simply was located too far from the community so the services, which were offered there, could be regarded accessible for people living in Skútustaðahreppur municipality. This indicates that the Húsavíkurbær office is of vital importance not only for Húsavíkurbær municipality but also for its neighbouring communities. This furthermore indicates that even though the Central office is located in the region’s main service centre it can not be regarded accessible for some of the region’s peripheral communities due to geographical distances.

Appropriateness of services

The interviewees were asked to indicate their opinion on the appropriateness of the labour market services, in terms of how well they fit to the needs of potential clients in their community. In this case the interviewees were asked to state their opinion separately for the services of the Central office in Akureyri and the services offered by the Húsavíkurbær office. The interviewees were asked to use a scale from one to five where one stood for “the services do not fit at all” and five stood for “fit very well”.

In the case of the Central office in Akureyri, the interviewees from both communities did not generally want to comment on this issue. Nine out of twelve interviewees stated that they didn’t really know the services of the Central office well enough to respond. However, in the case of the office in Húsavíkurbær, a majority of the interviewees were willing to respond. The average number, which the interviewees chose to indicate their opinion of the appropriateness of services of the Húsavíkurbær office, was 3.4. This result indicates that, in the view of the interviewees, the fit of the services to local needs is neither very good nor very bad, although a bit more to the positive side than the negative one.

DI’s reputation

The interviewees were asked to grade SNE based on its reputation for effectively assisting clients in the two selected communities as well as in the region as a whole. The interviewees were allowed to base their responses on their own experience and/or on the ongoing “word of mouth” that they had noticed in their communities or with colleagues in the region.

Only a minority of the interviewees (two out of six) from Skútustaðahreppur municipality regarded themselves as knowledgeable enough to participate in this exercise. In fact the majority of the interviewees from Skútustaðahreppur expressed the view that SNE (both offices) did not really have any sort of reputation in their community, since the labour market situation was relatively stable and few people were utilizing SNE’s services. The interviewees stated that in their experience people in Skútustaðahreppur municipality would generally have very limited knowledge of what SNE had to offer, if being aware of SNE’s existence at all.

In Húsavíkurbær municipality, all the interviewees had an opinion on SNE’s reputation. With only one exception the interviewees described the reputation at the local level (i.e. in Húsavíkurbær municipality) by using the number four (average 3.8). SNE reputation in the region as a whole received very similar grades or the average of 3.7. These results indicate that in the view of the interviewees SNE is fairly effective in its work and has established a positive reputation both in Húsavíkurbær municipality and in the region as a whole. It should be noted that two of the interviewees in Húsavíkurbær municipality stressed that Húsavíkurbær municipality enjoys better services than most other communities in the region

(apart from Akureyri), since Húsavíkurbær municipality is the only community that has a local office.

The results above suggest that there is a clear difference in the level of SNE's "visibility" in the two selected communities. It can be argued that the existence of a local SNE office in Húsavíkurbær is likely to be a highly influencing factor in this context.

The perception of the importance of local services

The interviewees were asked to indicate their perception of the importance of local labour market services for their community. In this context it should be reaffirmed that SNE operates a local office in Húsavíkurbær municipality but only has a contracted registration post in Skútustaðahreppur.

The interviewees from Húsavíkurbær municipality were asked to indicate on a scale from one to five how important they believed it was to have access to labour market programs/service in the community, compared to receiving the services from the regional centre. Here the number one stood for "not important at all", while the number five stood for "very important". The interviewees clearly indicated that they perceived the existence of local services as very important, with the average grade being 4.7. The primary argument that the interviewees used to support their grading referred to the basic nature of labour market services. Majority of the interviewees (four out of six) expressed that they believed that services targeted towards the unemployed dealt with affairs of a very personal and often delicate nature. Certain "closeness" between the service provider and the client was, therefore, necessary. In the interviewees' view such closeness should preferably be created with face to face communications. The interviewees also stated that it was important to unemployed individuals to always have an access to the same staff person.

Another argument that the interviewees from Húsavíkurbær used, to express the importance of local services, was the importance of having a local staff person who possessed knowledge of the local economic environment, its recent developments, and had good contacts with local agents. One of the interviewees also mentioned that the existence of a local staff person also provided an important link between the community and the head office in Akureyri. To have a local office, therefore, helped ensuring that the local interests of Húsavíkurbær municipality were considered in decision-making on SNE's specific projects and in the design of its services in general.

The interviewees in Skútustaðahreppur municipality were asked to indicate, on a scale from one to five, their view on the level of need for establishing a SNE office in the community. Here the number one stood for "no need" and the number five stood for "great need".

With the exception of one interviewee, the interviewees chose either the number one or the number two to describe their opinion on the level of need for locally-based services. The average of responses was 2.0. This indicates that the interviewee generally saw fairly limited need for such an addition to SNE's services. The interviewees generally noted that there was simply not sufficient demand for labour market services in the community, since in their opinion the labour market situation was fairly good and the economic situation was generally quite stable. It would, therefore, be very hard to justify the use of public funds to cover the cost of a local SNE office in the Skútustaðahreppur municipality.

The periphery's influence on the design and provision of services

The interviewees were asked if in their opinion stakeholders groups in their community got sufficient opportunities to raise awareness of local issues and express their perspectives/views for SNE's administrators in relation to the design and delivery of SNE's services.

Five out of 12 interviewees were not willing to comment on this issue due to their limited familiarity with SNE's services and the processes associated with the design of the services. With one exception those who contributed to the discussion, or six out of seven, felt that there were sufficient opportunities available and that SNE central office could be regarded as quite

approachable in this context. Majority of the interviewees that responded, however, also indicated that in their experience such sharing of views or “awareness-raising” were very uncommon events. In these interviewees’ view the reason for this originated primarily in the lack of interest and/or initiative among the local stakeholder groups.

It should be noted that one of the interviewees from Skútustaðahreppur municipality pointed out that the lack of initiative among local groups might be associated with the limited visibility of SNE in the community in general; local stakeholder groups would not be likely to take such an initiative if they would hardly be aware of SNE existence.

Two of the interviewees (both from Húsavíkurbær municipality) mentioned that SNE’s advisory committee would be the appropriate formal platform for communication between local stakeholder groups and SNE’s administrators. None of the interviewees from Skútustaðahreppur municipality mentioned the advisory committee in relation to any of the issues discussed during the interviews. Adding to the fact that Skútustaðahreppur municipality is currently not represented in the committee, this might suggest that the advisory committee and its role is not very visible in the community.

The results above once again suggest that SNE is not really considered as an active agent in the local labour market in general. In the case of Skútustaðahreppur municipality, SNE seems not to be known or apparent enough to be considered as an entity that local groups raise ideas or discussions with. In the case of Húsavíkurbær SNE seem to be known but the interviewees’ responses indicate that there is not much interest among local groups to influence the service provision.

SNE’s role in local economic development

The interviewees were asked if they believed labour market services (SNE) had a role in local economic development of their communities and if so, how they would describe this role.

The interviewees from Skútustaðahreppur municipality generally stated that in their experience SNE did not, at the current point in time, have any role in local economic development, neither on a project basis nor in general. However, in this context some of the interviewees also commented that they were not sure if they simply did not know of SNE involvement, due to their limited general familiarity with the operation, or if SNE, in fact, were not at all involved in local economic development. Majority of the interviewees from Skútustaðahreppur, however, stated that in their opinion SNE could have a stronger role in local economic development in the community. Tasks that the interviewees mentioned as an appropriate type of involvement included for example increased information distribution on the characteristics of unemployed people in the community to those organizing economic development projects. Such linkage would aim at ensuring a match between the supply and demand for workers. Systematic effort to facilitate and encourage unemployed people to develop their own business ideas was also mentioned as an example of appropriate input from SNE in this context.

Majority of the interviewees from Húsavíkurbær municipality (four out of six) considered SNE to currently have a role in economic development in their community. With only one exception the interviewees from Húsavíkurbær furthermore saw a need for increased participation of SNE in local economic development initiatives.

When asked what sort of role SNE should have in local economic development the most commonly mentioned type of involvement had to do with information gathering and information distribution. According to this view, SNE should have a strong role in gathering, storing and distributing information on the local labour market situation, which then should be used as the basis for decision-making for local economic development strategies. In this way SNE’s input to economic development efforts should be to provide information on what type of jobs were needed, which groups might call for special attention and what trends or development patterns in the local labour market should be taken into consideration when planning for economic development initiatives.

SNE's role in education and training at the local level

The interviewees were asked if they believed labour market services (SNE) had a role in provision of training and education in their communities and if so, how they would describe this role.

The interviewees from Húsavík municipality generally agreed that SNE currently had a role in the provision of education and training at the local level. They also agreed that this role was an important one and that SNE should strengthen this aspect of its operation. The interviewees provided several arguments for why they regarded this aspect of SNE important. Below is a summary of those arguments:

- SNE should be able to identify what sort of training needs are the most evident in the community through information exchanges with those unemployed. SNE should then share its findings with educational institutes in the community for the purpose of linking those seeking education or training (demand side) and those providing such services (supply side). SNE's role in education should, therefore, be based on close cooperation with educational institutes in the community.
- SNE should focus on the strengthening of its clients. Linking an unemployed individual with opportunities for training or education or supporting the individual to participate in such initiatives would increase the individual's competence and his/her potential of getting a job.
- SNE can help raising the general competence of the community's labour force by actively promoting training opportunities and assisting clients in receiving further education. The community labour force competence is an important factor for economic development in the community since it highly influences what type of job creation can realistically be focused on.

The interviewees from Skútustaðahreppur municipality all agreed that SNE did not currently have any role in the provision of education and training in their community. The interviewees, however, all indicated that SNE should have a role in this context on the local level. Below is a summary of comments that the interviewees in Skútustaðahreppur municipality made in this context:

- Majority of the interviewees mentioned that they thought it would be appropriate that SNE had close cooperation with educational institutes in the region. However, the interviewees did not seem to be aware of that SNE currently had such cooperation relationships in place. One of the interviewees furthermore emphasized that there might be opportunities for cooperation between SNE and the local high school, since the high school possessed excellent teaching facilities as well as qualified staff for example in the field of computer training. The same interviewee also mentioned that such local emphasis would be necessary because people would be reluctant to attend training courses in Húsavíkurbær or Akureyri due to the geographical distance and associated travel costs.
- One of the interviewee emphasized that it was important that the unemployed get offers for training courses as soon as possible after registering. In that way the unemployed could attend a course while looking for job, and hence be able to keep him/her occupied from the beginning of the unemployment period.
- One of the interviewees stressed that SNE should have a stronger role in occupational consulting. Such services should be accessible not only for those unemployed but also for employed people that for example were considering changing their occupation or undertaking further education. This interviewee did not seem to be aware of the fact that SNE currently has such a role, but it could be argued that since services of this sort are mainly provided at the head office in Akureyri they are not likely to be very visible in Skútustaðahreppur municipality.

Perceptions of barriers for improving local labour market situations

The interviewees were asked what they perceived as the key barriers or hindering factors for improving the employment situation in their community?

The responses to this question were quite mixed and in some instances the interviewees chose not to answer. When attempting to categorize the interviewees' responses only few general opinions appeared. Majority of the interviewees, nevertheless mentioned various broadly defined barriers for rural development in general, particularly in the field of business development and job creation efforts. Example of such barriers included the following (see the number of responses in brackets):

- Problems with accessing funding for business development and business start-ups (*mentioned by six interviewees*).
- A lack of governmental support (financial and moral) and a lack of clear state policy in rural development affairs (*mentioned by four interviewees*).

Other more specific comments that were mentioned in this context are listed below. It should, however, be stressed that the commonality of these comments was low (see the number of responses in brackets).

- A lack of suitable job opportunities for people with university education (*mentioned by three interviewees*).
- A lack of initiative, energy and leadership, in the context of economic development, on behalf of municipal governments (*mentioned by three interviewees*).
- A lack of clear economic development strategy for the region as a whole (*mentioned by two interviewees*).
- A lack of entrepreneurial spirit and people with good business or project ideas that can be developed into real jobs (*mentioned by two interviewees*).
- A recession and/or fundamental barriers for progressive development in key industries (*mentioned by two interviewees*).
- Problems related to “structural unemployment”, i.e. a situation when the jobs available do not fit to the characteristics or the needs of those unemployed (*mentioned by one interviewee*).
- Inaccessible labour market services due to a high level of bureaucracy and time consuming processes, both for individuals and employers (*mentioned by one interviewee*).
- A lack of joint initiative and joint strategy for labour market measures on behalf of SNE and its advisory committee in cooperation with local agents (*mentioned by one interviewee*).
- A lack of job or rehabilitation opportunities for “border line” people, i.e. people that seem to have a problem with keeping an employment, have disabilities of some sort or are dealing with long-term unemployed (*mentioned by one interviewees*).

4) Summary

The Icelandic unemployment insurance system

The first Icelandic act, which initiated an unemployment insurance system, was passed by the Icelandic parliament in 1956. Today extensive legislation exists in Iceland covering various labour market issues including the basic principles of the unemployment insurance system and the provision of labour market measures and employment exchange services. The current unemployment system is run by the state through the Ministry of Social Affairs. The system

is financed through a special taxation on employers, the so-called “insurance levy”. This taxation runs to a governmental fund called the Unemployment Insurance Fund (UIF). The Icelandic Directorate of Labour (DL), administers the UIF on behalf of the Ministry and is the key implementation entity for public labour market measures.

Wage-earners and self-employed individuals, in the age from 16 to 70 years old, who are domiciled in Iceland, and who become unemployed have the right to receive unemployment benefits given they are actively seeking employment, are fully capable and willing to work and have worked for a total of at least 10 weeks during the past twelve months in full-time employment (or a proportionally longer period in the case of part time). All unemployed persons receive the same amount of benefits regardless of former income. As of Jan. 2003, the maximum benefits amount is ISK 3,574 per day. The minimum amount is 1/4 of the same sum. The maximum benefit period is five years.

In order to receive unemployment benefits an unemployed person has to register with one of DL’s offices (regional employment exchange offices) or another registration body, which has been approved by DL. The unemployed is furthermore required to draw up an employment search schedule within ten weeks of his/her registration in cooperation with DL.

The Unemployment Insurance Fund pays the amount of regular unemployment benefits to employers in the fish processing industry to cover basic salaries of workers who go temporarily out of work due to a processing shutdown caused by a lack of raw materials. The UIF also pays the employer the equivalent of the employer’s regular contribution to the workers’ pension funds as well as the compulsory insurance levy that is payable to the UIF.

Icelandic labour market measures and services

DL’s main goal is to promote equilibrium between the supply of and demand for labour in Iceland and to provide business enterprises with capable staff. Its official role is also to take care of various other interconnected tasks. These tasks include information gathering and information distribution on the employment situation and its prospects, as well as consultation on job choice and vocational training for the public.

DL, runs eight employment exchange offices that operate in different regions of the country. These offices are generally referred to as the regional employment exchange offices. These offices’ role is to assist employment seekers in their job search and to ensure that unemployed individuals have access to remedial measures, such as education programmes. DL has various specific programs that are offered to clients such as the job visit program and the temporary position program for this purpose. The offices’ role is also to assist employers who seek for information on the labour supply or for assistance with the engagement of staff.

DL’s head quarters in Reykjavík administer financial aspects of the regional offices in cooperation with the office directors in each region. The regional offices do not work under a fixed yearly budget to cover operational expenses and support to clients. However, each year a financial plan for each region is made which is used as a guideline. This plan allows the regional directors to respond to unexpected regional or local labour market problems by, for example, offering a course or special assistance, without approval from the head-quarters in Reykjavík at least if the project is within a certain financial limit in scope.

Three of the regional offices operate one local office, which services a certain part of their area. The regional offices also generally have contracts with local union- or municipal offices in their area. These offices, which commonly are referred to as registration posts, provide DL’s clients with basic services, such as the distribution of various forms and brochures, the reception of forms that have been filled out (e.g. declaration/registration of a continuing unemployment), etc. These offices, however, do not provide DL’s clients with any type of consultation services or act as intermediates between employers and the unemployed.

Parallel to DL’s regional offices, UIF/DL has in place allocation committees that shall determine benefits and the forfeiture of benefits for DL’s clients. After a person has finished the initial registration process, his/her registration papers are reviewed by the allocation

committee and the decision then made known to the regional office in question which then, in the case of the committee's approval, processes the benefit payments.

Also parallel to DL's regional offices, the Minister of Social Affairs appoints an advisory committee for each office. This committee shall be composed of three members representing employers, three union representatives, two municipal representatives, and one representative of secondary schools. The regional office's director shall attend the committee meetings and have the right to make proposals. The role of the advisory committee is to monitor developments in the employment situation in its area and make proposals on labour market measures. The proposals shall be directed to DL's board (HQ in Reykjavík), municipal councils in the area, organizations and enterprises in the area, as appropriate. The committee shall also assist the regional office in implementing measures for the unemployed, e.g. by involving the groups represented on the committee in collaborative efforts.

The area of study

The case study looked specifically at the North East Region in Iceland, with a special focus on Húsavík municipality and Skútustaðahreppur municipality. The North East Region covers three counties, which include several towns as well as quite a few more sparsely populated inland communities. The region encompasses 20 municipalities with a total population of 26,761. Akureyri, the region's service centre and largest town counts for 59% of the region's population with 15,840 residents. Both Húsavíkurbær municipality and Skútustaðahreppur municipality are located in a considerable driving distance from Akureyri.

The population of Húsavíkurbær municipality is 2,484. In 1990-2000 the municipality experienced a population decline of 3%. Meanwhile the population of the region experienced an increase of 1.4%. Skútustaðahreppur municipality has 453 inhabitants, of which approximately 200 live in the village Reykjahlíð, and the rest in various sparsely distributed habitats. In 1990-2000 the population of the municipality declined by 14%.

The economic base of the North East Region, particularly Akureyri and the surrounding area, is relatively diverse, compared to other rural regions in Iceland. This is due to the strong role of Akureyri as a service centre. However, when looking at the region's periphery, most of the local economies are dependant on few industry sectors and commonly also reliant on few employers. This is particularly evident in the coastal communities, such as Húsavíkurbær municipality, where the fisheries and fish processing is the back bone of the local economies. In Skútustaðahreppur municipality, which is an inland community, manufacturing, energy production, farming, tourism and other services are the most important industries.

In 2002 the registered unemployment rate in the North East Region was 2.6%. The rate went slightly up from the previous year. In the last few years the unemployment rate in the region has been similar to the national average and slightly above the average of areas outside the capital region. In 2002 the average registered unemployment rate in the Húsavíkurbær municipality was approximately 2.4%. Women accounted for a considerably higher proportion of those registered unemployed, or for three persons out of every five. The average unemployment rate in Skútustaðahreppur municipality in the year 2002 was approximately 3.5%. Unemployment among men in Skútustaðahreppur does hardly exist. Unemployment in both of the selected communities is a seasonal phenomenon with the unemployment rate considerably higher during the winter than the summer months.

Labour market services in the North East Region – the structure of services

DL runs a regional employment exchange office in Akureyri, which in this report has been referred to as SNE. The office services the whole North East Region. It employs eight people, of which seven are located in the regional office in Akureyri and one is located at a local office in Húsavíkurbær municipality. In addition, SNE has service contracts with eight municipal and union offices in the region (registration posts).

The results of this study show that, in "real practice", majority of SNE staff's time is allocated in services such as supervising basic registration processes, assisting individuals with employment search schedules, and processing benefit payments. Administration of the

unemployment system can, therefore, be regarded as the key task of SNE. SNE also organizes some specific labour market measures. Most of these aim at assisting specific groups that are the most evident among SNE's clients. It should be noted that SNE's approach to organizing labour market projects (e.g. training courses and consultation groups) in different communities is based on the "level of need" which is defined by the number of those registered unemployed. SNE "rule of thumb" states that a project cannot be financially justified unless at least 12 persons can be anticipated to take part in it.

The office in Húsavíkurbær uses the exact same working procedures as the Akureyri office. The Húsavíkurbær office has a very low level of independence since all decisions on services on an individual or a group basis have to be approved by the Akureyri office.

Issues of specific importance for small peripheral communities

Basic unemployment registration services seem to be quite accessible for people all over the North East Region due to the arrangement SNE has with the contracted registration posts. The representatives from the two selected communities confirmed this, generally expressing the view that the SNE's basic services were quite accessible. In the context of other tasks that are part of SNE's role (e.g. consultation on job choice and vocational training) there seem to be a reason to doubt that the different communities within the region have the same access to services. This is partly due to basic challenges associated with geographical distances, since a vast majority of SNE's staff is located at the Akureyri office. It should be noted that DL does not cover travelling expenses of people having to visit the regional office or a registration post located far from their place of residence.

The economics of scale also have a considerable disadvantage effect on the periphery's access to labour market services. SNE's approach to organizing specific labour market projects (e.g. training courses, etc.) as well as general visits to peripheral communities is based on the "level of need" which is defined by the number of people who are registered unemployed. The smaller peripheral communities usually do not have that many unemployed people; hence, if the employment situation in a small community is fairly stable, the community is realistically not likely to receive a lot of attention by SNE.

SNE's reputation, visibility and the issue of promotion

The representatives of the two selected communities were generally not very knowledgeable on the overall nature and range of SNE's services, particularly not the role of the regional office in Akureyri. However, the representatives' responses clearly suggest that there is a clear difference in the level of SNE's visibility in the two selected communities, with SNE enjoying a considerably higher visibility in Húsavíkurbær municipality.

In Skútustaðahreppur municipality the limited visibility of SNE was reaffirmed through discussions on the appropriateness of SNE's service focus and on SNE's reputation in general. The representatives commonly stated that they did not really know SNE well enough to have any opinions on these matters or even stated that SNE's did not have any reputation what so ever in their community due to its anonymity in the community. The representatives from Húsavíkurbær municipality generally saw SNE as fairly effective in its work and having established a positive reputation both in Húsavíkurbær municipality and in the region as a whole. They also put an emphasis on the importance of having an access to a local office.

SNE's director stated that SNE is quite well known throughout the region. However, the director also claimed that increased promotion and the strengthening of SNE's image were needed. The director especially mentioned the need for increased promotional efforts among municipal governments and for "preventive-type" of promotion among specific target groups.

SNE's intra-regional networking and its role in economic development

SNE has fairly extensive cooperation with certain organizations in the region, including some unions, two education centres, and some social services organizations. The cooperation is built on a fairly frequent communication and is, for the most part, informal (i.e. not based on

a written agreement). SNE has, furthermore, specific formal cooperation projects with the region's four largest municipalities and with two education centres.

SNE currently has a very limited cooperation or consultation with the economic development agents in the region. This fact was clearly stated by SNE's staff. SNE's limited involvement in this field was confirmed by the community representatives, who clearly stressed that SNE should have a more active economic development role at the local level.

The SNE staff, who contributed to this study stressed that SNE looks very favourably on increased cooperation and participation in development projects particularly with the municipalities (especially the smaller ones), the economic development organizations, the education and training institutes, and employers associations.

SNE's role in education and training

Based on the Icelandic legislation SNE's role in education is an "indirect" one, since the role is not to actually provide educational programs, but more to distribute information on such programs and to act as an intermediate between those in need for training and those providing it. In the North East Region this role has appeared through cooperation projects between SNE and two continuing education centers as well as in SNE's provision of advice on an individual basis. When SNE initiates a training course as a labour market measure, SNE would therefore usually contract one of the centers to organize and administer the course and the course would usually be held in the educational center's name.

The interviewees from Húsavík municipality generally agreed that SNE currently had a role in the provision of education and training at the local level. They also agreed that this role was an important one and that SNE should strengthen this aspect of its operation. The interviewees from Skútustaðahreppur municipality all agreed that SNE did not currently have any role in the provision of education and training in their community. The interviewees, however, all indicated that SNE should have a role in this context on the local level. It should be noted that the arrangement that SNE has with the two educational centres, which was referred to above, is likely to result in a limited visibility (and a lack of credit) of SNE's actual involvement in educational initiatives. This might be at least part of the reason why some of the community representatives saw a need for stronger involvement of SNE in this field.

Examples of challenges and barriers for improving local labour market situations

When asked about key barriers for improving the local labour market situations, majority of the community representatives mentioned broadly defined barriers for rural development in general, particularly in the field of business development (e.g. a lack of funding, and a lack of state- and local policy for rural development).

In SNE staff's view the basic challenges associated with geographical distances and the economics of scale have a considerable effect on SNE opportunities for providing adequate services in the periphery. The geographical distances, make community visits time-consuming and costly and the small size of many peripheral communities does not allow for specific projects to be arranged there. SNE's staff person in Húsavík municipality also noted that the personal and delicate nature of labour market services poses some challenges. She argued that these challenges are more evident in peripheral communities due to their small size and cultural characteristics. In such circumstances it can be difficult for the service provider to maintain his/her objectivity and to treat every client in standard way.

CHAPTER 4: NORWAY

1) Background information

The Norwegian labour market

The paragraphs below summarize some key facts on the Norwegian labour market.

The number of labour force

In 2002 the Norwegian labour force was estimated to be 2,378 million people in the age between 16 and 74 years of age (The Norwegian Statistical Bureau)⁶⁵.

Activity rate

The activity rate of the labour force the same year was 77.8% in total, 82.3% for men and 73.2% for women (The Norwegian Statistical Bureau)⁶⁶.

Unemployment

According to the Norwegian Statistical Bureau⁶⁷, the unemployment in Norway in 2002 was 3.9%. The rate was 4.9% in 1995, fell to 3.2% in 1998/99, and has since then grown steadily every year to the present level.

Unemployment and gender

The unemployment rate for men in 2002 was 4.1%. The corresponding rate for women was 3.6% (The Norwegian Statistical Bureau)⁶⁸.

Seasonal unemployment

Figure 16 below shows that there are seasonal fluctuations in the level of unemployment in Norway. It has been especially pronounced since 1998, when the unemployment level has been relatively low. According to the figure below, the unemployment for men seems to be highest in the first three months of the year and lowest in the summer months, while the opposite is the case for the female part of the labour force.

⁶⁵ Available on the website: <http://www.ssb.no/>

⁶⁶ Available on the website: <http://www.ssb.no/>

⁶⁷ Available on the website: <http://www.ssb.no/>

⁶⁸ Available on the website: <http://www.ssb.no/>

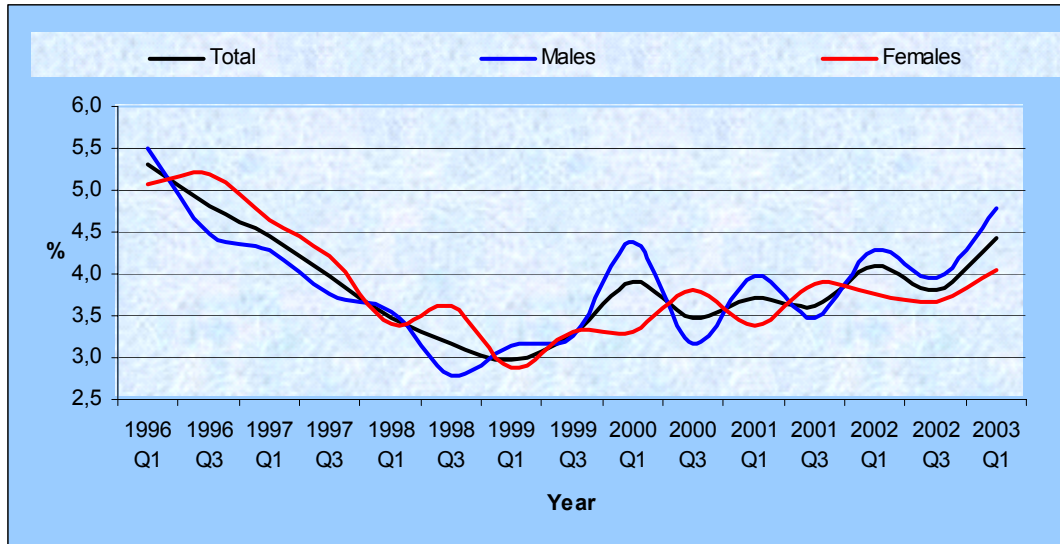


Figure 16 Seasonal unemployment in Norway from 1996 to 2003. Source: The Norwegian Statistical Bureau⁶⁹.

Unemployment among young people

According to Figure 17 the unemployment level among young people in Norway seems to be fairly high compared to the unemployment level of the rest of the population. Figure 17 also shows large fluctuations in unemployment percentages for this age group in the period from 1995 to 2002. Like the unemployment rate for the labour force as a whole, the lowest level of unemployment for the age group from 16 to 24 years old was in 1998 (just over 9%). Since then the unemployment rate has increased to 11.5% (2002). In the last two years the unemployment rate among young men has experienced a considerably sharper increase than the corresponding rate for young females.

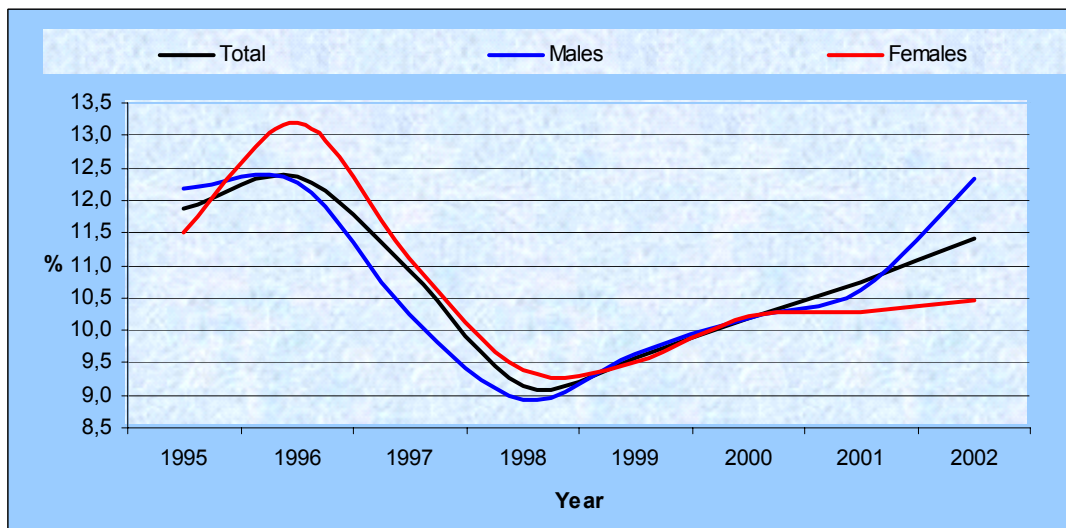


Figure 17 Unemployment among young people in Norway 16-24 years of age 1995-2002. Source: The Norwegian Statistical Bureau⁷⁰

⁶⁹ Available on the website: <http://www.ssb.no/>

⁷⁰ Available on the website: <http://www.ssb.no/>

The Norwegian unemployment insurance system

Legislation

Norway has a strong tradition for public services and support for the unemployed. The first public employment office opened in the year 1897 and an act on employment exchange services and public contributions to an unemployment benefit fund was passed in 1906. In the year 1938 a new act was passed introducing compulsory unemployment insurance system (Lov om obligatorisk arbeidsledighetstrygd).

The most important laws presently regulating the Norwegian unemployment insurance system are the following:

- The employment act, 1947-06-27 nr. 09, relating to measures to promote employment (Lov om tiltak til å fremme sysselsetting)⁷¹.
- The social insurance act, 1997-02-28 nr. 19 (Lov om folketrygd - Folketrygdloven)⁷².
- Changes to the social insurance act and few other laws, 2000-06-30 nr. 57 (Lov om endringer i lov 28. februar 1997 nr. 19 om folketrygd og i enkelte andre lover)⁷³.

The unemployment system – nature of the system

Today the Norwegian workforce is insured against unemployment through the social insurance act (folketrygdloven). The unemployment insurance system is, therefore, part of the National social insurance system. Participation in the National social insurance system (including the unemployment insurance system) is compulsory and the system is financed by contributions from employees, self-employed persons and other members, employers' contributions and contributions from the state. Contribution rates and state grants are decided by the Parliament each year.

According to Anne C. Bisgaard, Deputy Director at the Public Employment Office, it is estimated that approximately 5% of the total payments into the social insurance system in 2003 will be paid out as unemployment benefit in the same year⁷⁴.

In Norway there is one unemployment insurance system for the workforce as a whole. A state run agency, the Public Employment Office (“Arbeidsdirektoratet - Aetat”), is responsible for administering the system. In a nutshell, this public agency, which generally is referred to as Aetat, is responsible for providing guidance to clients, gathering applications for unemployment benefits, and for processing the unemployment benefit payments.

Aetat's tasks and the goal of public labour market measures

Aetat has a broader role than just gathering and processing unemployment insurance benefits applications. According to the Employment Act (1947-06-27 nr. 09⁷⁵), Aetat is to closely monitor the development of the employment situation in the country, aim at creating even and sufficient/adequate employment opportunities and at the same time advice the Department (Ministry of Ministry of Labour and Government Administration) on cases associated with employment and unemployment issues. According to the Employment Act, Aetat has six key tasks or major fields of emphasis. These are the following:

- a. To collect information on employment, unemployment and employment opportunities. Seek to explain the reasons for fluctuations in employment and regularly present surveys/reviews of employment and unemployment levels.
- b. To work to optimise the cooperation between governmental institutions, counties (Fylkeskommuner⁷⁶) and municipalities concerning the elaboration of detailed plans for optimising

⁷¹ Available in Norwegian on the website: <http://www.lovdatab.no/> ISBN: 82-504-1072-6

⁷² Available in Norwegian on the website: <http://www.lovdatab.no/>

⁷³ Available in Norwegian on the website: <http://www.lovdatab.no/>

⁷⁴ Anne C. Bisgaard Deputy Director, Electronic mail, October 24, 2002.

⁷⁵ Available in Norwegian on the website: <http://www.lovdatab.no/> ISBN: 82-504-1072-6

⁷⁶ A “fylke” or “fylkes-kommune” is a larger administrative region/entity.

employment through labour market measures, which can be implemented in short notice. Aetat is to collect and keep an overview over these plans as well as keep good contact with private entities that are involved in and can be regarded likely to influence labour market situations.

- c. To work to implement specific labour market measures such as employment projects/plans (“arbejdstitak”) in times of unemployment and to delay these measures in times of labour scarcity, given that such postponements do no damage to the specific project/plan in question.
- d. To create initiatives that seek to limit unemployment or improve the position of the unemployed, including measures for organized and rational economic development, and coordination of initiatives with a focus in this field.
- e. To lead and facilitate employment exchanges (“arbejdsformidling”) with a focus on providing appropriate employment and appropriate employment assistance to all.
- f. To provide job counseling (“yrkesrettleiing”) with a focus on providing young people and others assistance when selecting jobs, educating themselves for the chosen jobs, and find their place on the labour market. Furthermore, Aetat shall coordinate and link their job counseling services to other public services that might be of relevance in this context.

Key aspects of the unemployment system

Below is a summary-description of the key aspect of the Norwegian unemployment insurance system.

The right to receive benefits: People who are covered by the Social insurance act (folketrygdeloven) and fulfil the following criteria:

- To have experienced employment time reduction by at least 50%
- To be under 67 years old
- To reside in Norway, unless an arrangement is reached with the Department.
- To have received a certain minimum income either as an employee or as a self-employed worker in previous years. Either a person’s minimum earnings during the previous 12 months have to exceed a certain minimum amount that corresponds to the social insurance act’s guidelines on minimum amounts, or his/her average income for each of the last three years has to correspond to the Social insurance Act’s guidelines on minimum amounts⁷⁷.

In addition to the situations described above, the unemployed has to fulfil the requirements for being regarded as “active employment seeker” (reel arbeidssøger) to be entitled to unemployment insurance benefits. A person qualifies as such if he/she is able/bodied to work and willing to commit to the following:

- To accept any job that is paid for according to generally agreeable or standard wage schemes, no matter whether it is within his/her field of work or not
- To accept employment at any geographical location in Norway
- To accept any employment no matter whether it is part- or full time employment and no matter whether it is a temporary or permanent position
- To provide/earn an income by self-employment for example by developing a business of his/her own (“selvstendig næringsvirksomhed”).
- To actively engage in any specific measures organized by Aetat (“arbejdsmarkedstitak”)

Some exceptions are made to the rules for “active employment seeking”. In the context of the requirements for geographical mobility, age is taken into consideration as well as serious social considerations concerning health, care of small children or elderly people who are close relatives and that are in the need of care.

Finally to be entitled to unemployment insurance benefits, the unemployment must not be self-inflicted, so that:

- The unemployed has him-/herself left his/her previous job
- The unemployed him-/herself directly or indirectly has caused the unemployment

⁷⁷ The social insurance act’s minimum amount changes first of May every year, but by the first of May 2002, the amount was 54,170 NOK. The minimum amount to qualify for unemployment insurance is 1,5 times the minimum amount, or currently 81,255 NOK.

In case the unemployment is self inflicted in some way, normally the waiting period for receiving benefits is eight weeks. Before these eight weeks start the unemployed has to be registered at Aetat and has to send in the registration card every two weeks, just like he/she would have to if he/she was receiving benefit payments.

Those who do not qualify for benefits. Those who do not fulfil the requirements mentioned in the section above do not qualify for unemployment insurance benefits and therefore have to turn to other public agencies for assistance.

Registration: An unemployed person who wishes to receive unemployment insurance benefits has to fill out a form and deliver it to a local Aetat office in order to apply for the benefits.

The benefit amount: The amount of the unemployment insurance benefit payments is based on the income the unemployed has received during the last three years prior to his/her application for unemployment insurance benefits and amounts to app. 66% of the clients average income during the previous three years.

The maximum amount the unemployment insurance benefit payments can be calculated from (i.e. maximum average earnings) is six times the minimum amount presented in the Social Insurance Act (Folketrygdeloven). Currently this amount is 325.000 NOK (First of May 2002).

The unemployed will receive 2.4 NOK per day for every thousand NOK of the average wage the client had during the previous three years. As a maximum the unemployed can receive 17,008 NOK per month. If he/she is in care of children under 18 years of age, then it is possible to get a supplement of 17 NOK per child per day, five days a week. In case both parents are receiving unemployment insurance benefits, the child supplement is only paid out to one parent.

The benefit period: The maximum benefit period was recently reduced from three years to two years (at January 01, 2003). The maximum length of time any one person can receive unemployment benefits is, therefore, now three years. The reasons given for changing the period were that studies/experience had shown that the longer the unemployment period, the harder it is for the unemployed to find work. Furthermore, it was argued that people had a more relaxed attitude towards finding jobs as they were sure of having the unemployment benefits for three years. The decision makers, therefore, argued that by reducing the period the likelihood of the unemployed finding work within a two year period increased. One further incentive behind the decision was to reduce public spending.

In principle, the unemployed can only receive unemployment insurance benefits for two years (or 104 weeks) in a row, but it actually depends on the income level. In case your wage level is high, the maximum period you can receive unemployment benefits is 4 years. In this case, the unemployed will have to reapply for benefits when the first 2 year period has expired. In the new application he/she will have to fulfil the same requirements that were posed the first time, which means a minimum of earnings during the last year that amounts to 81.255 NOK. The benefit amount will also be calculated on the basis of the income during the previous three years, which means the previous two years of unemployment insurance benefits and the third year where the client had income stemming from employment. Except from those with the highest wages, at some point during the secondary two years the earned income during the last 12 months will drop below the 81.255 NOK required to qualify for receiving unemployment insurance benefits and the client will at this time be transferred to the social insurance system and be paid according to its guidelines.

Special provisions for workers made temporarily redundant. People who work in the fishing industry, and become temporarily redundant (temporarily unemployed), have to go through the same procedures as people in other professions who loose their job. Temporarily redundant workers have the right to receive unemployment insurance benefits for 26 weeks during an 18 months period. Every worker made temporarily redundant has at least five "waiting days" in the beginning of the period, where he/she is not entitled to economic compensation for lost work. Unemployment insurance benefits are not paid to workers made redundant in the period Dec. 20 – Jan. 01 and in the period between Palm Sunday⁷⁸ up to and including Easter Monday, except if the temporary redundancy period lasted for more than six weeks. Employees made temporarily redundant will only be compensated with unemployment insurance benefit payments for full days of unemployment.

⁷⁸ The Sunday before Easter

Normally, when a firm in the fishing industry experience a slack period, a local Aetat office gets informed about the coming redundancies. A staff person of the local office would then visits the firm in question where a meeting is held for the purpose of informing the employees of the procedures when applying for unemployment insurance benefits. The Aetat staff person would also distribute the required forms and other information material concerning the rights of the unemployed and the procedures associated with qualifying for and receiving unemployment insurance benefits.

If there are more than four weeks of work in between two temporary redundancy periods for employees in other industries than the fisheries, then the employee has to apply for unemployment insurance benefits again. For people employed in the fisheries, the work period in between two temporary redundant periods has to exceed 26 weeks before the employee has to re-apply for unemployment insurance benefits. If a new application is required the criterion for five waiting days will also apply again.

Measures taken if the rules are not followed: Circumstances that normally cause the unemployed to loose the right to unemployment insurance benefit payments for a period of eight weeks are if he/she:

- Without any reasonable cause refuses to look for or accept employment offered to him/her by Aetat or employers anywhere in the country
- Without any reasonable cause refuses to engage in offers made to him/her by Aetat or drops out of such an engagement without reasonable cause
- Without any reasonable cause refuses to or just does not show for an appointment he/she has been summoned to with Aetat. Medical reasons for not being able to show have to be documented by a medical certificate
- Neglects to or does not try to find paid employment or to provide an income from self-employment

In case one of the situations mentioned above arises twice in 12 months, the period where the unemployed loses the unemployment insurance benefit payments will be extended by 4 weeks to 12 weeks altogether. In case it happens three times in 12 months the period without payments will be prolonged to 26 weeks.

The Norwegian labour market measures and services

The organizational structure of the Norwegian Public Employment Office (Aetat)

Aetat can be said to have four administrative levels.

- **The national level**, which is administered from Oslo (Aetat Arbeidsdirektoratet og Aetat hovedkontor)
- **The regional/county level (“fylkes level”)**: Each of the counties/regions has one regional head office, usually located in the county’s official administrative centre.
- **The sub-regional level**: This level includes offices that service a certain local municipality but also provide assistance to local offices located in neighbouring municipalities. The nature of this assistance varies considerably e.g. depending on the geographical distance to neighbouring offices. In some cases the sub-regional level does not apply and local offices adhere directly under the regional office.
- **The local level**: The nature of the areas that the local offices have to cover vary a great deal from office to office. However, usually these offices do concentrate on one or two municipalities.

The role and tasks of the Aetat’s local offices

The local offices of Aetat are responsible for the everyday communications with Aetat’s clients including the unemployed as well as employers. Furthermore, the local offices are to provide the public with an easy access to various sorts of equipment that can assist them in their job search. This equipment includes access to a computer and the Internet, a photocopying machine, a fax machine and a telephone. By offering Internet access, the local Aetat offices can link their clients to Aetat’s central web services, including a country-wide information source for jobs available and on people currently looking for jobs (CV data base).

The most evident role of Aetat local offices is registration of the unemployed. The local offices are, therefore, the place where people from a certain area would go to apply for unemployment insurance benefits in case they for some reason loose their job.

The local offices also provide written and oral information to people about how to act in situations of unemployment. They provide the unemployed with information on the range of services and specific measures Aetat can offer as well as with guidance on how to move on in the process of finding a job. In the case of long term employment (permanent redundancies), Aetat's staff has regular meetings with the unemployed individual where an "action plan" for each client is worked out, including preferences and wishes made by the client and measures that Aetat can offer the client such as schooling and courses. The "action plan" is then updated on a regular basis to match the wishes of the client and the actual labour market situation.

Aetat's services and measures offered to the unemployed

In addition to managing unemployment registration and the processing of unemployment benefits application, the local Aetat offices offer various other services and specific measures to the unemployed. Key aspect of these services are listed below:

- **Labour market rehabilitation ("Yrkesrettet Attføring"):** Clients/people that get an offer of Labour market rehabilitation are people who because of health problems have difficulties in keeping or finding a job. Labour market rehabilitation is a programme that offers the clients schooling and work experience that aims at helping them either to keep a job or to get a job. Before the client/person gets the offer from Aetat, estimation is made, in cooperation between Aetat and the client, on whether it is possible to provide the client with a job through normal employment exchange service. In case regular employment service is not regarded to be likely to provide the client with employment, a plan is made for the Labour market rehabilitation by Aetat and the client jointly. The plan is to include:
 - Schooling: courses, re-education and education and/or
 - Work experience: help to try out different job positions in practice

To qualify for a full access to the Labour market rehabilitation programme a person has to:

- be between 19 and 67 years of age
- live in Norway
- have lived in Norway for the previous three years (there are some exception from this rule)
- have a permanent disability that reduces his/her ability to work or one which considerably reduces his/her possibilities to choose profession/work place because of health problems in connection with his/her disability.

People who go through the programme can get special allowance ("attføringspengar") to cover expenses to sustain a livelihood and which cover expenses such as reduced or absent economic income. It is also possible to get a special financial support ("attføringsstønad") to cover certain extra expenses such as:

- job training
 - educational material
 - daily travel expenses
 - travel expenses between home and educational/training facilities
 - moving in connection with schooling or job training
 - childcare
 - "fadder/praktisk hjelp"
 - housing expenses (rent)
- **The salary grant programme ("lønnstilskudd"):** According to the information on Aetat's website⁷⁹, the salary grant programme is designed to integrate disability pensioners ("uføre pensionister") back onto the labour market. The project allows employers to be compensated for hiring people from this group, thereby receiving an economic subsidy from Aetat corresponding to

⁷⁹ See <http://www.aetat.no>

a maximum of 50% of the total wages paid to the person in question during a three year period. To achieve such a salary grant there has to be a high probability that the client will have continued employment with the company/workplace after the grant period has passed. The size of the salary grant and the time period it is given for varies according to the need of each client. The salary grant is meant to compensate the employer for the reduced productivity of the new employee during the first period of employment. As a precondition for the employer to receive a salary grant, the position the client is to fill must be a regular permanent job position.

- **The supported employment programme:** This programme is a labour market measure aiming at helping vocationally disabled job seekers (“yrkeshemmede”)⁸⁰ to obtain and keep jobs in ordinary working life. The services from Aetat include that an Aetat staff-person assists the disabled person in one or more of the following ways:
 - By assessing the person’s skills, resources and interests in relation to the requirements of working life
 - By providing guidance and training which relate to various aspects of the place of work, covering both social and occupational situations. Help is also given in connection to job search and job interviews
 - by establishing contact to employers and finding a job that matches the wishes and qualifications of the person in question
 - by choosing and adapting the workplace according to each person’s needs
 - by providing training or schooling in connection with the specific job the each person gets (a service that benefits the employer as well)
 - by making arrangements concerning any technological aids and appliances if the clients handicap requires such (a service that benefits the employer as well)
 - to get all conditions of employment and payments settled with the employer

If employers choose to hire a vocationally disabled person, Aetat will offer the employer some services as well. These include:

- A test period where the employer is able to find out, whether the person functions in the job
 - Guidance and follow up during the three first years of employment
- **Unemployment benefits when starting your own company (entrepreneurship support):** In case an unemployed person on unemployment insurance benefits wishes to start a new business, he/she has the opportunity to apply to Aetat for permission to keep the unemployment insurance benefit payments for a period of up to six months, while he/she works on getting the business started and for another three months after the business has started operating. In this six or nine months period, the unemployed person will receive unemployment insurance benefit payments, but will be exempt from all other obligations that are usually compulsory in connection with receiving unemployment insurance benefits.
 - **Young people:** Young people typically between 16-18 years of age who are dropping out of school can via Aetat get into job training. In cases like this, the young person gets a job and gets paid part of the wage from the employer and part of the wage from Aetat. The condition for this arrangement is that the youngster agrees to stay in school part-time. Aetats intention with this arrangement is to keep the young people in school and connected to the educational system in the hope that after a break from school and with some experience from working life, the youngster will return to school full time and finish his/her education.
 - **Grants towards travel expenses:** People registered as unemployed can apply to Aetat for travel grants towards expenses in relation with a job interview in case it requires travelling. Also, clients can apply to Aetat for getting grants towards the expenses of moving – whether the moving includes just one person or a whole family – to another town in connection with the acceptance of a job offer from an employer in another town than the one, where the client lives with his/her family.
 - **Other offers:** Other programs/services that Aetat offers to their clients include e.g. a service called “APS” (Arbeidspraksis), ASV (Arbeidspraksis I Skjærmet Virksomhet) and VTA (Varigt Tiltrettelagt Arbeide). These services are all aimed at trying to get people with different levels of

⁸⁰ Referring to people with learning disabilities, psychological difficulties, blind/deaf/etc., socially and physically handicapped.

disability, where the disability has caused a loss of job or has forced the person in question to leave his/her previous job, back on the labour market but to different job positions. In some cases these programmes aim at giving people, who are not able to keep regular employment, a place where they can function and have a position and where they can meet other people as well. The intention of these programmes is to provide jobs to people with various disabilities where the particular job is constructed to fit the individuals ability to work and thereby diminish some of the social and psychological disadvantages that various studies have shown are often connected to being unemployed.

Procedures and rights when applying for Aetat services

In order to receive unemployment insurance benefits, given that the person in question qualifies for such benefits, the unemployed has to register at the Aetat office under which jurisdiction he/she resides. When visiting an Aetat office for registration, information is given to the unemployed as to his/her rights, the services of Aetat and how he/she is to act and what is expected of him/her in return for the unemployment insurance benefits. During the first meeting, the Aetat employee will also check Aetat's computer data base, whether there is any job listed that matches the qualifications of the unemployed client in question. If this is not the case, the Aetat employee assists the unemployed to fill in the applications for unemployment insurance benefits. The unemployed signs a paper where he/she agrees to that Aetat is free to give out his/her contact information to any employers that might be looking for employees. The unemployed also has to agree that his/her CV is handed out to any employers that might be interested in getting him/her to work for them.

When the client is registered as unemployed, he/she will receive a registration card by mail every two weeks that has to be filled in and returned to Aetat. The normal waiting period, stretching from the day the unemployed registers to the first day he/she has the right to payments, is 5 days. It is now possible to send in the registration card via the internet.

According to Aetat's regulations, the next meeting between Aetat and the unemployed is to take place after approximately three months of unemployment, or when Aetat requests the unemployed to come in for a meeting. This meeting is again used to check whether there are any job offers that match the qualifications of the unemployed, the unemployed is asked whether he/she has any wishes on participation in specific measures (e.g. projects or plans such as schooling or courses, etc.)

Aetat's services and offers to employers

Aetat also provides some services to employers. The two key aspects of these services are listed below:

- **Services associated with temporary redundancies:** In Finnmark region these services especially apply to the fishing industry. In case such a situation arises where 10 people or more either get made redundant or temporary redundant, an Aetat staff person will pay the businesses in question a visit in order to hold a meeting where they inform the unemployed about the procedures and services from Aetat in situations like this. If temporary redundancies are frequent in a business, Aetat staff does not visit the business every time, but if there are 6 months or more between the redundancies Aetat staff will be there every time.
- **Jobmatching:** Aetat assist employers in searching for employees. In case an employer has a need for filling vacant positions in his/her business, the employer can contact Aetat and submit a request, including the skill criteria needed for the particular job/s. Aetat then provides the employer with a list of people that hold the qualifications he/she requires. In case the employer does not know the people on the list he can then ask the Aetat staff to provide him/her with the persons' CVs. The employer then contacts the people he/she is interested in. the employer is supposed to report back to Aetat, how the contact went and whether he/she did employ anyone or not. Aetat then sends a note to the all the persons who were included on the list, informing them that they have been taken into consideration.

2) Presentation of the area of study

The Finnmark Region

This case study focuses on one particular Norwegian region and furthermore puts a special emphasis on two selected communities within it. Below are some key facts on the region in question.

Location

The Finnmark region (Finnmark fylkes-kommune) accounts for Norway's most Northern and most Eastern part. The region has a county status and is Norway's largest and most sparsely populated county. The total land area of the region is 48,637 square km⁸¹. The landscape is characterized by fjords that reach deep into the land; by many small islands and rocky highlands and by arctic flora and fauna (see figure Figure 18). The Finnmark region is located in a large driving distance from the Norwegian capital, i.e. Oslo, or well over 2000 km, at least if we look at the Eastern part of the region. The driving distance to the city of Tromsø in Troms region, which could be regarded as the closest major urban centre, is between 400-1000 km, depending on which community in the region is referred to.

Habitat patterns

The region includes several coastal towns as well as quite a few more sparsely populated inland communities. The region encompasses 19 municipalities altogether. The region is quite multicultural on a Scandinavian scale. The Sami culture is strong in the inland communities, and Finnish and Russian influences are also quite evident, particularly in the Eastern part of the region⁸².

Population

The total population of the Finnmark region is 73,514. The largest town is the town of Alta with 17,359 residents. Alta, along with the town of Hammerfest (the second largest) and the municipality of Sør-Varanger (the third largest), count for approximately half of the region's population (49.2%). The town of Vadsø is the fourth largest town with 6,122 inhabitants. Vadsø is the official administrative centre of the region. Several governmental offices (state and county level) are located in the town.⁸³ The region has experienced a considerable out-migration in recent years resulting in a population decline. In the period of 1993-2003 the total population of the region declined by 3.5%⁸⁴.

Economic base

Various services particularly at the municipal level count for the largest proportion of Finnmark's labour force. The fisheries, however, can be regarded as the backbone of the local economies of Finnmark's coastal towns, both in the traditional sense and at the current point in time. Most of the coastal towns are also reliant on few key employers within the fishing industry. When looking at the region as a whole there has been a considerable reduction in the number of jobs in the fishing and fish processing industry as well as in the number of fishing vessels in the last 10-20 years. This is due to technology advancements and various measures that have aimed at improving efficiency.⁸⁵

Agriculture is another important industry, especially in the inland communities. The reindeer herding is the largest branch within agriculture and closely tied to the Sami culture. Several

⁸¹ Statistics Norway. 2003. Data available on SN's web site at <http://www.ssb.no/aarbok/tab/t-010101-022.html>

⁸² Finnmark Fylkes-kommune [official web site]. 2003. [Finnmarksfakta](http://www.finnmark-f.kommune.no/), information available at <http://www.finnmark-f.kommune.no/>.

⁸³ Statistics Norway. 2003. Jan. 2003 data, SN's web site at <http://www.ssb.no/folkemengde/tab-2003-03-17-02.html>.

⁸⁴ Statistics Norway. 2003. SN's web site at http://www.ssb.no/kommuner/hoyre_side.cgi?region=2028.

⁸⁵ Finnmark Fylkes-kommune]. 2003. [Finnmarksfakta](http://www.finnmark-f.kommune.no/), information available at <http://www.finnmark-f.kommune.no/>.

other industries have been growing in the last few years in Finnmark region, including the oil and gas industry, aquaculture, and the tourism industry.⁸⁶

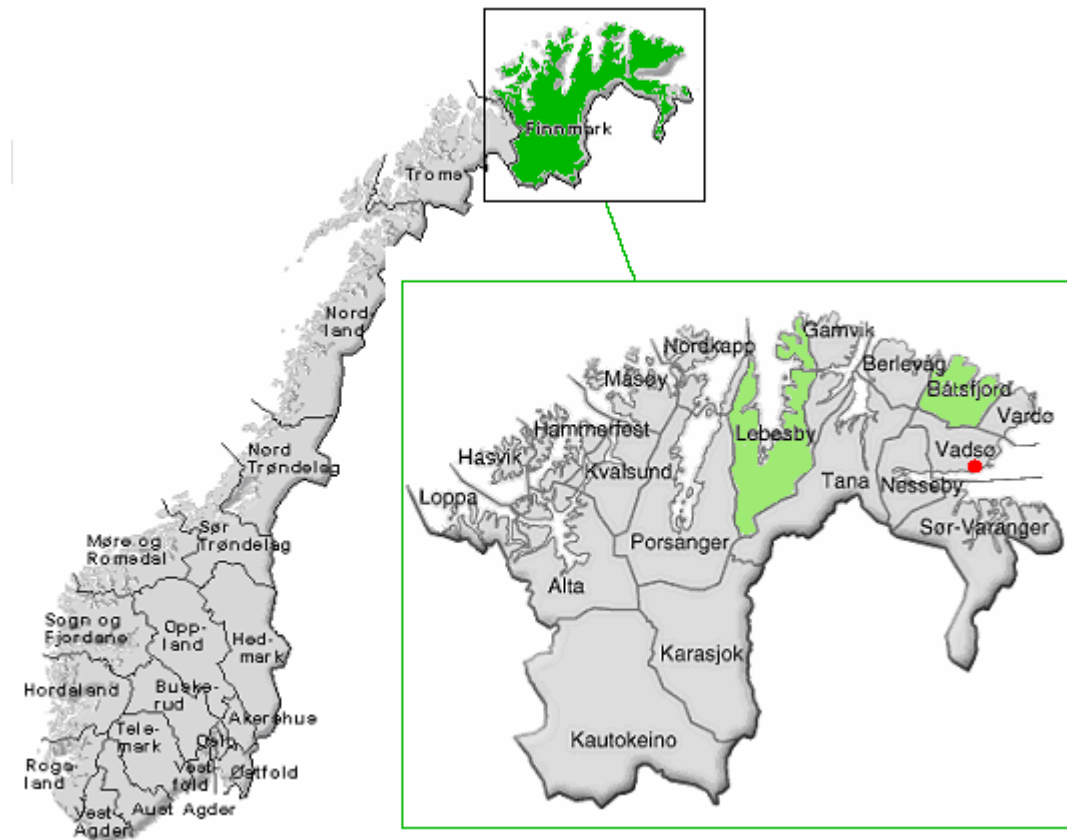


Figure 18: A map of Norway and the Finnmark region that shows the location of the two selected municipalities, i.e. Båtsfjord and Lebesby (light green areas), as well as the location of Vadsø, the regional centre (a red dot).

The labour market situation

In 2002 Finnmark's labour force was estimated at 37,987 persons⁸⁷. This accounts for 1.6% of Norway's total labour force. According to the Aetat-Finnmark the registered unemployment rate in Finnmark region was 5.1% in the year 2002⁸⁸ or 1,944 persons on average. The unemployment rate has been slightly growing in the last few years (see Table 2). In the period from 1998 to 2002 the registered unemployment in the Finnmark region somewhat higher than the national average.

⁸⁶ Finnmark Fylkes-kommune. 2003. *Finnmarksfakta*, information available at <http://www.finnmark-f.kommune.no/>.

⁸⁷ Aetat-Finnmark. 2003. An unpublished data report prepared by Aetat-Finnmark's staff.

⁸⁸ Aetat-Finnmark. 2003. An unpublished data report prepared by Aetat-Finnmark's staff.

	2002	2001	2000	1999	1998
Norway's total labour force	2,362,505	2,350,937	2,331,645	2,318,262	2,294,656
Finmark's total labour force	37,987	38,361	38,695	39,185	39,703
Norway's unemployment rate	3.2%	2.7%	2.7%	2.6%	2.4%
Finmark's unemployment rate	5.1%	4.8%	4.9%	4.8%	4.5%

Table 2: Number of labour force and registered unemployment rates, in Norway as a whole and Finnmark Region, in the 1998-2002 period⁸⁹.

For the last year and a half Aetat-Finnmark has collected unemployment statistics by gender. In the year 2002, 651 women (3.72% of the all women in the labour force) and 1293 men (6.31% of all men in the labour force) were registered unemployed on average⁹⁰. As seen by these numbers the unemployment rate is considerably higher among men than among women. Figure 19 shows the number of men, who were registered unemployed in the year 2002 and the corresponding number for women.

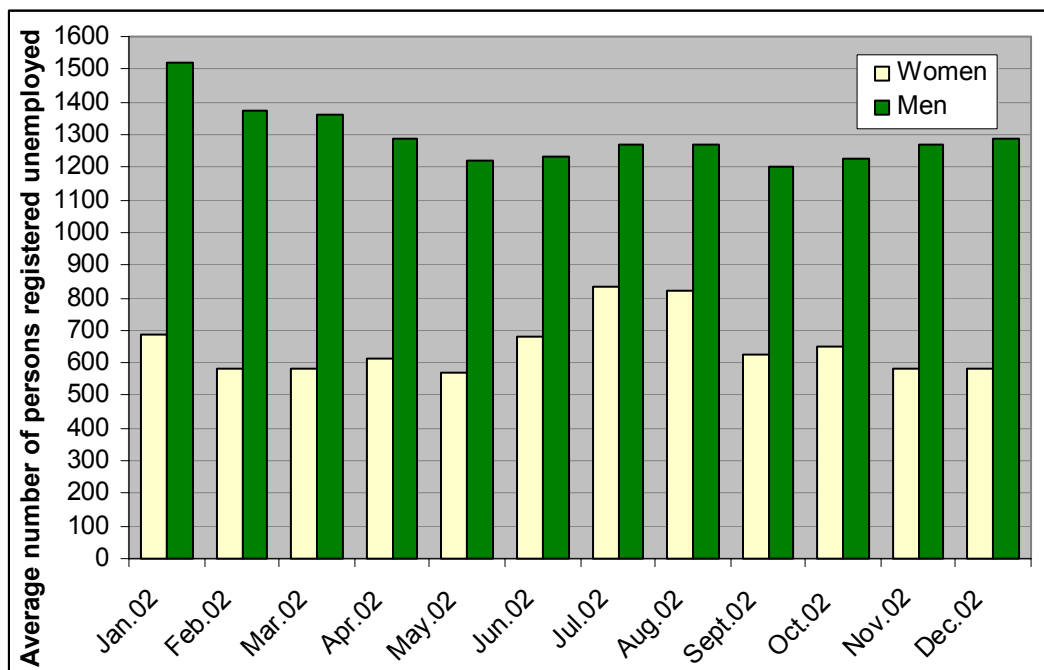


Figure 19: Number of men and women who were registered unemployed in each month of the year 2002 in Finnmark Region.

Båtsfjord municipality

Location

Båtsfjord municipality is located on the North East coast of Finnmark region, on the north side of the Varanger Peninsula (see Figure 18). The municipality is 1431 square km. altogether, but the municipality's habitats are condensed in the town of Båtsfjord. Båtsfjord municipality is quite isolated. The road that connects the municipality to other transportation routes on land (106 km. in length) runs through one of Norway's highest mountain pass

⁸⁹ Aetat-Finnmark. 2003. An unpublished data report prepared by Aetat-Finnmark's staff.

⁹⁰ Aetat-Finnmark. 2003. An unpublished data report prepared by Aetat-Finnmark's staff.

(Ordofjell, 400 m above sea level). The driving distance from Båtsfjord to Vadsø (the official regional centre) is 173 km., and the driving distance to Alta (the region's largest town is 536 km.

Population

The population of Båtsfjord municipality is 2,404⁹¹. The municipality's population development has not followed the same path as in the region as a whole. The population of the municipality has grown slightly in the last ten years or by 1.4% while the population of Finnmark region as a whole experienced a decline of 3.5%⁹².

Economic base

The main industries in Båtsfjord municipality are fishing and fish processing but also different service industries, both public and private. Båtsfjord has an ice-free harbour with advanced facilities, which is centrally located with respect to the Barents Sea. The municipality is one of Norway's largest fishing communities in terms of landed quantities and export value. Currently four fishing and fish processing businesses operate in the town and those businesses as well as the harbour facilities can be regarded as modern in an international context.

Båtsfjord municipality has its own junior college (gymnasium), as well as a quasi-private institute that focuses on adult education, capacity building for individuals and businesses, and economic development (Båtsfjord Opplæringsenter AS- BOAS). Båtsfjord Service is another important player in employment creation in the municipality. Båtsfjord Service is a not-for-profit business focusing on creating unemployment for specific community groups ("arbejdsmarkedsbedrift"). Finally Aetat operates a local office in the town of Båtsfjord, which services Båtsfjord municipality.

The labour market situation

In 2002 Båtsfjord's labour force was estimated at 1,409 persons⁹³. According to the Aetat-Finnmark, the registered unemployment rate in Båtsfjord municipality was 5.4% in the year 2002, or 76 persons on average⁹⁴. The unemployment rate has grown considerably in the last few years (see Table 3). For the past three years the registered unemployment in the Båtsfjord municipality has been similar to the regional average.

	2002	2001	2000	1999	1998
Båtsfjord's total labour force	1,409	1,434	1,435	1,436	1,470
Finnmark's total labour force	37,987	38,361	38,695	39,185	39,703
Båtsfjord's unemployment rate	5.4%	4.9%	4.5%	3.4%	2.4%
Finnmark's unemployment rate	5.1%	4.8%	4.9%	4.8%	4.5%

Table 3: Number of labour force and registered unemployment rates, in Båtsfjord municipality and Finnmark Region, in the 1998-2002 period⁹⁵.

For the last year and a half Aetat-Finnmark has collected unemployment statistics, for the municipal level, by gender. In the year 2002, 31 women (4.7% of the all women in the labour force) and 46 men (6.0% of all men in the labour force) were registered unemployed on

⁹¹ Statistics Norway. 2003. Jan. 2003 data, available on SN's web site at <http://www.ssb.no/folkemengde/tab-2003-03-17-23.html>

⁹² Statistics Norway. 2003. Data available on SN's web site at http://www.ssb.no/kommuner/hoyre_side.cgi?region=2028.

⁹³ Aetat-Finnmark. 2003. An unpublished data report prepared by Aetat-Finnmark's staff.

⁹⁴ Aetat-Finnmark. 2003. An unpublished data report prepared by Aetat-Finnmark's staff.

⁹⁵ Aetat-Finnmark. 2003. An unpublished data report prepared by Aetat-Finnmark's staff.

average⁹⁶. As seen by these numbers, men accounted for a somewhat higher proportion of the unemployed in Båtsfjord municipality when looking at the year as a whole. However, the unemployment figures for both men and women fluctuated quite a bit in the year 2002 as can be seen in Figure 20.

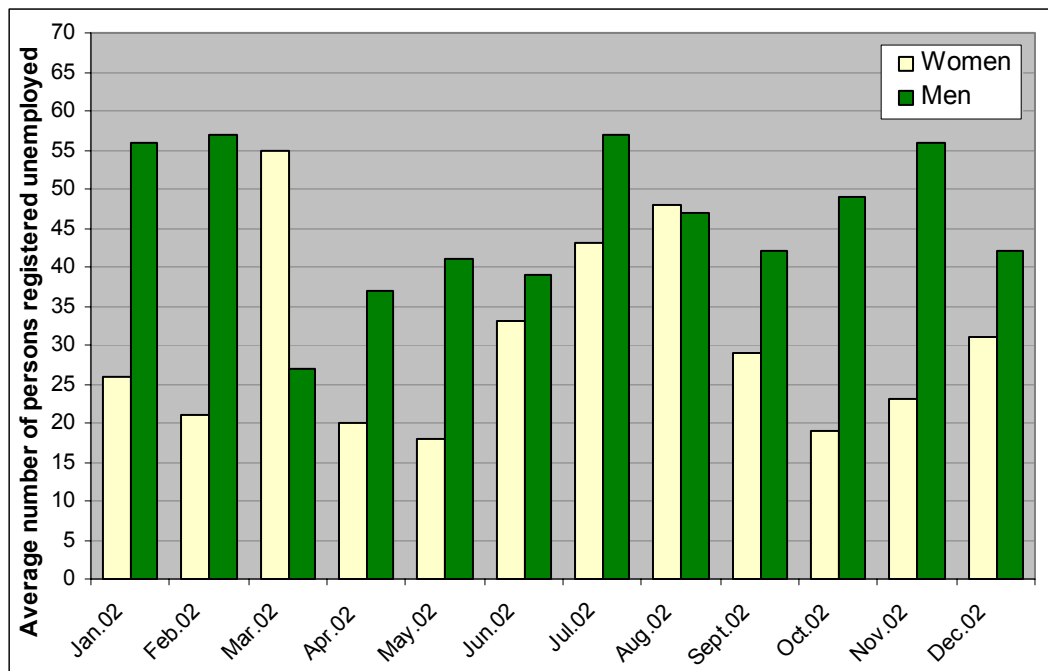


Figure 20: Number of men and women who were registered unemployed in each month of the year 2002 in Båtsfjord municipality.

Lebesby municipality

Below are some key facts on Lebesby municipality.

Location

Lebesby is a municipality of 3,462 square km that surrounds one of Norway's most Northern fjords (Laksfjorden). It is situated on the West side of Nordkin peninsula and on the East side of Sværholt peninsula (see Figure 18). The driving distance from the town of Kjøllefjord (Lebesby's main centre) to Vadsø (the official regional centre) is 260 km. The driving distance from Kjøllefjord to Alta (the region's largest town) is around 410 km.

Population

Lebesby municipality has a population of 1,500⁹⁷. A vast majority of the population, or around 1,200 people, live in the town of Kjøllefjord that is the municipality's service and administrative centre. Adding to the town of Kjøllefjord the municipality includes several small communities such as Dyfjord, Lebesby, Ifjord, Kunes, and Veidnes. In the past 10 years the population of the municipality has experienced a decline of around 9.5 %. This is a considerably sharper decline than the corresponding rate for Finnmark region as a whole (3.5%)⁹⁸.

Economic base

⁹⁶ Aetat-Finnmark. 2003. An unpublished data report prepared by Aetat-Finnmark's staff.

⁹⁷ Statistics Norway. 2003. Jan. 2003 data, available on SN's web site at <http://www.ssb.no/folkemengde/tab-2003-03-17-23.html>

⁹⁸ Statistics Norway. 2003. Data available on SN's web site at http://www.ssb.no/kommuner/hoyre_side.cgi?region=2022.

The fishing and fish processing industries are the key industries in Lebesby kommune, although agriculture and aquaculture is also important in the smaller communities in the Southern part of the municipality⁹⁹. Primary industries count for approximately 38% of the municipality's labour force, but the rest is employed in various public or private service industries¹⁰⁰. The two biggest employers are Lebesby municipality with 140 employers and Aarsæther Kjøllefjord A/S, which is the biggest fishing company, with 120 employers¹⁰¹. Some economic development projects are underway in Lebesby municipality, concerning aquaculture and an energy plant (a wind mill park).

Lebesby municipality has an educational institute that offers a one year program that is equal to the first year of junior college (gymnasium). Koppmolla is another important player in employment creation in the municipality. Koppmolla is a not-for profit business focusing on creating unemployment for specific community groups ("arbejdsmarkedsbedrift"). Finally, Aetat runs a local office in the town of Kjøllefjord, which services Lebesby municipality as well as Gamvik municipality, which is the neighbouring community to the North East, including the towns Meham, Gamvik, and Skjånes.

The labour market situation

In 2002 Lebesby's labour force was estimated at 738 persons¹⁰². According to the Aetat-Finnmark, the registered unemployment rate in Lebesby municipality was 5.8% in the year 2002, or 43 persons on average¹⁰³. The unemployment rate has grown slightly in the last few years (see Table 4). For the past five years the registered unemployment in the Lebesby municipality has been somewhat higher than the regional average.

	2002	2001	2000	1999	1998
Lebesby's total labour force	738	741	719	764	783
Finnmark's total labour force	37,987	38,361	38,695	39,185	39,703
Lebesby's unemployment rate	5.8%	6.1%	6.2%	5.2%	5.6%
Finnmark's unemployment rate	5.1%	4.8%	4.9%	4.8%	4.5%

Table 4: Number of labour force and registered unemployment rates, in Lebesby municipality and Finnmark Region, in the 1998-2002 period¹⁰⁴.

According to Aetat-Finnmark's unemployment statistics, for the year 2002, 14 women (4.4% of the all women in the labour force) and 30 men (7.0% of all men in the labour force) were registered unemployed on average in Lebesby kommune¹⁰⁵. As seen by these numbers, men accounted for a considerably higher proportion of the unemployed in Lebesby municipality in the year 2002, or close to two men registered for every women (see Figure 21).

⁹⁹ Lebesby municipality. 2003. Information, available on the municipality's official web site at <http://www.lebesby.kommune.no>

¹⁰⁰ Lebesby municipality. 2003. Information, available on the municipality's official web site at <http://www.lebesby.kommune.no>

¹⁰¹ Margoth Fallsen, Lebesby's municipal manager. May 21, 2003. personal communication.

¹⁰² Aetat-Finnmark. 2003. An unpublished data report prepared by Aetat-Finnmark's staff.

¹⁰³ Aetat-Finnmark. 2003. An unpublished data report prepared by Aetat-Finnmark's staff.

¹⁰⁴ Aetat-Finnmark. 2003. An unpublished data report prepared by Aetat-Finnmark's staff.

¹⁰⁵ Aetat-Finnmark. 2003. An unpublished data report prepared by Aetat-Finnmark's staff.

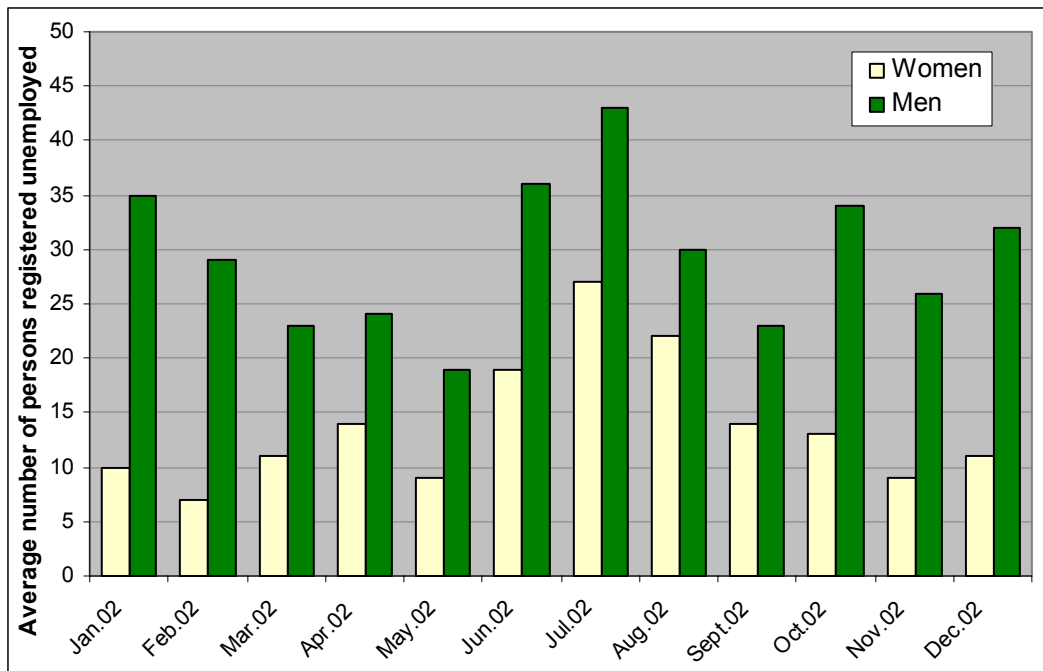


Figure 21: Number of men and women who were registered unemployed in each month of the year 2002 in Lebesby municipality.

3) Findings

Labour market services in Finnmark Region

The sections below contain information on the nature and the characteristics of the labour market services in Finnmark Region. The information below are based on 1) primary gathering of data through interviews with staff persons of the public employment office (Aetat) who work in the region, and 2) a review of various documents and web sites relevant to the case study.

Structure of Aetat's services and linkages and communications between different administration levels

Aetat's regional head office for the Finnmark region is located in the town of Vadsø. In addition 11 sub-regional and local offices are operated in different communities of the region.

Approximately 90 people are employed by Aetat in Finnmark region as a whole on all administrative levels¹⁰⁶. Approximately 15 people work at the Aetat office in Vadsø of which ten people work for the local/sub-regional office, while five people carry out tasks that are associated with the administration of Aetat's services on the regional level (the regional office). The rest of Aetat's staff in Finnmark region, or 75 employees work in the different local and sub-regional offices in different communities of the region.

According to Mr. Arnold Elieussen, the director of Aetat-Finnmark, the nature of Aetat's regional office's role is mainly political, administrative and marketing-oriented in addition to a small amount of project-based work. In Mr. Elieussen's view most of the cooperation between the local, sub-regional and the regional offices is concerning overall strategy and future plans.¹⁰⁷

¹⁰⁶ In absolute numbers, not in man-years.

¹⁰⁷ Personal interview, May 23, 2003.

The role of the Aetat's different local and sub-regional offices varies a bit from office to office although the general role and tasks of Aetat's local offices, which were listed in a previous section of this document, do apply for the local offices in Finnmark region as to Aetat's offices in other regions of the country (see page 72). Because of the limited capacity of each of the offices the local offices have to some degree implemented a certain informal framework for a division of tasks. For instance in the context of the local offices in Båtsfjord, Vardø and Vadsø, the Vardø office would process most of the applications for unemployment insurance benefits for all three local offices. Normally the smaller offices are relieved of some of the administrative tasks, while the larger offices, which have the ability to have certain staff persons specializing in certain tasks, would take on additional tasks for the smaller ones.

The fact that the tasks are divided between the different local and sub-regional offices results in a lot of communication between these two administration levels of Aetat. In the context of the local office in Båtsfjord, a telephone meeting is held every Monday morning with the office in Vardø and Vadsø sub-regional office. During these meetings a representative of each of the offices describes the previous week and the present situation in their area.

Meetings are held in Vadsø approximately every three months, where representatives of the local offices get the chance to meet each other, as well as the staff of the regional office, in person. In addition the director of the regional office arranges telephone meetings with the offices under his jurisdiction (Finnmark region as a whole) as needed.

The staff at the local Aetat office in Båtsfjord expressed that the communication between Aetat's offices (local-local, local-regional) is very informal and that this made communication fairly easy. This way of communication allowed for informal, "short-notice" telephone calls to the person in charge of the specific subject area where they had questions, and hence allowed for problems to be solved in a fairly fast manner.

The administrative structure of Aetat has recently undergone some changes, which are affecting the structure of Aetat in Finnmark region. Some of the changes were still underway at the time of the conduction of the fieldwork of this study. The most recent restructuring is the merger of the regional office (Fylkes-level) with the local office in Vadsø. Mr. Arnold Elieussen, who prior to the restructuring was the director of the Regional office, now is the director of both the regional office (fylkes-level) and the local office in Vadsø. According to Mr. Elieussen the recent changes are a result of a political right-wing turn, which focuses on cut-downs in public expenditures¹⁰⁸.

According to Mr. Elieussen, in Finnmark this restructuring has resulted in a certain prioritisation of tasks where a large part of formal procedures and bureaucratic processes have been removed¹⁰⁹. Mr. Elieussen stated that the reason for this was to save money on administration, so that a larger proportion of the funding could be spent on direct assistance to clients. The cuts on administrative expenses have also resulted in a more informal way of communication between the regional office, the sub-regional offices and the local offices.

Mr. Elieussen also noted that the change of prioritisation has resulted in less focus on monitoring and evaluation (quality control measures) of the Aetat services in Finnmark¹¹⁰.

The financial situation of Aetat's offices

One side of the before-mentioned restructuring is an increased emphasis on the independence and self-determination of the regional and local offices. This has resulted in the fact that the Aetat's regional offices (such as the one in Vadsø) get an independent budget which they are to distribute between the regional office and the local offices in the region according to their

¹⁰⁸ Personal interview, May 23, 2003.

¹⁰⁹ Personal interview, May 23, 2003.

¹¹⁰ Personal interview, May 23, 2003.

own estimations of the needs for funding. This task is now solely in the hands of the regional office without the national level being involved in the decision making.

According to Mr. Arnold Elieussen, the local offices handle all smaller cases and most of their daily work without much input from the regional office. Larger cases, e.g. cases concerning many people or large sums of money for financial support to projects, however, are handled by the local and the regional office jointly.

The amount of money that the local offices receive for supporting their clients varies according to the number of unemployed people in each office's service area and to how active the local offices are in requesting money for various kinds of projects/activities. Mr. Elieussen, Aetat's regional director, stated that the local office in Båtsfjord was very active in engaging in different projects and in requesting financial assistance from the regional office in Vadsø for various initiatives. However, in Mr. Elieussen's experience the local office in Kjøllefjord was hardly ever heard from in connection with such projects/plans.¹¹¹

The "clients" and the focus of Aetat's services

The director of Aetat's regional office in Finnmark stated that Aetat's most significant task is to provide employers with a workforce that has the qualifications the employers require.¹¹²

The views of the local staff persons, who were interviewed for this study, were somewhat different from the one of the director. In their view, the most obvious task of the local offices was to function as an accessibility post for Aetat services. The offices are the places where to people turn in order to get information on various aspects of being unemployed, e.g. with questions about rights and services they are entitled to, as well as to register/apply for unemployment insurance benefits. The additional work the Aetat local staff does, besides the usual daily communication with clients, varies a great deal in the two places that were looked at (Båtsfjord and Lebesby/Kjøllefjord). However, in the view of the local staff at both locations, the key role of their office seemed to be influenced by the problems that they most frequently are confronted with in their job. Not surprisingly these problems are often a result of the economic situation of the communities in question at each point in time.

Båtsfjord: The local office is responsible for general contact with Aetat's clients in Båtsfjord municipality. In the case there are temporary or permanent redundancies on a large scale in the municipality, the local staff goes to the workplaces and informs people of their rights and Aetat's procedures. The representative of the Båtsfjord office felt the largest part of the working time was spent on information provision to clients, both unemployed and employers, and on employment exchange services (job matching). The office also administered the regular compulsory meetings with clients experiencing an unemployment period that stretched over a long time.

The local Aetat office in Båtsfjord does not offer its clients access to computers, the Internet, a fax, a telephone or a copying machine, but according to the office's representative they are hoping to be able to do so in the near future.

In Båtsfjord, the staff works very closely with BOAS (Båtsfjord Opplæringscenter AS) concerning innovative measures to create new businesses and employment (see a section titled "Participation of Aetat's local offices in economic development initiatives"). The salary grant programme ("lønnstilskudd") is also frequently used so as to get unemployed people back on the labour market.

The Aetat office in Båtsfjord also works with "Båtsfjord Service" which is a not-for profit business focusing on creating employment for specific community groups ("arbejdsmarkedsbedrift"), where Aetat buys the places they need for their clients. The services are of the kind mentioned under the section "Other offers".

¹¹¹ Personal interview, May 23, 2003.

¹¹² Personal interview, May 23, 2003.

Lebesby/Kjøllefjord: The Lebesby/Kjøllefjord office has the same role as the one mentioned in the first paragraph for Båtsfjord above. Additionally, the employee at the Kjøllefjord office spends a lot of his time in trying to facilitate cooperation between Aetat and other public offices working with similar problems and clients as Aetat. Furthermore he spends a lot of his time in organizing labour market rehabilitation measures (“yrkesrettet attføring”).

The office in Kjøllefjord provides its clients with access to computers, the Internet, a photocopying machine, a fax and a telephone. The employee at the Kjøllefjord office informed us that there are plans for opening an Aetat contact place in Mehamn (a neighbouring town also serviced by the office), which is to be located with one of the other public offices, for example the social insurance office (“trygdekontoret”). The plan is that this place will offer the same access to computers, the Internet, a fax, a telephone and a photocopying machine as the office in Kjøllefjord.

At one point Aetat Kjøllefjord offered VAMT (Virtual labour market services – “virtuelle arbeidsmarkedstjenester”) in the town at Mehamn. The services provided video conference opportunities to Aetat clients in Mehamn. The service was, however, abandoned due to the limited use that was made of it.

Promotion of services

Aetat puts a very limited emphasis on promotion. Mr. Elieussen, the director of Aetat’ regional office in Finnmark region, stated that in his opinion promotion of Aetat services is unnecessary, at least in Finnmark, as the communities are so small that everyone is already familiar with Aetat. In Mr. Elieussen’s view Aetat also has close relationships with the employers in the communities, and hence does not have the need for further promotion. Furthermore, Mr. Elieussen commented that information is constantly available on the Aetat’s Internet web pages. Mr. Elieussen felt that promotion of services would only create a much larger demand for services, partly from people who do not qualify for these services. In Mr. Elieussen’s view Aetat would not be able to meet such increasing demand and would have to turn people down. Mr. Elieussen feared that such situations would create dissatisfaction with Aetat and, therefore, further promotion of Aetat’s services should not be attempted.¹¹³

The representatives of the offices in both Båtsfjord and Kjøllefjord also stated that very limited actual efforts were made to promote the services they provided. The local offices to some extent, however, made visits to schools and also visited businesses for example in the case amendments were made to important services and/or new information became available.

The local Aetat offices role in education and training

According to the law Aetat has a role to play in education and training. All the representatives of Aetat, who contributed to this study, however, agreed upon that Aetat only had an indirect role concerning education and training, and there also seemed to be variations in how much the local offices engage in this role in practise.

Courses and schooling according to the representative of Aetat’s regional office: According to Mr. Arnold Elieussen, in practice courses are only provided for people who have been registered as unemployed for at least 6 months. It is not often that Aetat itself arranges courses and if it happens they are usually short term courses (shorter than three months). Such courses (usually referred to as AMU courses¹¹⁴) would, furthermore, usually not be held unless the attendance of at least five to 10 people could be ensured. According to Mr. Elieussen, a certain criteria have to be fulfilled when Aetat’s clients want to engage in courses or schooling, i.e. the course has to fulfil a need that is present on the local labour market and it is not to be in competition with any offers already available in the educational system. Exceptions can be made from these principles in case the labour market situation is

¹¹³ Personal interview, May 23, 2003.

¹¹⁴ AMU stands for Arbeidsmarkeds Uddannelser (Labour market education)

so bad that no need for labour is present at all. Then courses can be arranged that are based on a more long-term goal approach.¹¹⁵

Courses and schooling according to the local representatives of Aetat: According to the representative of the local office in Båtsfjord, the Aetat-Båtsfjord office does rarely arrange courses itself, but usually buys educational services from other agencies. Usually Aetat-Båtsfjord would buy such services from BOAS. In case the required courses are not available locally, Aetat would buy the courses from other non-local educational institutes and clients then would have to travel in order to attend the course. In case clients require special courses that are not offered locally, they normally have to prove to Aetat that the course will for sure provide them with employment. The schooling of the clients does not have to be directed towards the local labour market. The client can also get a course or schooling if he/she can prove to the local Aetat office that the schooling will provide him/her with a job elsewhere. The staff of the Aetat office in Båtsfjord was convinced that schooling is an important part of Aetats work.

The representative of Aetat's local office in Kjøllefjord also stated that he regarded Aetat's role in education and training as an important part of Aetat's work. He, however, saw this role as an indirect one. He, furthermore, stated that there were various challenges associated with effectively implementing Aetat's role in education in a place like Kjøllefjord/Lebesby. His clients usually either were people that needed labour market rehabilitation ("yrkesrettet attføring"), or clients that did not want for some reason to work in the fishing industry. The clients, furthermore, usually had limited education and few qualifications. In many cases many years of schooling would be needed to really benefit these clients. Such approach would, however, in many cases not be appealing for the clients since they already had passed their prime and would only have few years left on the labour market when finishing such extensive educational programmes. Since the local labour market could be regarded as very marginal with a very limited variety of job opportunities, finding a short term course or schooling that would help matching those individuals with the locally available jobs, would also in many cases be hard.

Furthermore, for most of the courses and educational opportunities it would be necessary to leave the local community and Aetat's clients in these communities were not mobile and usually did not want to move. So in the view of the representative of Aetat Kjøllefjord, in fact many of Aetat's standard offers concerning schooling and education were not applicable or at least not easy to apply in a place like Kjøllefjord/Lebesby.

The "periphery's" influence on the design and provision of services

No specific measures are taken to construct any services to meet periphery-specific problems, whether these problems concern the communities being based almost solely on one resource based industry that by nature is unstable, e.g. like the fishing industry, or whether it is problems in areas connected with reindeer herding, the oil industry or other labour market problems for example in larger peripheral towns.

The representative of the Aetat office in Kjøllefjord did not feel that the problems of the outer-periphery were that different from those of the centre. Furthermore he felt that the tools and measures available to him to handle problems of the area/communities were sufficient. In his opinion the largest problems were those of the local industry and economy. He felt that it would be of greater use to the community if the vulnerability of the fishing industry, which is resulting in an insecure labour market situation, to some extent, could be removed or reduced. In that way the origin of the problem would be treated directly instead of Aetat being left with treating the symptoms.

In one of the local Aetat offices, which was visited in relation to this study, it was mentioned that Aetat also urges young clients and persons who have been long-term unemployed to go

¹¹⁵ Personal interview, May 23, 2003.

and see employers where they would like to work and ask whether they can get employment in case they bring with them a salary grant (“lønnstilskudd”) from Aetat. This service is only mentioned in various written sources describing Aetat services as a service to physically or mentally disabled clients. It seems like it is one way of the local Aetat offices to fit the offers from Aetat to the local need. The Aetat personnel felt that this initiative allows the young unemployed person to get work experience, which he/she would otherwise not get, which can be of great use for future attempts to find employment.

There seems to be a discrepancy between the view of the representative of the regional office on the one hand and the view of the local representatives at the other as to the necessity for clients to move in case employment can not be found locally. One of the local representatives of Aetat stated that in the last eight to nine years, it had never been necessary to tell people that they had to move for the purpose of preventing the loss of their unemployment insurance benefits. When taking the challenges in small and isolated communities into consideration, it can be regarded that this is one way the local offices uses to adjust Aetat’s offers to local needs, i.e. to treat Aetat’s official guidelines quite loosely and hence do not request or force people to leave the community.

Participation of Aetat’s local offices in economic development initiatives

The economic development role of the two different local offices, which were studied, seemed to vary quite a bit. While the Kjøllefjord/Lebesby office seemed to cooperate closely with other public entities engaging in social service work (e.g. trygdekontoret, sosialkontoret and Koppmolla¹¹⁶), the Båtsfjord office works very closely with BOAS¹¹⁷ and various businesses (employers) in Båtsfjord. In Båtsfjord this results in a very dynamic environment where new businesses are created/established and Aetat Båtsfjord is involved in the process. This was also confirmed by Mr. Elieussen, the director of Aetat’s regional office, who stated that he received a lot of enquiries and applications for financial support for new economic development related projects from Båtsfjord, while he hardly ever heard from Kjøllefjord in this context.

The representative of the Kjøllefjord/Lebesby office felt that Aetat did have an indirect role to play in economic development, but he did not feel the primary initiative should come from Aetat. He felt the municipality was the entity that should hold the responsibility of starting new economic development initiatives. The representative from the Kjøllefjord/Lebesby office also informed us that he in fact had limited communication with the business sector in his service area. He rarely received any applications from businesses applying for financial support of any kind (including the salary grant programme – “lønnstilskudd”) or applications from businesses requesting employees with certain qualifications. The majority of applications for salary grants came from the municipality and in fact the number of applications from the municipality had been decreasing as well. The Kjøllefjord/Lebesby employee furthermore informed us that salary grant programme was hardly ever utilized by firms in the fishing industry.

Services in the “peripheral” communities

The staff of Aetat’s local offices travels according to the geographical area the office is to service. In the case of the two local offices, which this study focused on, only the Kjøllefjord/Lebesby office has to service a considerable geographical area including several small communities. According to the representative of the Kjøllefjord/Lebesby office he usually visits the different communities in his service area approximately once per month.

When a person registers as unemployed he/or she would have to visit a local Aetat office. In some cases people would have to travel considerable distances in order to access the nearest

¹¹⁶ See a previous section titled: “Lebesby municipality” for information on the key players in Lebesby municipality in the field of labour market intervention.

¹¹⁷ See a previous section titled: “Båtsfjord municipality” for information on the key players in Båtsfjord municipality in the field of labour market intervention.

local office. The travel expenses associated with this first trip would be covered by the unemployed person him/herself. However, after the person has registered, Aetat would provide the unemployed with financial support to cover the travel costs associated with further appointments with Aetat.

Challenges and barriers for the provision of Aetat's services in the peripheral communities

The representatives of the local offices in both Båtsfjord and Kjøllefjord/Lebesby agreed on that the largest challenge in their work was the task of finding employment for people who were not able to work in the fishing industry.

The representative of the Båtsfjord office also stated that it was a major challenge in her work to supply the fishing industry with adequate pull of labour force. The fishing industry had a considerable demand for workers, and the fish processing companies in Båtsfjord municipality, in fact, had to import a considerable proportion of their employees. Meanwhile the local Aetat office had a list of people who are unemployed but either could not or did not want to work in the fishing industry.

Furthermore, the structural unemployment, where the skills and abilities of the unemployed do not match the need and wishes of the employers, is difficult to alter, as the labour market is very small and one-sided. The representative of the Båtsfjord office explained that the largest problem was that the majority of people who were unemployed were people who were not any longer able to work in the fishing industry (e.g. due to health problems) and because of the one-sided economic base of Båtsfjord it was difficult to provide these individuals with other jobs. This was also one of the key reasons for the close cooperation between the Båtsfjord and BOAS, in the effort to create new businesses and employment.

In Kjøllefjord, the Aetat staff mentioned the same problem. They felt that the relatively high age and the low educational level of the unemployed made it difficult to provide the unemployed with the necessary skills which would enable them to find work in Kjøllefjord/Lebesby. Furthermore the representative of the Kjøllefjord/Lebesby office felt that a big proportion of the clients, who were receiving unemployment insurance benefits, in fact, were people who were not really able to work and, therefore, did not belong in the Aetat system, but should rather turn to other providers of social services (e.g. "Trygdekontoret" or "Sosialkontoret"). The Aetat staff person in Kjøllefjord said that this was the key reason for the close cooperation between Aetat's office in Kjøllefjord and the other public and social service entities. Even if the problems of these clients were not really Aetat's responsibility, Aetat generally was the first to learn about these clients' problems. Therefore, it was quite appropriate to cooperate closely with the other offices on matters concerning these clients and at the same time solving some of Aetat's task.

Another factor, which especially the representative of the Kjøllefjord/Lebesby office felt was of hindrance to his work, was the geographical isolation of the community. In his view, the great distance to other municipalities of the region which furthermore was enhanced by harsh weather conditions and their influence on transportation infrastructure during large periods of the year, made it impossible to make use of a larger labour market than the local one.

Finally, a large hindering factor mentioned especially by the representative of the Båtsfjord office, was the lack of capacity to deal with all the work that Aetat is supposed to cover. The employee felt that it was not possible to sufficiently carry out all the tasks required with the present capacity of the office. However, the Båtsfjord representative hoped this situation was about to improve, as an additional staff person had just been hired. The Aetat employee informed us that the lack of capacity resulted in the fact that clients were not being summoned to attend the compulsory interview every three months. She told us that as far as the other local offices in Finnmark were concerned they had the same problem, which also meant that they commonly postponed the mandatory interviews to a later date.

Facilitating factors for the provision of the local Aetat office's services in the peripheral communities

The staff at the local Aetat offices in Båtsfjord and Kjøllefjord/Lebesby shared the same opinion on what can be regarded as the key strength and facilitating factor in their work at the local level. The answer was local knowledge, referring to extensive networking relationships with local players, short communication routes and knowledge of local economic situation and past developments. The representative of the Båtsfjord office, furthermore, emphasized that the close communication and cooperation between the employers in the community and Aetat was a factor of much help in her work.

Mr. Elieussen, the director of Finnmark's regional office, also stated that the positive effects of local knowledge were far more important than the challenges associated with it. He also felt that the work and decisions of the local Aetat offices improved and got more just because of the extensive knowledge the local Aetat employee generally holds on his/her clients and their situations. Mr. Elieussen, however, stressed that in some cases a close relationship between an Aetat employee and his clients might be a problem. Here Mr. Elieussen mentioned that it could be more difficult to demand anything from a friend, a family member or a neighbour, such as telling them that if they do not accept a job offer in another town, they will lose their unemployment insurance benefit payments for eight weeks.

The views of community leaders in the two selected communities

Nine people were interviewed in the two selected communities, five from Båtsfjord municipality and four from Lebesby municipality. The interviewees represented different groups in the community that all are involved in labour market issues in one way or another (see Chapter one, p. 9). A summary of the interviewees' responses is presented in the paragraphs below.

Familiarity with existing labour market services

The interviewees were asked to indicate how familiar they were with Aetat's regional office in Vadsø as well as with Aetat's local offices the interviewees' home community (i.e. the Båtsfjord office or the Kjøllefjord/Lebesby office). The interviewees were asked to indicate the level of familiarity on the scale from one to five, where one stood for "not familiar at all" and five for "very familiar".

The interviewees from both communities generally considered themselves fairly well familiar with the operation of the local office (average of responses: 3.7). They were, however, considerably less familiar with the operation of the regional office in Vadsø (average of responses: 1.9). The interviewees from both communities responded in a very similar manner.

Accessibility of services

The interviewees were asked to indicate how accessible they believed labour market services were for potential clients in their communities. Again the interviewees were asked to respond by using a scale from one to five where one stood for "not accessible at all" and five for "very accessible".

A vast majority of the interviewees chose either the number three or the number four, with the average of all responses at 3.7. Again the interviewees from both communities responded in a very similar manner. This indicates that the interviewees generally find the services quite accessible. However, around half of the interviewees (two from each community) mentioned that the office hours of the local offices should be longer for the purpose of making the services a bit more accessible for clients who wish to make contact either by phone or by face to face visits. The issue of phone call transfers also came up in discussions with several of the interviewees. If the Aetat's local staff persons are out of their offices, phone calls get automatically transferred to distant sub-regional offices. In that way phone calls directed to the Båtsfjord office get transferred to the Aetat office in Vardø and phone calls that are directed to the Lebesby office get directed to the Lakselv office. The interviewees that

mentioned this issue agreed that in most cases clients would prefer to talk to the local staff person rather than Aetat's staff in distant locations, due to already established connections with the local staff persons or due to some locally specific circumstances of each case. The interviewees, who mentioned this issue, therefore, agreed that to handle phone calls in the way described above would in many cases result in insufficient processing of clients' inquiries or problems.

In relation to discussions on the accessibility of Aetat services, the issue of Aetat's visibility and Aetat's promotion came up in several of the interviews. A vast majority of the interviewees, or seven out of nine, expressed that in their view Aetat should put a stronger emphasis on promoting the organization and its services. These interviewees stated that although that they regarded it likely that people would generally be aware of Aetat's existence, the range and nature of different services were not something that people generally would be knowledgeable about. In these interviewees' view Aetat should put a stronger emphasis on promoting what the organization has to offer beyond registration and processing of benefit payments. Such promotion should be targeted both towards employers and employees as well towards community groups and municipal councils.

Appropriateness of services

The interviewees were asked to indicate their opinion on the appropriateness of the labour market services, in terms of how well they fit to the needs of potential clients in their community. In this case the interviewees were asked to state their opinion separately for the services of the regional office in Vadsø and the services offered by the local office in their home community. The interviewees were asked to use a scale from one to five where one stood for "the services do not fit at all" and five stood for "fit very well".

In the case of the regional office in Vadsø, the interviewees from both communities did not generally want to comment on this issue. Seven out of nine interviewees stated that they did not really know the services of the regional office well enough to respond.

In the case of both local offices, a vast majority of the interviewees were willing to respond. The average of the responses of the interviewees in Båtsfjord towards the appropriateness of services of the Båtsfjord office, was 3.7. This result indicates that, in the view of these interviewees, the fit of the Båtsfjord services to local needs is fairly good. In the case of Lebesby the average of responses was slightly lower or 3.3. This indicates that, in the view of the Lebesby interviewees, the fit of the local services to local needs is neither very good nor very bad, although a bit more to the positive side than the negative one.

In relation to the issue of appropriateness of services the interviewees generally made few additional comments.

Aetat's reputation (region, community)

The interviewees were asked to grade Aetat based on its reputation for effectively assisting clients in their home community as well as clients in the region as a whole. The interviewees were allowed to base their responses on their own experience and/or on the ongoing "word of mouth" that they had noticed in their community or with colleagues in the region.

Only a minority of the interviewees from Båtsfjord municipality (two out of five) regarded themselves as knowledgeable enough to participate in the exercise of grading Aetat for their reparation in the region as a whole. However the Båtsfjord interviewees all had an opinion on the reputation of the Båtsfjord office. These interviewees generally perceived the reputation of the local office as fairly positive, with the average of responses at 3.8. These results indicate that in the view of the Båtsfjord interviewees Aetat's local office is fairly effective in its work and has established a positive reputation in the community.

In Lebesby municipality, all the interviewees had an opinion on Aetat's reputation both in the context of the region as a whole as well as on the community level. With only one exception the interviewees described the reputation at the local level by using the number four (average

3.5). Aetat reputation in the region as a whole, however, received somewhat lower grades or the average of 2.8. These results indicate that in the view of the Lebesby interviewees Aetat is fairly effective in its work and has established a fairly positive reputation at the local level but at the regional level the reputation is considerably more negative.

The perception of the importance of local services

The interviewees were asked to indicate their perception of the importance of local labour market services for their community. The interviewees were asked to indicate on a scale from one to five how important they believed it was to have access to labour market programs/service in the community, compared to receiving the services from the regional centre. Here the number one stood for “not important at all”, while the number five stood for “very important”.

The interviewees clearly indicated that they perceived the existence of local services as important, with the average grade being 4.3 (the same average for both Båtsfjord and Lebesby).

The interviewees from Båtsfjord generally mentioned the same argument as the basis for regarding the existence of local services as important. These interviewees perceived it as important to have a local staff person who possessed knowledge of the local economic environment, its key industries, recent developments, and had good contacts with local agents. The interviewees argued that such circumstances would create more approachable and quicker services as well as creating opportunities for adjusting Aetat’s services to local needs and the needs of key industries.

The most commonly mentioned argument by the interviewees in Lebesby municipality referred to the basic nature of labour market services. Majority of the interviewees (three out of four) expressed that they believed that services targeted towards the unemployed dealt with affairs of a very personal and often delicate nature. Certain “closeness” between the service provider and the client was, therefore, necessary. In these interviewees view “closeness” referred to both geographical closeness and personal closeness, meaning to have the opportunity to have access to the same staff person on a constant basis.

The periphery’s influence on the design and provision of services

The interviewees were asked if in their opinion stakeholders groups in their community got sufficient opportunities to raise awareness of local issues and express their perspectives/views for Aetat’s administrators in relation to the design and delivery of Aetat’s services.

All nine interviewees were willing to comment on this issue. With only one exception the interviewees regarded Aetat as being approachable and easy to communicate with. The opportunities for communication, therefore, were sufficient. However, three of the interviewees, interestingly all representatives of the private sector, noted that although Aetat were approachable the organization would be slow to respond to requests and ideas due to a high level of bureaucracy and multilevel hierarchy structures. Two of the interviewees, furthermore, stressed that in their experience there were not much initiative taken by the local stakeholder groups to tempt to influence Aetat’s services or the way the organization addressed local needs. These interviewees, therefore, stressed that consultation between Aetat and local stakeholder groups only would take place if both parties showed interest and brought something to the table.

No clear difference appeared between the responses of interviewees from Båtsfjord and the interviewees from Lebesby in regards to the subject matter discussed above.

Opinions on Aetat’s role in local economic development

The interviewees were asked if they believed labour market services providers (Aetat) had a role in local economic development of their communities and if so, how they would describe this role.

A vast majority of the interviewees from Båtsfjord, stated that in their view Aetat had no or very weak role in economic development of their home community. Majority of the interviewees from Lebesby municipality, however, stated that Aeta had a role in economic development. This role appeared primarily through development of job opportunities for marginal groups or people who for health reason could not work in the fishing industry.

A vast majority of the interviewees (from both communities), stressed that in their view Aetat should have a strong role in the field of economic development. Examples of tasks that the interviewees mentioned as something that Aetat should put an increased emphasis on were entrepreneurship facilitation and promotion of Aetat's current entrepreneurship-related services, cooperation projects with employers associations and municipalities, and distribution of labour force statistics to guide policy making and design of economic development initiatives (creating a match between the employment demand and employment creation).

Opinions on DL's role in education and training at the local level

The interviewees were asked if they believed labour market services (Aetat) had a role in provision of training and education in their communities and if so, how they would describe this role.

The interviewees from both Båtsfjord municipality and Lebesby municipality all agreed that Aetat had a role in the provision of education and training at the local level. They also agreed that this role was an important one and that Aetat should have such a role. The interviewees' comments regarding what this role should consist of were generally not very precise. The most commonly mentioned view emphasized that Aetat should offer the labour force ways to improve their skills, either to obtain new skills or to improve themselves in fields they were already familiar with. In this context several of the interviewees mentioned that Aetat had an important role in assisting people who want to change their career paths for example people that for health reasons have to leave the fishing industry. In many cases it was not clear if the interviewees felt that Aetat, as a organization, should offer training courses or if the organization should act as an intermediary agent between the labour force and different educational institutes. However, several of the interviewees mentioned that Aetat should have a promotional role in the context of education and competence building. In that way Aetat should promote training- and educational opportunities available locally, regionally and nationally and encourage people to seek training and in that way increase their competence.

Perceptions of barriers for improving local labour market situations

The interviewees were asked what they perceived as the key barriers or hindering factors for improving the employment situation in their community?

The interviewees generally had not much to say about this issue. Nevertheless, in only few instances the interviewees indicated that no barriers existed, but rather they seem to have difficulties with identifying the exact barriers or framing their thoughts. The commonality of the few concrete responses to this question was, furthermore, quite low. The only clear pattern that can be subtracted from the interviewees' responses was that the vast majority of the interviewees linked their examples of barriers directly to the situation facing the development of the fishing industry. Only few of the interviewees looked at the local economy as whole or had any comments regarding other industries or other aspects of the development of their communities. It should be noted that this particular focus of the interviewees can be regarded as very logical when considering the weight of the fishing industry in the local economies of the two chosen communities as well as the background of the interviewees who participated in this exercise.

Other more specific comments that were mentioned in the context of barriers to improving local labour market situations are summarized below. It should, however, be stressed that the commonality of the comments was very low (see the number of responses in brackets).

- The lack of and/or the instability of available labour force for the fishing industry (*mentioned by two interviewees*).
- The uncertainty of the future of the fishing industry, e.g. changes in administration of fishing rights, reorganization and merger of companies, and overall uncertainty for the access to raw material (*mentioned by two interviewees*).
- The uniform economic base, the dependency on the fishing industry and the limited variety of available jobs (*mentioned by two interviewees*).
- Bureaucratic barriers associated with recruiting foreign labour (from non-EU countries) to work in the fishing industry (*mentioned by one interviewee*).
- The unstable demand for labour in the fishing industry (*mentioned by one interviewee*).
- The lack of strategic planning for development of the fishing industry (*mentioned by one interviewee*).
- The disadvantageous geographical position of the Finnmark region (*mentioned by one interviewee*).

4) Summary

The Norwegian unemployment insurance system

Norway has a strong tradition of public services and support for the unemployed. An act on employment exchange services and public contributions to an unemployment benefit fund was first passed in 1906. Today the Norwegian workforce is insured against unemployment through the social insurance act (folketrygdsloven). The unemployment insurance system is therefore part of the National social insurance system. Participation in the National social insurance system is compulsory. The system is financed by contributions from employees, self-employed persons, employers and by contributions from the state. Contribution rates and state grants are decided by the Norwegian Parliament each year.

People who are covered by the Social insurance act, have experienced employment time reduction by at least 50%, are under 67 years old, who reside in Norway, and that have received a certain minimum income either as an employee or as a self-employed worker in the previous years, have the right to receive unemployment benefits. In addition the unemployed has to fulfil the requirements for being regarded as “active employment seeker” (based on a certain definition. The maximum length of time any person can receive benefits is three years.

The amount of the unemployment benefit payments is based on the income the unemployed has received during the last three years prior to his/her application for unemployment insurance benefits and amounts to app. 66% of the client’s average income during the previous three years. The maximum amount the unemployment insurance benefit payments can be calculated from (i.e. maximum average earnings) is six times the minimum amount presented in the Social Insurance Act. Currently this amount is 325.000 NOK.

People who work in the fishing industry, and become temporarily unemployed, have to go through the same procedures as people in other professions who loose their job. Temporarily redundant workers have the right to receive unemployment insurance benefits for 26 weeks during an 18 months period. Every worker made temporarily redundant has at least five “waiting days” in the beginning of the period, where he/she is not entitled to economic compensation for lost work.

Norwegian labour market measures and services

The Public Employment Office (“Arbeidsdirektoratet - Aetat”) is responsible for administering the Norwegian unemployment insurance system. In a nutshell, Aetat is

responsible for providing guidance, gathering applications for unemployment benefits, and for the processing of unemployment payments.

According to the Employment Act (1947-06-27 nr. 09), Aetat also has a broader role. Aetat is to closely monitor the development of the employment situation in the country, aim at creating even and adequate employment opportunities and at the same time advise the Ministry of Labour and Government Administration on cases associated with employment and unemployment issues. Aetat has four administrative levels.

1. *The national level:* This level is administered from Oslo ('Aetat Arbeidsdirektoratet og Aetat hovedkontor')
2. *The regional/county level ('fylkes level'):* Each of the counties/regions has one regional head office, usually located in the county's official administrative centre.
3. *The sub-regional level:* This level includes offices that service a certain local municipality but also provide assistance to local offices located in neighbouring municipalities. In some cases the sub-regional level does not apply and local offices adhere directly under the regional office.
4. *The local level:* The nature of the areas that the local offices have to cover varies a great deal from office to office. However, usually these offices do concentrate on one or two municipalities.

The local Aetat offices offer various services and specific measures to the unemployed. Examples of these services include labour market rehabilitation programmes for people who because of health problems have difficulties in keeping or finding a job. Another example is the salary grant programme, which is designed to integrate disability pensioners back onto the labour market. The project allows employers to be compensated for hiring people from this group, thereby receiving an economic subsidy from Aetat corresponding to a maximum of 50% of the total wages paid to the person in question during a three year period. A third example is the entrepreneurship support programme which allows an unemployed person (on unemployment insurance benefits) to start his/her own business, and keep the unemployment insurance benefit payments for a period of up to six months, while he/she works on getting the business started and for another three months after the business has started operating.

The area of study

The case study looked at one particular Norwegian region, i.e. the Finnmark Region, with a special focus on two communities within it. These were Båtsfjord municipality and Lebesby municipality, which both are coastal communities. Both these municipalities are located in a considerable driving distance from the regional centre (i.e. Vadsø).

The Finnmark region accounts for Norway's most Northern and most Eastern part. The region has a county status and is Norway's largest and most sparsely populated county. The region includes several coastal towns as well as a few more sparsely populated inland communities. The region has 19 municipalities altogether and has a population of 73,514.

The population of Båtsfjord municipality is 2,404. The population of the municipality has grown slightly in the last ten years or by 1.4% while the population of Finnmark region as a whole experienced a decline of 3.5%. Lebesby municipality has a population of 1,500. A vast majority of Lebesby's population, or around 1,200 people, live in the town of Kjøllefjord. In the past 10 years the population of Lebesby municipality has experienced a decline of around 9.5 %.

Various services count for the largest proportion of Finnmark's labour force. The fisheries, however, can be regarded as the backbone of the economy of the region. Most of the coastal towns are also reliant on few key employers within the fishing industry. The main industries in Båtsfjord municipality and Lebesby municipality are fishing and fish processing but different service industries, both public and private, also account for a big proportion of the labour force.

In 2002 Finnmark's labour force was estimated at 37,987 persons. The registered unemployment rate in Finnmark region was 5.1% in the year 2002. The unemployment rate has been slightly growing in the last few years and in the period from 1998 to 2002 the

registered unemployment in the region was somewhat higher than the national average. The unemployment rate is considerably higher among men than among women. In the year 2002, 3.72% of the all women in the labour force and 6.31% of the male labour force were registered unemployed on average.

In 2002 Båtsfjord's labour force was estimated at 1,409 persons. The registered unemployment rate in the municipality was 5.4% in the year 2002. Similar to the region as a whole the unemployment rate was somewhat higher among men or 6.0% while 4.7% for men. In 2002 Lebesby's labour force was estimated at 738 persons and the registered unemployment rate was 5.8%. The unemployment rate for men were 7.0% and the corresponding rate for women were 4.4%.

Labour market services in Finnmark Region – the structure of services

Aetat's regional head office for the Finnmark region is located in the town of Vadsø. In addition 11 sub-regional and local offices are operated in different communities of the region. Approximately 90 people are employed by Aetat in Finnmark region as a whole on all administrative levels.

The nature of Aetat's regional office's role is mainly political, administrative and marketing-oriented in addition to a small amount of project-based work. The regional office, therefore, has limited direct contact with Aetat's clients and most of the cooperation between the regional office and the local offices concerns strategic planning and advise on major financial decision making. Based on the above it is not surprising that the results of this case study show that the regional office has a fairly limited visibility in the mind of the community representatives (local level) that contributed to this study.

The regional office, as well as the local offices to some extent, enjoys a fairly high level of independence and self-determination in terms of financial management and decision making. The results of this case study indicate that the local offices have extensive communication with the regional office as well as with other local offices.

The role of the Aetat's local offices varies a bit from office to office. The most obvious task of the local offices is to function as an accessibility post for Aetat services. The offices are the places where to people turn in order to get information on various aspects of being unemployed, e.g. with questions about rights and services they are entitled to, as well as to register/apply for unemployment insurance benefits. It should be stressed that the local office do, however, also occasionally become involved in various more specific labour market programmes and services (e.g. the labour market rehabilitation programme, the salary grant programme, and the entrepreneurship support programme).

Issues of specific importance for small peripheral communities

The representatives of Båtsfjord- and Lebesby municipality generally regarded Aetat as being approachable and easy to communicate with. The opportunities for "being heard", therefore, were sufficient. However, based on the responses of the representatives there is not much initiative among local stakeholder groups to attempt to influence Aetat's services.

Aetat provides financial support to people who have to travel considerable distances in order to access the nearest Aetat office. Aetat also provides the unemployed with financial support to cover travel costs associated with job interviews arranged by Aetat. This can be regarded as a special attempt to meet the needs of Aetat's clients in peripheral communities.

The representatives of the two communities generally indicated that they perceived the existence of local labour market services as important. In this context the representatives generally referred to the importance of having a local staff person who possessed knowledge of the local economic environment, its key industries, recent developments, and had good contacts with local agents. In the representatives' view such circumstances would create more approachable and quicker services as well as to create opportunities for adjusting Aetat's services to local needs.

Aetat's reputation, visibility and the issue of promotion

The study found that Aetat is quite visible in the selected communities and the community representatives generally regarded the services as quite accessible. The results of the study also indicate that in the view of the representatives of the two chosen communities the local office are fairly effective in its work and have established a fairly positive reputation. Aetat staff agreed that promotion was not something that has been given much emphasis in Aetat's work. The vast majority of the community representatives, expressed that in their view Aetat should put a stronger emphasis on promoting the organization and its services, especially what the organization has to offer beyond registration and processing of benefit payments,.

Aetat's role in economic development at the local level

The economic development role of the two different local offices, which were studied, seemed to vary quite a bit. While the Kjøllefjord/Lebesby office cooperates closely with other public entities engaging in social service work (e.g. trygdekontoret and sosialkontoret), the Båtsfjord office works closely with the local economic development organization (BOAS) and with various businesses (employers) in Båtsfjord. A vast majority of the community representatives (from both communities) stressed that in their view Aetat should have a strong role in the field of economic development.

Aetat's role in education and training

The community representatives from both Båtsfjord municipality and Lebesby municipality all agreed that Aetat had a role in the provision of education and training at the local level. They also agreed that this role was an important one and that Aetat should have such a role. In many cases it was not clear if the community representatives felt that Aetat, as a organization, should offer training courses or if the organization should act as an intermediary agent between the labour force and different educational institutes. However, several of the interviewees mentioned that Aetat should have a promotional role in the context of education and competence building. In that way Aetat should promote training- and educational opportunities available locally, regionally and nationally and encourage people to seek training and in that way increase their competence.

Examples of challenges and barriers for improving local labour market situations

The representatives of the local Aetat offices in both Båtsfjord and Kjøllefjord/Lebesby agreed on that the largest challenge in their work was the task of finding employment for people who were not able to work in the fishing industry. The uniform economic base of the communities in question, resulting in a lack of diverse job opportunities, therefore, posed a major challenge. Furthermore, the structural unemployment, where the skills and abilities of the unemployed do not match the need and wishes of the employers, is difficult to deal with, as the labour market is very small and one-sided.

The representative of the Aetat office in Kjøllefjord did not feel that the problems of the outer-periphery were that different from those of the centre. Furthermore he felt that the tools and measures available to him to handle problems of the area/communities were sufficient. In his opinion the largest problems were those of the local industry and economy. He felt that it would be of greater use to the community if the vulnerability of the fishing industry, which is resulting in an insecure labour market situation, to some extent, could be removed or reduced. In that way the origin of the problem would be treated directly instead of Aetat being left with treating the symptoms. This view demonstrates in a good way how the operation of Aetat is interlinked to the greater economic reality of the communities it aims to serve. This furthermore strengthens the argument for the necessity of Aetat establishing a strong cooperation relationship with economic development agents and becoming actively involved in economic development in general.

CHAPTER 5: CONCLUSIONS

The weakness of the Faroese unemployment insurance system

Strictly formalized vs. unformalized unemployment insurance systems?

One of the major differences between the Faroese and the Norwegian unemployment systems seems to be the level of formalized procedures used in the services provided by the two systems.

The Faroese unemployment insurance system is highly formalized with standardized procedures connected to all aspects of ALS' services. This might be a necessity because of ALS' lack of knowledge concerning the local labour market situations and the clients – to secure that everyone is treated equally. Furthermore, according to the interviewees at ALS, ALS does not perceive of itself as having any influence on the kind of services they are able to provide, as all tasks are based on wishes from ALS' Board, as well as the changes in services and offers provided by ALS are directed from the Board. In this way ALS merely becomes a passive player in the provision of services to the unemployed, without any need to estimate or assess which services they consider are the best so as to positively influence or solve the problems/situations of ALS' clients.

This study does not estimate that the composition of the Board of ALS secures a line of communication between the Board and the employee side, in spite of the arguments often used on the Faroe Islands concerning the influence of the employers and the employees on ALS services. This is supposed to be the case as the ALS Board is made up with half the members representing the employers and half the members representing the employees. The reason why this study does not make the same assessment concerning the employers, is that all the different employers associations have united in one national employers organization which is representing the views of all its members in the Board of ALS.

The reason for why this study does not find that the employees interests are taken care of in the present system, is that the employee side – represented in the Board of ALS by three labour unions out of the app. 30 labour unions present on the Faroe Islands – does not provide a communication line between the Board of ALS and all the employees in the different labour unions. The only labour union on the Faroe Islands that has local branches and therefore could provide a communication flow involving all geographical areas, is Føroya Arbeiðarafelag, which represents the unskilled part of the workforce. The information and communication flow should hence be possible in this labour union through meetings in the local labour union branches, where information could be shared and decisions made as to what the local members found would be desirable as to the services and offers they felt ALS ought to provide. Each local labour union branch could then report back to the central labour union office about the view and wishes of the union members in the area in specific cases and concerning the local labour market situation in general.

The first problem with the structure of the Faroese system is that only one of the labour unions is represented locally. The second problem is that concerning the one labour union represented locally, which is also very likely the labour union with the highest membership number in the periphery, a local labour union leader stated that no members turned up for the union meetings. This makes it impossible to distribute information through the official procedures established within the local union, which otherwise could be used to explain the problems and the wishes of the periphery. Also the wishes as to which measures the local unions thought ought to be taken by ALS so as to direct and solve these problems, could be promoted.

So establishing any communication between the peripheral areas and the centre through the established communication lines is not possible. Thus the security that seems built in the Faroese unemployment insurance system by the unions being represented in the Board of ALS, does not serve as to insure the interests of the members in the different labour unions in the different geographical areas. The different geographical areas and labour unions thus have no forum where it is possible to come forward with the special problems they are faced with. The different labour union interests and the different geographical areas hence are not secured any opportunity to any influence on ALS services under the structure of the current system.

Local presence, local flexibility - the solution for the Faroe Islands?

There seem to be three points present in all the responses expressed in the interviews conducted on the Faroe Islands concerning ALS. The first is the need of ALS to be physically present locally/regionally so as to get the local knowledge that is necessary to be able to fulfil the part of their task concerning servicing the local labour markets and also to improve accessibility of ALS.

The second dominating view expressed during the interviews is the need of ALS to take on another role concerning the provision of information to the communities concerning both the employment situation and the labour force situation locally as well as providing information on the economic situation in general.

The third point that was expressed during the majority of the interviews was the fact that ALS is owned by both employees and employers and hence should service all parts of the labour market, not only the unemployed and the employers, but also the employed. The interviewees thus felt that ALS ought to have a “preventive role” as well as a “treatment role”. The majority of the interviewees felt that because everyone on the labour market is paying to ALS they hence should also have the right to services from ALS. This service should particularly consist of information about the local, regional and national labour market situations, which could then provide people with the possibility to effect their own labour market destiny by adapting to new arising situations. In times of labour market changes ALS’ service to the employed could then be to help them adapt to the changing situations by providing them with courses or qualifying schooling where the person him- or herself could have the chance to influence his/her labour market future before the situation got critical and resulted in unemployment.

There might be some disagreement as to whether it is preferable with formalized versus unformalized unemployment insurance systems, as both systems have their strengths and weaknesses. One of the findings in this study is that the Faroese people would like ALS to take on other tasks and provide other services than the ones they provide at the moment.

Another finding in this study is that if ALS should want to fulfil the wishes of their clients by using the Norwegian Aetat system as a model then the unformalized procedures are essential to make maximum use of the potential that lies in the local knowledge held by the local unemployment insurance system workers. Hence one conclusion in this study is that a part of the success in a system like the Norwegian Aetat that is based on local knowledge, is dependant on whether the system is able to distribute an essential part of the decision-making processes to the local offices and their staff. This means that a large part of the responsibility regarding the services that the local offices provide is delegated out from the centre to the local offices. This way of operating thus leaves a large part of the decisions regarding the provision of services up to the judgement of the local offices for them to assess what will benefit the local communities the most.

Again one of the conclusions in this study is that an unformalized system, with as good procedures as possible to advice, guide and support the local unemployment insurance system workers in making the most of their knowledge of the local labour force and labour market is to be preferred to a formalized system.

Conclusions of the Icelandic case study

Positive aspects and opportunities for improvements of the current labour market services

The Icelandic unemployment insurance system builds on strong roots. Although the current employment insurance system as well as the official structure for labour market services have gone through some changes in the last decades both can be regarded as a well-established phenomenon in society. Although unemployment is not presently a huge problem in Iceland, it has received the attention of the state government, which has put in place the necessary official frameworks to deal with the issue in an organized manner. The fact that such a system is already in place creates a platform for the strengthening of its current role as well as for further development of services.

According to the Icelandic legislation on labour market measures, the regional employment exchange offices (the regional offices of the Icelandic Directorate of Labour - DL) undoubtedly have a role in education and training. In the North East Region this role has appeared through strong cooperation between Svæðisvinnumiðlun Norðurlands Eystra (SNE, in English: the Regional Employment Exchange Office of the North East) and the two continuing education centers, which operate in the region, as well as in SNE's provision of advice and consultation on an individual basis. Although this cooperation does not seem to be the most visible aspect of SNE services or the most voluminous one, SNE seem to have created a relatively strong presence in this field. However, there is always room for improvement. In the view of the representatives of the two selected communities, which contributed to this study, SNE should have an even stronger role in education and training at the local level. Currently SNE has only an active cooperation relationship with two educational institutes. Both of these institutes focus on adult education (continuing education) and on short practical courses. It seems reasonable to argue that SNE could seek for opportunities for new and more varied partnerships in this field with a focus on broadening the geographical distribution of services. The junior colleges that are run in the region (four in total) as well as in some cases the high schools could, for example, be regarded likely to possess the facilities and the capable staff to administer short term training courses, which would focus on competence building for adults.

SNE has fairly extensive cooperation with certain groups/organizations in the region, including, particular municipalities, some unions, and some social services organizations. It can be argued that the regional advisory committee could be regarded as a 'launching platform' for cooperation between SNE and particular stakeholder groups. In that way the current system has a formal mechanism in place that is meant to facilitate cooperation and information sharing. This can be regarded as a very positive aspect of the system. Although not researched thoroughly in this study there is, however, some evidence indicating that the regional advisory committee in the North East Region could be more visible to local stakeholder groups and in that way have a stronger role in linking SNE to different groups throughout the region. It should also be noted that the mandatory composition of the advisory committee does not guarantee a representation of the different areas of the region. It seems reasonable to argue that this issue might cause an under-representation of the interests of the smallest and the most peripheral communities of the region.

The last issue that deserves some attention, in the context of positive aspects of the current labour market services in the North East region, is the general attitude of the SNE's representatives, which was expressed during the interviews associated with this study. The two representatives of SNE, who contributed to this study, clearly expressed a positive view towards further development of the labour market services, increased outreach to the different communities of the region through promotion and special campaigns, as well as towards increased intra-regional networking and cooperation. Although such views alone might not lead to great accomplishments, they can be regarded as a necessary precondition for creating

the right atmosphere for further development of services of the Icelandic Directorate of Labour (DL) services in the region. The existence of such positive views among DL's regional and local staff should raise the interest of DL's headquarters in supporting development efforts at the regional and local level.

Challenges and barriers for improving local labour market situations

The basic challenges associated with geographical distances and the economics of scale have a considerable effect on SNE opportunities for providing adequate services in the periphery. The geographical distances, for example, make community visits time-consuming and costly and the small size of many peripheral communities limits SNE's efforts in providing specific services such as training or consultation groups in these communities. From the individual client's perspective geographical distances, therefore, create some inequality in the context of the access to services.

The path chosen for SNE's organizational structure is to put an emphasis on operating one centrally located office, rather than putting an emphasis on geographical distribution of services. Apart from the local office in Húsavík, local services are not offered in any of the other peripheral communities of the region, including Skútustaðahreppur municipality. It seems reasonable to argue that the absence of local services in Skútustaðahreppur municipality plays a big role in the fact that SNE has not managed to create a strong presence in the community. It furthermore seems reasonable to argue that many other communities that are located far from the nearest SNE office are likely to be in a similar situation as Skútustaðahreppur. Lack of visibility of SNE's services in peripheral communities is likely to result in an underutilization of the services, and limited involvement of SNE in local development projects.

Based on the size of many of the small peripheral communities of the North East Region, the relatively stable labour market situation, and hence, the demand for labour market services it is probably not justifiable to use public funds to cover the cost of running a local office in all peripheral communities of the region. However, the visibility of and the access to SNE's current services could be improved through other means. One such way is to put a stronger emphasis on promotion of SNE services in communities, which are located far from the nearest SNE office. An emphasis should be put on promoting SNE's specific labour market measures and support services, such as job counselling, information provision on training opportunities, rather than those aspects of the services that are directly linked to the administration of the unemployment system (registration and benefit payments). Such promotion could also have a 'prevention' aspect, i.e. aim at raising awareness of the possible threats or risk factors on the labour market.

Currently SNE (unlike their Norwegian counterpart) does not offer any financial support towards the travel expenses of those clients who have to travel considerable distances in order to visit the nearest DL office. Such financial support might be another way to create an easier access to services for clients living in the periphery.

A third way, which could be regarded as an indirect way to improve SNE visibility in these communities, is increased networking with local agents in the peripheral communities as well as increased involvement in local projects. SNE has weak networking relationships with many of the municipal councils in the region, especially those representing small and peripheral municipalities. SNE also has limited cooperation with the economic development organizations. This situation might limit SNE's opportunities for cooperation projects of various sorts, as well as SNE's access to up-to date knowledge on what is going on in various fields that concern labour market development at the local and regional level. It seems reasonable to argue that increased cooperation between SNE and the municipal councils in the region (not only in times of crisis) ought to be an effective way for SNE to access information on specific local needs as well as to raise the general awareness of SNE and its services among local leaders.

SNE is a public institute, which is characterized by formal procedures and processes. Both SNE's staff and some of the community representatives, who contributed to this study, mentioned that the daily working procedures of SNE were time-consuming and characterized by a high level of bureaucracy. Such characteristics are likely to affect the institute's attractiveness in the eyes of those having a need for SNE's services as well as to weaken SNE's overall image. The possible existence of such negative factors is a serious concern. The reduction of bureaucratic processes and red tape should, therefore, be put at the center in the future development of DL's/SNE's services.

Positive aspects of the Norwegian system

According to the Norwegian contributors to this study, including the community representatives and the representatives of Aetat's staff, the reason for the effectiveness and the high level of satisfaction with Aetat services at the local level was based on the inclusion and utilization of local knowledge in the service design. Both the providers of the services and the representatives of the users of the services stated that the local knowledge, possessed by the local Aetat staff, was a crucial factor for the success of the services, which are provided by the local office. Based on this the local presence of Aetat in itself was not perceived as sufficient.

One of the most important aspects of what has been referred to in this report as 'local knowledge' is the local service provider's local networks. Such networks allow the service provider to keep in constant contact and exchange ideas with the different actors of importance to the local labour market. This seemed to be the case in Båtsfjord, where the local Aetat worker kept an informal but close contact with the largest employers, the municipality, the local economic development organization (BOAS) and Båtsfjord Service. This informal contact, in addition to knowledge of the local labour force, the labour market and the community as a whole, formed the basis for a dynamic economic environment. In Båtsfjord it seem to be attempted to solve the labour market problems by developing new projects and activities, and in that way adding some flexibility to an otherwise uniform labour market. It can be argued that the success of this approach stems both from the active economic development role of Aetat' local office as well as from the high level of self-determination, which the local office enjoys.

Final comments – identifying best practice

The importance of the local emphasis

A key lesson of this research is that *local presence, local knowledge and local self-determination* seem to be highly influential factors for the success of labour market services in peripheral communities. In the Norwegian case these factors are all in place resulting in a fairly high level of local flexibility in the context of service provisions and even in some special programmes, service offers or measures taken to match or solve locally specific problems. The labour market service systems in the two other regions, i.e. the North East Region in Iceland and the Faroe Islands do not put a strong emphasis on the three factors listed above. Although the regional offices in these regions have some contact with local agents, i.e. the registration posts in Iceland and the post offices in Faroe Iceland, the services neither seem to be visible nor do the service providers seem to be regarded as active players in the local environment. The centralization of the services in Tórshavn and to some extent in Akureyri is another characteristic of the service design that shows the limited emphasis on the factors listed above.

But what realistic measures can be taken by those administering the Faroese and the Icelandic systems for the purpose of including the three 'good factors' above in their systems? Before answering this question it is important to realize that although the three regions that were

studied in this research do possess several similarities, the labour market service systems, which currently are in place in these regions, also differ greatly. These differences are evident in regards to the structure of the system (operational levels) as well as in the general capacity of the service providers. The Norwegian service provider for example has proportionally a considerably larger source of man power than the other two systems. Aetat has one staff person working in Finnmark Region per 817 residents. The corresponding number for Faroe Islands is one staff person per 2,982 residents and the number for the North East Region is one staff person per 3,345 residents. It has been noted earlier in this chapter that it might not be realistic to create a 'local presence' through the operation of local offices in some peripheral communities of Iceland and the Faroe Islands. However the visibility of and the access to labour market services could be improved through other means. The 'local presence' can be strengthened through active promotion of the existing services, as well as with stronger networking with local agents. In the same way the service providers should be able to better access and utilize 'local knowledge' with an increased emphasis on cooperation with local agents and through active information sharing. The third concept, i.e. local self-determination inevitably is harder to apply where local offices do not exist.

Labour market services and the context of economic development

The findings from the Icelandic case and the Faroese case and to some extent the Norwegian case indicate that very limited cooperation exists between labour market service providers and economic development organizations. However, in the view of the community representatives, who contributed to this study, the labour market service providers should have an active role in economic development at the local and regional level. Only in the case of Båtsfjord municipality (one out of the six local communities, which were studied) an active cooperation relationship existed between the labour market service provider and the local economic development organization.

A key recommendation that can be drawn from the findings of this project is that labour market service providers should strengthen their relationship with economic development organizations with an emphasis on information sharing and co-operative approach in assisting clients who want to develop their own business ideas. This can be further supported with the following arguments:

1. *Labour market measures and economic development efforts are closely connected phenomenon.* Measures such as those aiming at improving the competences of the labour force and those aiming at assisting the unemployed in finding jobs or creating jobs for themselves, are actions that are closely linked to economic development. Labour force competences and labour force availability are among the key influencing factors in the context of economic development. These factors, for example, greatly influence each location's potential for successfully implementing economic development projects and, therefore, should be a key consideration of those planning and administrating such projects.
2. *Labour market service providers can supply economic development agents with valuable information.* The labour market service providers collect and preserve valuable information on the characteristics of those unemployed and on employment development trends at the local, regional and national level. Information of this kind is valuable for those organizing economic development projects for the purpose of ensuring a match between the supply and demand for workers. It is, therefore, important that labour market service providers and agents working in economic development have active information sharing relationships.
3. *Economic development agents should in some instances be directly involved in the provision of remedies for the unemployed.* The Norwegian and the Icelandic labour market service providers currently offer their clients support and advice for the development of personal business ideas. Since advice on such matters is usually the

expertise of economic development organizations, the labour market service providers should be able to direct clients to the economic development organizations, for further assistance and advice, through an effective referral system.

Labour market services and the context of rural development

A final recommendation that can be drawn from the findings of this project is the importance of looking at labour market services and the development of labour markets as aspects of the broader rural development landscape. The efforts of labour market service providers to improve local or regional labour market situations, should not happen in isolation from other development initiatives nor are they unaffected by official state development policies or planning measures. The community representatives, who participated in this case study, generally saw various barriers for rural development in general, particularly associated with the development of key industries or business development, as the key hindering factors for improvement of local labour market situations. This demonstrates that, in addition to an emphasis on client-oriented services, it is important that those administering labour market services keep up with general developments of public affairs in the broad field of rural planning and development, as well as actively participate in national debates on such affairs.

SAMMENDRAG PÅ DANSK

Rapporten blev udarbejdet af Akureyris Universitets Forskningsinstitut på Island og det Færøske Universitet. Projektet blev finansieret af Nordisk Ministerråd og administreret af Vinnulastofnun (Arbejdsdirektoratet) i Island. Det overordnede mål for projektet er at give indsyn i den adfærd som er blevet anvendt ved opretning og udøvelse af arbejdsmarkedsservicen på udvalgte steder i Norden. Der er blevet lagt vægt på at se nærmere på de metoder som anvendes på de steder hvor der er ensidigt ernæringsliv. Forskerne evaluerede dette mål ved at undersøge nogle fundament, bl.a. AF-servicens grundsystemer, serviceydernes rolle i erhvervs- og uddannelsesarbejdet og særlige barrierer når det gælder serviceforbedringer.

De forskningsmetoder som blev anvendt i projektet bygger på undersøgning af tre cases. Tre forskningsområder blev valgt. Finnmarken i Norge, Nordøst Island og Færøerne. For at afgrænse emnet nærmere blev der valgt to kommuner indenfor hvert område som blev særligt undersøgt. De primærkilder som blev samlet i projektet byggede på samtaler. Det skal påpeges at forskningens udseende og valg af den interviewede forudsætter ikke at der kan generaliseres om borgernes syn på disse områder ud fra projektets konklusioner. Projektets konklusioner giver kun indsyn i den anskuelse som fremkommer hos dem der deltog i undersøgelsen. Projektets datasamling foregik i perioden april til juli 2003.

Det materiale som blev indsamlet kan opdeles i to grupper. Den første gruppe indeholder data som er indsamlet med interviewer med de repræsentanter som organiserer og yder arbejdsmarkedsservice. I alt blev der taget interview med 7 repræsentanter av denne gruppe i de tre områder. Den anden gruppe indeholder materiale som er indsamlet med interviewer med forskellige interessegrupper i de 3 områder som derudover må vurderes som deres repræsentanter som udnytter sig af arbejdsmarkedsservice. Blandt disse grupper er fagforeningernes repræsentanter, erhvervsudviklingsforeninger, kommuner og hovedarbejdsgivere i de kommuner som blev undersøgt. I alt blev der taget interviews med 32 repræsentanter av disse grupper i de tre områder.

Særlige resultater fra Færøerne

Det færøske arbejdsløshedssystem (Arbejdsløshedsskipanin-ALS) blev oprettet i 1992 i fortsættelse af den økonomiske krise som startede i begyndelsen af det tiende århundrede. Arbejdsgiverne og lønmodtagerorganisationerne står bag ALS. Det færøske ALS er ikke drevet af det offentlige og får ikke offentligt bidrag. Landstyret har derimod med lovgivning forpligtet lønmodtagerne og arbejdsgiverne at betale til ALS.

Skatteforpligtede i Færøerne har ret til arbejdsløshedsunderstøttelse når bestemte krav er opfyldt, hvis vedkommende bliver arbejdsløs. Understøttelsens beløb er beregnet ud fra forudgående indtægter hos den enkelte, men kan maksimalt nå 70% af minimumlønnen som er defineret i overenskomsterne til hver gang. Maksimal kontinuerlig understøttelsesperiode er tre år og to måneder.

I det færøske eksempel som bliver belyst i denne rapport blev der fokuseret på to regioner, Sand (600 indbyggere) og Våg (1400 indbyggere). Erhvervslivet i disse regioner er i gennem tiden blevet baseret på fiskeri og fiskeindustri. Erhvervslivet i Sand har nået nogen balance efter økonomisk nedtur i halvfemserne. Arbejdsløshed er blevet betydeligt mindre og i dag er beskæftigelsessituationen nok så stabil. På Våg er beskæftigelsessituationen værre end mange steder på Færøerne men der er nøgleerhvervene ikke kommet i orden efter halvfemsernes problemer. Der foreligger ikke nye tal om arbejdsløsheden i Sand og Våg men i begge tilfælde er arbejdsløsheden lidt mere blandt mænd end kvinder.

Administration af det færøske arbejdsløhedsforsikringssystem bygger på en forvaltning som er finansieret af selve systemet. Denne forvaltnings rolle, i daglig tale nævnt ALS, er tredelt.

For det første har den tilsyn med udbetaling af arbejdsløshedsunderstøttelse. For det andet skal den forbedre de arbejdsløses status gennem rådgivning og anden støtte og dermed forøge deres jobmulighed. For det tredje driver ALS arbejdsformidling som formidler information både til de arbejdsløse og arbejdsgiverne. En administration på syv administrerer ALS. Bestyrelsen ansætter direktør som har med den daglige drift at gøre. ALS driver kun et kontor som er placeret i Torshavn og skal yde service på Færøerne som helhed. Brochurer og ansøgningsblanketter kan fås på posthuse rundt om på øerne. Desuden betaler ALS rejseomkostninger til de klienter som bor udenfor Torshavn og er inviteret til møde på ALS kontor.

I samtale med ALS medarbejdere fremkom at alle beslutninger i forbindelse med udvikling af servicesen er hos ALS bestyrelse. Dagligt arbejde betyder forøget ydelse af basisservice. I samtaler med ALS medarbejdere fremkom at de mente at der ikke var nødvendigt at forøge eller ændre informationsstrømmen til publikum angående servicen som ALS tilbyder.

Det fremkom i samtaler med repræsentanter fra interesseorganisationer i de to regioner at kendskab til ALS aktiviteter ikke er stor og ALS ser ud til at være mindre synlig. Det betyder at det er svært at fortælle om erfaringen af ALS aktiviteter og forvaltningens ordspor. Dem der er blevet kontaktet var generelt enige i at tilslutningen til ALS service ikke er tilfredsstillende og i den forbindelse blev der nævnt behov for nærservice.

I samtaler med ALS medarbejdere fremkom også at ALS har dagligt meget begrænset samarbejde med andre grupper i det færøske samfund. ALS har meget lidt samarbejde med kommuner, erhvervsudviklingsinstitutter, socialserviceydere og kursus- og uddannelsesforvaltninger. Desuden har ALS i dagligt arbejde meget begrænset samarbejde med arbejdsgiverforeninger og fagforeninger selvom disse foreninger driver arbejdsløshedsforsikringssystemet og deres kontor (ALS). I samtaler med ALS repræsentanter fra de to regioner fremkom at selvom de mente at generelt er der behov for et mere intensivt erhvervsudviklingsarbejde i regionerne, så er deres forbindelse til disse aktiviteter ikke indenfor ALS's sfære. Interesseparternes repræsentanter i begge regioner mente at ALS har en rolle indenfor uddannelserne. De der blev kontaktet på Sand mente at arbejdet skulle vende imod lønmodtagere men de i Våg mente at jobbet skulle koncentrere sig omkring de arbejdsløse.

Særlige resultater fra Island

Det islandske arbejdsløshedsforsikringssystem er under administration af det offentlige. Systemet er finansieret med special beskatning af arbejdsgiverne (forsikringsudgift). Forsikringsudgiften er beregnet af udbetalt løn og går en del til Arbejdsløshedsforsikringsfonden. Lønmodtagere og selvstændige som bor i Island og opfylder bestemte forpligtelser har ret til arbejdsløshedsunderstøttelse fra fonden hvis vedkommende bliver arbejdsløs. Beregninger på dagpengebeløb er sat i forhold til fast grundbeløb som er uafhængig af forudgående indtægt hos den arbejdsløse. Maksimal understøttelse betales til dem som har haft en fuldtidsstilling de sidste 12 måneder. Hvis dette ikke er opnået bliver arbejdsløshedsunderstøttelsen formindsket i forhold til beskæftigelsesperioden og erhvervsaktiviteten. Den maksimale understøttelsesperiode er fem år.

Arbejdsmarkedsanliggender hører under Socialministeriet og administrerer Vinnulastofnun (Arbejdsdirektoratet) driften af Arbejdsløshedsforsikringsfonden samt arbejdsmarkedsservicen for ministeriet. Arbejdsdirektoratet opererer 8 regionale arbejdsformidlinger i landet. Regionalformidlingernes rolle er at assistere de arbejdsløse i deres arbejdssøgning og/eller ved særlige forpligtelser at tilbyde andre arbejdsmarkedstilbud. De Regionale arbejdsformidlingers rolle er også at assistere arbejdsgiverne ved ansættelse af medarbejdere. Tre regionale arbejdsformidlinger opererer også et særligt kontor som yder service til regioner eller kommune indenfor vedkommende arbejdsformidlings arbejdsområde. De regionale arbejdsformidlinger også har service kontrakter med forskellige

fagforeninger og kommuner (registreringskontorer). Disse kontorer giver deres regionale arbejdsformidlingers kunder særlig basisservice, d.v.s. uddeler blanketter og brochurer og registrerer de arbejdsløse.

I det islandske eksempel som er introduceret i denne rapport blev fokuset vendt imod Nordøst-Island med vægt på to kommuner, d.v.s. Husavik (2.484 indbyggere) og Skutustadahrepp (453 indbyggere). Begge disse kommuner er nok så sæsonprægede og er arbejdsløsheden langt mere om vinteren end over sommermånederne. Registreret arbejdsløshed i Husavik var i gennemsnit 2,4% i 2002 men 3,5% i Skutustadahrepp. I begge kommunerne var kvinder flere end mænd blandt de arbejdsløse.

Vinnumalastofnun driver en regional arbejdsformidling på Akureyri som yder service til hele Nord-øst regionen (AF-Nordøst Island: SNE). Hos SNE arbejder 8. Deraf arbejder 7 på regionalkontoret på Akureyri men en medarbejder arbejder på SNEs kontor i Husavik. Foruden kontoret på Husavik har SNE gjort en kontrakt med 8 arbejdsløshedsregistreringskontorer i Nord-Øst Island. Det fremgår at den største del af SNEs medarbejders tid går til basisservice i forbindelse med arbejdsløshedsforsikringsystemet, d.v.s. at rådgive de arbejdsløse i forbindelse med registrering, assistere jobsøgende i forbindelse med handlingsplaner og yde service og udbetaling af arbejdsløshedsunderstøttelse. Det skal dog gøres opmærksomhed på at SNE organiserer forskellige handlingsplaner og arbejdsmarkedsforanstaltninger som f.eks. kursusoprettelser og etablering af støttegrupper.

Basisservice i forbindelse med arbejdsløshedsregistrering ser ud til at være nok så tilgængelig for befolkningen i Nordøst Island p.g.a. samarbejde som SNE har med dem der registrerer de arbejdsløse. I forbindelse med andre dele i lovforpligtet rolle hos SNE (rådgivning angående valg af job og uddannelse) ser det ud til at være en bestemt begrundelse at tvivle på at hele befolkningen i regionen har samme adgang til servicen. Årsagen ligger bl.a. i de hindringer som er bundet med de lange strækninger indenfor regionen hvor en stor del af SNEs medarbejdere bruger den største part af arbejdstiden på regional kontoret på Akureyri. Det skal påpeges at SNE betaler ikke rejseomkostninger for de klienter som bor langt fra Akureyri og må derfor rejse lange strækninger for at besøge kontoret.

Den rådende part i SNEs organisering er ”behov” for service og er behovet vurderet ud fra antal arbejdsløse på hvert sted for enhver tid. Dette gælder både organisering af særlige projekter (f.eks. kurser) og organisering og antal besøg til kommuner i regionen. Det er oftest meget få registrerede arbejdsløse i de mindre kommuner i regionen. Mindre kommuner hvor beskæftigelsessituationen er nok så stabil får derfor ofte meget begrænset opmærksomhed hos SNE.

Rapportens konklusion viser at repræsentanterne hos de kommuner hvor fokuset var på vidste generelt begrænset om SNEs arbejdsfelt. Det skal dog påpeges at der var klar forskel på SNEs synlighed efter kommuner. Repræsentanter for interessegrupper i Skutustadahrepp påpegede at SNE ikke havde noget ry i kommunen dersom kommunens indbyggere vidste ikke meget om SNE service. Repræsentanter for interessegrupper i Husavik mente derimod at generelt er SNEs arbejde positivt og deres job i kommunen er nok så resultatgivende. Der blev også lagt vægt på nødvendigheden for adgang til servicen i hjemmebyen, d.v.s. igennem kontoret i Husavik.

SNE har omfangsrigt samarbejde med bestemte parter på Nordøst Island, deriblandt nogle fagforeninger, to centre for kontinuerlig uddannelse, nogle af de større kommuner i regionen og med nogle organer indenfor socialforvaltningen. SNE har derimod meget begrænset samarbejde med dem som har med erhvervsudviklingssager at gøre i regionen. SNEs samarbejde med uddannelses og kursusaktiviteter har også været i forbindelse med centrene for kontinuerlig uddannelse og delvis også igennem rådgivning til enkelte personer. Repræsentanter for interessegrupper i Husavik mente at SNE har en synlig rolle i deres kommune når det gælder kurstilbud og uddannelse. Repræsentanter fra Skutustadahrepp mente at SNE ikke har den slags rolle i deres kommune. Repræsentanter for begge kommuner var

enige i at SNE uden tvivl skal have en rolle på området og at SNE skal mere aktivt deltage i uddannelses og kursusaktiviteterne på kommunal basis.

Særlige resultater fra Norge

Arbejdskraften i Norge er forsikret ret til arbejdsløshedsunderstøttelse i gennem den norske socialforsikringslovgivning. Arbejdsløshedsforsikringssystemet er finansieret igennem obligatorisk bidrag fra lønmodtagere, selvstændige, arbejdsgivere såvelsom med speciale bidrag fra den norske stat. De som har 50% arbejdstab og har ret til hjælp i følge den norske socialforsikringslov kan få arbejdsløshedsunderstøttelse. Arbejdsløshedsunderstøttelsens størrelse er beregnet ud fra den forudgående indtægt hos den enkelte. Beløbet kan dog ikke blive højere end seks gange minimumsummen i følge socialforsikringslovgivningen.

Det offentlige arbejdsformidlingskontor (Arbejdsdirektoratet-Aetat) har ansvar angående administrationen af det norske arbejdsløshedsforsikringssystem. I grundtræk er Aetats rolle at give råd, modtage ansøgninger om arbejdsløshedsunderstøttelse og at betale arbejdsløshedsunderstøttelse. Aetats rolle er også at følge med arbejdsmarkedets status i landet og give Arbejds- og administrasjonsdepartementet) råd om arbejdsmarkedsanliggender. Aetat driver regionale kontorer i alle landets fylker. Under disse regionale kontorer hører mange mindre kontorer som arbejder på kommunal basis eller yder service til afgrænsede områder inden for fylkene. Regional kontorer såvel som mindre kontorer nyder betydelig selvstændighed når det drejer sig om organiseringen af arbejdet og finansiering. Aetat giver sine kunder som er nødt til at rejse lange ture finansiell støtte til rejseomkostninger. Finansiell støtte er også givet hvis den arbejdsløse skal rejse lange veje i jobinterviewer. Man må se på finansiell støtte af denne art som særlig tilbøjelighed fra Aetats side for at imødekomme Aetats klienter som bor i periferien.

I det norske eksempel som er introduceret i denne rapport fokuserede man på Finnmark fylke med vægt på to kommuner, d.v.s. Båtsfjord-kommune (2.404 indbyggere) og Lebesby-kommune (1.500 indbyggere). I begge disse kommuner er fiskeri og fiskeindustrien fundamentet for økonomien. Kommunerne er begge placeret i nogen kørselsafstand fra hovedservicecentre i regionen, d.v.s. fra Vadsø til øst og Alta til vest. Registreret arbejdsløshed i Båtsfjord var i gennemsnit 5,4% i 2002 men 5,8% i Lebesby. I begge kommuner var arbejdsløsheden noget større blandt mænd end kvinder.

Aetats regionale kontor for Finnmark fylke er placeret i byen Vadsø. Under regionalkontoret hører 11 mindre kontorer som er placeret rundt om i fylket. Regionalkontorets rolle er primært administrativt, d.v.s. at koordinere Aetats arbejde i Fylket, introducering og kommunikation med Aetats hovedcenter i Oslo. Desuden arbejder regionalkontoret i nogle tilfælde med særlige arbejdsmarkedsforanstaltninger. Direkte kommunikation mellem regionalkontoret Aetats klienter i fylket er derfor begrænset. Mindre kontorenes rolle er at sørge for almen service overfor Aetats klienter, d.v.s. at give oplysninger om de arbejdsløses rettigheder og den service de tilbyder. De tager også imod ansøgninger og organiserer forskellige lokale projekter og speciale foranstaltninger. I begge kommuner som blev undersøgt er der servicekontorer under Aetat.

Undersøgelsens resultater viser at Aetats aktiviteter er nok så synlige i begge kommuner. Desuden er det også interessegruppernes evaluering i de ovennævnte to kommuner at servicen er både tilgængelig, jobbet resultatgivende og at der er et godt ry af Aetats arbejde i de vedkommende kommuner. Her henviser man til kontorenes arbejde som er drevet af selve kommunerne. Generelt mente de som blev kontaktet i de to kommuner at det er meget nødvendigt at have adgang til arbejdsmarkedsservice hvor de bor. Henviste man gerne til nødvendigheden for at serviceyderen kender forholdene i kommunen, har indsyn i nøgleerhverv, kendte historien og erhvervslivets udvikling og sidst men ikke mindst har gode forbindelse med lokale personer. Interessepersoners repræsentanter i begge kommuner mente at der var fuld grund til at introducere Aetat's service endnu mere overfor befolkningen og virksomhederne i kommunerne, specielt de muligheder som er bundet med forskellige

specielle projekter og foranstaltninger samt den rådgivning som Aetat byder på. Aetat's repræsentanter bekræftede dette og var enige i at PR har ikke haft stor vægt i jobbet.

Det var forskelligt hvilken rolle Aetat har i erhvervsudviklingen kommunalt afhængigt af hvilket kontor man har forbindelse med. Kontoret i Lebesby har lagt vægt på intensivt samarbejde med offentlige forvaltninger som yder socialservice (d.v.s. trykdekortet og socialkontoret). Kontoret i Båtsfjord har derimod haft et intensivt samarbejde med de institutioner som arbejder med erhvervsudvikling i kommunen (BOAS) såvel som forskellige repræsentanter af arbejdsgiverne. Flertallet af de interesseorganer som der blev talt med i begge kommunerne lagde vægt på at Aetat skulle have nøglerolle i erhvervsudvikling og kunne forøge deres deltagelse på dette emneområde. Det fremkom at Aetat's rolle i uddannelses og kursusarbejde er nok så synligt i de to kommuner. De kontaktede var også enige i at Aetat skal have en sådan rolle og at Aetat's tilknytning til dette emneområde er en nødvendig del i forvaltningens aktiviteter. Det skal dog bemærkes at i mange tilfælde stod det ikke klart hvorvidt de som blev kontaktet mente at Aetat skulle på egen hånd byde på organiseret kursusaktivitet eller om forvaltningens rolle skulle snarere dreje sig om at formidle information om kursusudbud på andres vegne. Mange af dem der blev talt med lagde dog vægt på at Aetat skulle lægge vægt på at stimulere deres klienter til at søge uddannelse og at gøre det nemmere for dem at nærme sig informationer om alternativer i denne sammenhæng.

Sammenfatning af konklusioner-hvilken lærdom kan man drage af forskningen?

Værdien af nærservice for kvaliteten af arbejdsmarkedsservicen i periferien er en af hovedkonklusionerne hos projektet. Betydningen for en sådan nærservice bygger ikke blot på nærværelsen i geografisk forstand men også at de som yder servicen har magt til at tilpasse servicen til omstændighederne på hvert sted. Hvis det skal gå godt må sådan en nærservice også bygge på et stort kundskab til forhold og behov på arbejdsmarkedet i hver region. I det norske eksempel ser de undtagende forhold at være til stede og søge til en bestemt fleksibilitet når det drejer sig om at møde problematikken på kommunal vis. Konklusionerne af de to eksempler, d.v.s. fra Nord-øst Island og Færøerne tyder på at der ikke er lagt stor vægt på de faktorer som er nævnt her ovenfor. Selvom regionale kontorer hos dem der giver arbejdsmarkedsservice i disse regioner har nogen forbindelse til kommunale organer via aftaler med arbejdsløshedsregistreringer i Island og i posthusene på Færøerne, er servicen i de fleste tilfælde ikke synlig. Servicens grundopbyggelse, d.v.s. servicens placering i Torshavn og på Akureyri er et andet eksempel på den lille vægt der er blevet lagt på disse faktorer. I denne rapport har man et forslag om at de som yder arbejdsmarkedsservice på Færøerne og på Nordøst Island forstærker deres service som tilbydes i dag såvel som i gennem større forbindelse med de lokale interessegrupper. Med større forbindelse skal det være muligt at forøge serviceydernes adgang til kendskab af forhold i hver region og dermed forøge udnyttelsen af kundskab ved organisering af servicen.

Resultaterne fra Island og Færøerne såvel som delvis resultaterne fra Norge viser at de som yder arbejdsmarkedsservice har begrænset forbindelse med erhvervsudviklingen. Man har dog fremført i denne rapport at arbejdsmarkedetsforanstaltninger og erhvervsudviklingsarbejde er nært beslægtede. Således kan de som yder arbejdsmarkedsservice give erhvervsudviklingsorganer værdifulde oplysninger om arten af den ledige arbejdskraft og om arbejdsmarkedets udvikling, kommunalt, regionalt og efter lande. På samme måde kan de som arbejder med erhvervsudvikling give dem som yder arbejdsmarkedsservice en kostbar hjælp i forbindelse med at lave og anvende arbejdsmarkedstiltag for arbejdsløse. Dette gælder specielt tiltag som har som mål at assistere folk ved at skabe deres eget job. Det er derfor forslag i denne rapport at de som yder arbejdsmarkedsservice i udvalgte områder styrker deres forbindelse med erhvervsudviklingsforeninger og andre som arbejder med erhvervsudviklingsarbejde.

Det er af betydning at forbinde arbejdsmarkedsservice i større regionalt sammenhæng og offentlig forvaltning. Det er derfor ikke ønskeligt at der arbejdes med udvikling af arbejdsmarkedstiltag isoleret fra andre opgaver i samfundet. Realiteten er den at arbejdsmarkedets udvikling altid er til dels afhængigt af myndighedernes politik angående udviklingen af offentlige foranstaltninger i større sammenhæng. Nødvendigheden angående dette fremgik klart i interessegruppernes syn hos de kommuner som rapporten handlede om. Disse organer nævnte gerne forskellige almene hindringer, specielt forbundet med erhvervsudvikling og nøgleerhvervs status som hovedhindringer angående forbedringer på arbejdsmarkedet og på arbejdsmarkedsservicen. Disse synspunkter viser os at det er nødvendigt at de som yder arbejdsmarkedsservice følger nøjet med samfundets udvikling og offentlige foranstaltninger og at de der deltager aktivt i offentlig diskussion på dette område også holder frem deres klienters synspunkter.

SAMANTEKT Á ÍSLENSKU

Rannsóknaverkefnið sem kynnt er í þessari skýrslu var unnið af Rannsóknastofnun Háskólans á Akureyri og Háskólanum í Færeyjum. Verkefnið var fjármagnað af Norrænu ráðherranefndinni og laut yfirstjórn Vinnumálastofnunar á Íslandi. Yfirmarkmið verkefnisins var að gefa innsýn í þá aðferðafræði sem notuð hefur verið við hönnun og framkvæmd vinnumarkaðsþjónustu á völdum svæðum á Norðurlöndunum. Áhersla var lögð á að greina þær aðferðir sem notaðar hafa verið á svæðum sem búa við einhæft atvinnulíf. Rannsóknaraðilarnir nálgudust þetta markmið með því að skoða nokkra grundvallarþætti, m.a. grunnuppbyggingu þjónustukerfa, hlutverk þjónustuaðila í atvinnuþróunar- og menntunarstarfi og helstu hindranir í vegi þjónustuumbóta.

Þær rannsóknnaaðferðir sem notaðar voru í verkefninu byggðust á því að skoða þrjú greiningardæmi (case studies). Þrjú rannsóknarsvæði voru valin. Þau voru Finnmerkurfylki í Noregi, Norðurland eystra á Íslandi og Færeyjar. Til frekari afmörkunar voru síðan valin tvö sveitarfélög innan hvers svæðis sem skoðuð voru sérstaklega. Þeim frumgögnum sem safnað var í verkefninu var fyrst og fremst safnað með viðtölum. Það skal tekið fram að hönnun rannsóknarinnar og val viðmælenda gerir ekki ráð fyrir að alhæfa megi um viðhorf íbúa á hinum völdu svæðum út frá niðurstöðum verkefnisins. Niðurstöður verkefnisins gefa aðeins innsýn inn í þau viðhorf sem birtust í orðum þeirra viðmælenda er tóku þátt í rannsókninni. Gagnasöfnun verkefnisins fór fram á tímabilinu apríl til júlí 2003.

Þeim gögnum sem safnað var má skipta í tvo flokka. Fyrri flokkurinn inniheldur gögn sem safnað var með viðtölum við fulltrúa þeirra er skipuleggja og veita vinnumarkaðsþjónustu. Samtals voru tekin viðtöl við sjö slíka aðila á svæðunum þremur. Síðari flokkurinn inniheldur gögn sem safnað var með viðtölum við ýmsa hagsmunaaðila á svæðunum þremur, sem jafnframt má líta á sem fulltrúa þeirra sem nýta sér vinnumarkaðsþjónustu. Meðal þessara aðila voru fulltrúar stéttarfélaganna, atvinnuþróunarfélaga, sveitarfélaganna og lykilatvinnurekenda í þeim sveitarfélögum sem skoðuð voru. Samtals voru tekin viðtöl við 32 slíka aðila.

Helstu niðurstöður frá Færeyjum

Færeyska atvinnuleysistryggingakerfið (Arbejdsloysissskipanin - ALS) var sett á laggirnar árið 1992 í kjölfar efnahagskreppu sem hófst í byrjun tíunda áratugarins. Að kerfinu standa félög atvinnurekenda og verkalýðshreyfingin. Færeyska atvinnuleysistryggingakerfið er því ekki rekið af hinu opinbera og nýtur ekki opinberra fjárframlaga. Landsstjórnin hefur hins vegar með lagasetningu gert launþegum og atvinnurekendum skylt að greiða til kerfisins.

Einstaklingar sem eru skattskyldir í Færeyjum eiga rétt á atvinnuleysisbótum, að uppfylltum ákveðnum skilyrðum, ef til atvinnuleysis kemur. Upphæð bótanna er reiknuð út frá fyrri tekjum hvers og eins. Miðað er við að bæturnar nemi 70% af meðaltekjum undangenginna 12 mánaða, þær geta þó aldrei orðið hærri en 70% af lágmarkslaunum eins og þau er skilgreind í kjarasamningum hverju sinni. Hámarks samfelldur bótatími er þrjú ár og tveir mánuðir.

Í greiningardæminu frá Færeyjum, sem kynnt er í þessari skýrslu, var sjónum beint að tveimur byggðalögum, þ.e. Sandur (600 íbúar) og Vágur (1.400 íbúar). Atvinnulíf þessara byggðalaga hefur í gegnum tíðina grundvallast af fiskveiðum og fiskiðnaði. Atvinnulíf á Sandi hefur náð nokkru jafnvægi eftir efnahagsniðursveifluna á tíunda áratugnum. Atvinnuleysi hefur minnkað verulega og er atvinnuástand í dag nokkuð stöðugt. Í Vágur er atvinnuástand hins vegar með því verra sem gerist í Færeyjum en þar hafa lykilatvinnuvegir ekki náð að jafna sig að fullu eftir erfiðleika tíunda áratugarins. Ekki liggja fyrir nýlegar tölur um atvinnuleysi í Sandur og Vágur en í báðum tilfellum er atvinnuleysi nokkuð meira meðal karla en kvenna.

Umsjón færeyska atvinnuleysistryggingakerfisins er í höndum stofnunar sem fjármögnuð er af kerfinu sjálfu. Hlutverk þessarar stofnunar, sem í daglegu tali er nefnd ALS, er þríþætt. Í fyrsta lagi hefur hún umsjón með greiðslu atvinnuleysisbóta. Í öðru lagi er henni ætlað að bæta stöðu atvinnulausra með ráðgjöf og öðrum stuðningi og þannig auka líkur þeirra á að fá vinnu. Í þriðja lagi rekur skrifstofan vinnumiðlun sem miðlar upplýsingum bæði til atvinnulausra og atvinnurekenda. Sjö manna stjórn fer með æðstu stjórn ALS. Stjórnin ræður síðan forstöðumann sem hefur umsjón með daglegu starfi ásamt starfsfólki. ALS rekur aðeins eina skrifstofu sem staðsett er í Þórshöfn og er ætlað að þjónusta Færeyjar í heild sinni. Þess skal þó getið að hægt er að nálgast bæklinga og bótaumsóknareyðublöð á pósthúsum víðs vegar um eyjarnar. Einnig greiðir ALS ferðakostnað þeirra skjólstæðinga sem búa utan Þórshafnar og boðaðir eru til fundar á skrifstofu ALS.

Í viðtölum við starfsmenn ALS kom fram að öll ákvarðanatataka um þróun þjónustunnar er í höndum stjórnar ALS. Daglegt starf felist því f.o.f. í að veita ákveðna grunnþjónustu. Í viðtölum við starfsmenn ALS kom einnig fram að þeir töldu að ekki væri ástæða til að auka eða breyta upplýsingaflæði til almennings varðandi þá þjónustu sem ALS býður upp á.

Fram kom í viðtölum við fulltrúa hagsmunaaðila í byggðalögunum tveimur að þekking á starfi ALS virtist lítil og ALS virtist lítið sýnileg. Þetta gerði það að verkum að viðmælendur áttu nokkuð erfitt með að greina frá upplifun sinni á árangri af starfi ALS sem og af orðspori stofnunarinnar almennt. Viðmælendurnir voru þó almennt sammála um að aðgengi að þjónustu ALS væri ófullnægjandi og nefndu gjarna skort á nærþjónustu í því samhengi.

Í viðtölum við starfsmenn ALS kom fram að ALS hefur í daglegu starfi afar takmarkað samstarf við aðra aðila í færeysku þjóðfélagi. ALS hefur mjög lítið samstarf við sveitarfélög, atvinnuþróunaraðila, félagsþjónustuaðila og fræðslu – og menntastofnanir. Einnig hefur ALS í daglegu starfi afar takmarkað samstarf við félög atvinnurekenda og verkalyðsfélög jafnvel þó þessir aðilar standi að rekstri atvinnuleysistryggingakerfisins og skrifstofu þess (ALS). Í samtölum við fulltrúa hagsmunaaðila í byggðalögunum tveimur kom fram að þó að þeir töldu almennt að þörf væri á öflugra atvinnuþróunarstarfi í byggðalögunum, þá væri aðkoma að slíku starfi ekki í verkahring ALS. Fulltrúar hagsmunaaðila í báðum byggðalögum töldu hins vegar almennt að ALS hefði hlutverki að gegna í menntunar- og fræðslustarfi. Viðmælendur á Sandur töldu að slíkt starf ætti að beinast að launþegum í heild en viðmælendur í Vágur töldu að starfið ætti að einkorðast við atvinnulausa.

Helstu niðurstöður frá Íslandi

Íslenska atvinnuleysistryggingakerfið er í umsjá ríkisins. Kerfið er fjármagnað með sérstakri skattlagningu á atvinnurekendur (tryggingagjald). Tryggingagjald er reiknað af greiddum vinnulaunum og rennur hluti þess í svokallaðan Atvinnuleysistryggingasjóð. Launþegar og sjálfstætt starfandi einstaklingar sem búsettir eru á Íslandi og uppfylla ákveðin skilyrði eiga rétt á atvinnuleysisbótum úr sjóðnum ef kemur til atvinnuleysis. Útreikningar á bótaupphæð miðast við fasta grunnupphæð sem er óháð fyrri tekjum hins atvinnulausa. Hámarksbætur greiðast þeim sem hafa verið í fullu starfi síðustu tólf mánuði. Sé því skilyrði ekki fullnægt lækkar bótafjárhæð í hlutfalli við starfstímabil og starfshlutfall. Hámarksbótatími er fimm ár.

Vinumarkaðsmál heyra undir Félagsmálaráðaneytið og hefur Vinnumálastofnun (VS) umsjón með rekstri Atvinnuleysistryggingasjóðs sem og með vinnumarkaðsþjónustu fyrir hönd ráðuneytisins. Vinnumálastofnun rekur svæðisvinnumiðlanir á átta stöðum á landinu. Hlutverk svæðisvinnumiðlananna er að aðstoða atvinnulausa í atvinnuleit þeirra og/eða, að gefnum skilyrðum, bjóða þeim upp á önnur úrræði. Hlutverk svæðisvinnumiðlananna er einnig að aðstoða atvinnurekendur við ráðningu starfsfólks. Þrjár svæðisvinnumiðlananna starfrækja einnig sérstaka skrifstofu sem þjónustar ákveðið undirsvæði eða sveitarfélag innan starfssvæðis viðkomandi vinnumiðlunar. Svæðisvinnumiðlanirnar gera ennfremur þjónustusamninga við skrifstofur verkalyðsfélaga og/eða sveitarfélaga (skráningaraðila) á starfssvæðinu. Þessar skrifstofur veita skjólstæðingum svæðisvinnumiðlananna ákveðna grunnþjónustu, s.s. deila út eyðublöðum og bæklingum og taka við atvinnuleysisskráningum.

Í greiningardæminu frá Íslandi, sem kynnt er í þessari skýrslu, var sjónum beint að Norðausturlandi með áherslu á tvö sveitarfélög, þ.e. Húsavíkurbæ (2.484 íbúar) og Skútustaðahrepp (453 íbúar). Bæði þessi sveitarfélög eru staðsett í nokkurri akstursfjarlægð frá meginþjónustukjarna svæðisins, þ.e. Akureyri. Atvinnuleysi í þessum sveitarfélögum er nokkuð árstíðabundið og er atvinnuleysi umtalsvert meira á veturna en yfir sumarmánuðina. Skráð atvinnuleysi í Húsavíkurbæ var að meðaltali 2,4% á árinu 2002 en 3,5% í Skútustaðahrepp. Í báðum sveitarfélögum voru konur fleiri en karlar meðal atvinnulausra.

Vinnuálastofnun rekur svæðisvinnumiðlun á Akureyri sem þjónustar Norðurland eystra í heild sinni (SNE). Hjá SNE starfa átta manns. Þar af starfa sjö starfsmenn á svæðisskrifstofunni á Akureyri en einn starfsmaður starfar á skrifstofu SNE í Húsavíkurbæ. Auk skrifstofunnar í Húsavíkurbæ hefur SNE gert samning við átta skráningaraðila á Norðausturlandi. Fram kom að bróðurparturinn af tíma starfsmanna SNE fer í að veita grunnþjónustu í tengslum við atvinnuleysistryggingakerfið, s.s. leiðbeina fólki við atvinnuleysisskráningu, aðstoða fólk við gerð starfsleitaráætla og að sinna afgreiðslu og útborgun atvinnuleysisbóta. Þess skal þó getið að SNE kemur einnig að skipulagningu ýmissa úrræða og vinnumarkaðsaðgerða svo sem að hönnun námskeiða og stofnun stuðningshópa.

Grunnþjónusta er varðar atvinnuleysisskráningar virðist vera nokkuð aðgengileg fyrir alla íbúa Norðurlands eystra sökum þess samstarfs sem SNE hefur við skráningaraðilana. Hvað varðar ýmsa aðra þætti lögbundins hlutverks SNE (s.s. ráðgjöf varðandi starfsval og menntun) virðist hins vegar vera ákveðin ástæða til að véfengja að íbúar allra sveitarfélaga á starfssvæðinu hafi sama aðgang að þjónustu. Orsakir þessa liggja meðal annars í þeim hindrunum sem felast í miklum vegalengdum innan starfssvæðisins, þar sem mikill meirihluti starfsfólks SNE ver bróðurparti vinnutíma síns á svæðisskrifstofunni á Akureyri. Það skal tekið fram að SNE greiðir ekki ferðakostnað þeirra skjólstæðinga sinna sem búa fjarri Akureyri og þurfa því að ferðast langar vegalengdir til að heimsækja skrifstofuna.

Ráðandi þáttur í skipulagningu starfs SNE er 'þörf' fyrir þjónustu og er þörfin metin út frá fjölda atvinnulausra á hverjum stað á hverjum tíma. Þetta á jafnt við um skipulagningu á sérstökum verkefnum (t.d. námskeiðum) og um skipulagningu og tíðni heimsóknna til sveitarfélaga innan svæðisins. Venjulega eru mjög fáir einstaklingar skráðir atvinnulausir í smærri sveitarfélögum svæðisins. Smærri sveitarfélög þar sem atvinnuástand er nokkuð stöðugt fá því öllu jafna afar litla athygli frá SNE.

Niðurstöður rannsóknarinnar sýna að fulltrúar þeirra sveitarfélaga sem beint var sjónum að höfðu að jafnaði litla þekkingu á starfi SNE. Það skal þó tekið fram að greinilegur munur var á sýnileika SNE eftir sveitarfélögum. Fulltrúar hagsmunaaðila í Skútustaðahreppi tóku gjarna fram að í raun hefði SNE ekki neitt orðspor í sveitarfélaginu þar sem íbúar sveitarfélagsins væru almennt ekki meðvitaðir um þjónustu SNE. Fulltrúar hagsmunaaðila í Húsavíkurbæ töldu hins vegar að almennt færi gott orð af starfi SNE og að starf þeirra í sveitarfélaginu væri nokkuð árangursríkt. Fulltrúar Húsvíkinga lögðu einnig áherslu á mikilvægi þess að hafa aðgang að þjónustunni í heimabyggð, þ.e. í gegnum skrifstofuna á Húsavík.

SNE á í nokkuð umfangsmiklu samstarfi við ákveðna aðila á Norðausturlandi, þar á meðal við nokkur stéttarfélög, tvær símenntunarmiðstöðvar, nokkur af fjölmennari sveitarfélögum svæðisins og við aðila sem standa að félagsþjónustu. SNE hefur hins vegar afar takmarkað samstarf við aðila sem vinna að atvinnuþróunarmálum á svæðinu. Aðkoma SNE að menntunar- og fræðslustarfi hefur birst í samstarfi við símenntunarmiðstöðvarnar sem og í einhverju mæli gegnum ráðgjöf til einstaklinga. Fulltrúar hagsmunaaðila í Húsavíkurbæ töldu almennt að SNE hefði sýnilegt hlutverk í menntunar- og fræðslustarfi í sveitarfélaginu. Fulltrúar hagsmunaaðila í Skútustaðahreppi töldu hins vegar að SNE hefði engu sýnilegu hlutverki að gegna á þessu sviði í þeirra sveitarfélagi. Fulltrúar beggja sveitarfélaga voru sammála um það að SNE hefði án vafa hlutverki að gegna á þessu sviði og að SNE ætti að taka virkari þátt í menntunar- og fræðslustarfi á sveitarfélagavísu.

Helstu niðurstöður frá Noregi

Vinnuafli í Noregi er tryggður réttur til atvinnuleysisbóta í norsku almannatryggingalöggjöfni. Atvinnuleysistryggingakerfið er fjármagnað með skyldubundnu framlagi frá launþegum, sjálfstætt starfandi einstaklingum, atvinnurekendum sem og með sérstökum framlögum frá norska ríkinu. Þeir aðilar sem eiga réttindi samkvæmt norsku almannatryggingalöggjöfni og verða fyrir að lágmarki 50% vinnutapi eiga, að uppfylltum ákveðnum skilyrðum, rétt á atvinnuleysisbótum. Upphæð atvinnuleysisbótanna er reiknuð út frá fyrri tekjum hvers og eins. Bæturnar eru að jafnaði 66% af meðaltekjum viðkomandi á undangengnum þremur árum. Bótaupphæð getur þó aldrei orðið hærri en sex sinnum sú lágmarksupphæð sem almannatryggingalöggjöfin kveður á um.

Opinbera atvinnuáskrifstofan (Arbeidsdirektoratet - Aetat) ber ábyrgð á stjórnun norska atvinnuleysistryggingakerfisins. Í grundvallaratriðum er hlutverk Aetat að veita ráðgjöf, taka við umsóknum um atvinnuleysisbætur og að afgreiða atvinnuleysisbætur. Hlutverk Aetat er einnig að fylgjast með stöðu vinnumarkaðar í landinu og veita ráðuneyti vinnumarkaðsmála og stjórnáslu (Arbeids- og administrasjonsdepartementet) ráðgjöf um vinnumarkaðsmál. Aetat rekur svæðisskrifstofu í öllum fylkjum landsins. Undir þessar svæðaskrifstofur heyra fjöldi smærra skrifstofa sem starfa á sveitarfélagavísu eða þjónusta afmörkuð svæði innan fylkjanna. Svæðaskrifstofurnar, sem og smærra skrifstofurnar að ákveðnu marki, njóta umtalsverðs sjálfsstæðis hvað varðar skipulagningu starfsins og fjárumsýslu. Aetat veitir skjólstæðingum sínum, sem þurfa að ferðast umtalsverðar vegalengdir til að heimsækja næstu Aetat skrifstofu, fjárhagsstuðning til að standa straum af ferðakostnaði. Fjárhagsstuðningur er einnig veittur ef skjólstæðingur þarf að fara um langan veg til að sækja atvinnuviðtöl. Líta má á fjárhagsstuðning af þessum toga sem sérstaka viðleitni af hálfu Aetat til að koma til móts við þarfir skjólstæðinga sinna sem búsettir eru í jaðarbyggðum.

Í greiningardæminu frá Noregi, sem kynnt er í þessari skýrslu, var sjónum beint að Finnmerkur fylki með áherslu á tvö sveitarfélög, þ.e. Båtsfjord-kommune (2.404 íbúar) og Lebesby-kommune (1.500 íbúar). Í báðum þessum sveitarfélögum eru fiskveiðar og fiskiðnaður undirstaða atvinnulífs. Sveitarfélögin eru bæði staðsett í nokkurri akstursfjarlægð frá meginþjónustukjörnum svæðisins, þ.e. frá Vadsø til austurs og Alta til vesturs. Skráð atvinnuleysi í Båtsfjord var að meðaltali 5,4% á árinu 2002 en 5,8% í Lebesby. Í báðum sveitarfélögum var atvinnuleysi nokkuð herra meðal karla en kvenna.

Svæðisskrifstofa Aetat fyrir Finnmerkur fylki er staðsett í bænum Vadsø. Undir svæðisskrifstofuna heyra 11 smærra skrifstofur sem staðsettar eru víðs vegar um fylkið. Hlutverk svæðisskrifstofunnar er fyrst og fremst stjórnunarlegs eðlis, þ.e. að sjá um samræmingu á starfi Aetat í fylkinu, kynningarmál og samskipti við höfuðstöðvar Aetat í Osló. Einnig vinnur svæðisskrifstofan í einhverjum tilvikum að sérstökum átaksverkefnum. Bein samskipti svæðisskrifstofunnar og skjólstæðinga Aetat í fylkinu eru því fremur lítil. Hlutverk smærra skrifstofanna er að sjá um almenna þjónustu við skjólstæðinga stofnunarinnar, s.s. að veita upplýsingar um réttindi atvinnulausra og þá þjónustu sem í boði er. Þær taka einnig á mótí atvinnuleysisbótaumsóknum og skipuleggja ýmis staðbundin verkefni og sérúrræði. Starfræktar eru þjónustuskrifstofur á vegum Aetat í báðum þeim sveitarfélögum sem skoðuð voru sérstaklega í þessari rannsókn.

Niðurstöður rannsóknarinnar sýna að starfsemi Aetat er nokkuð sýnileg í sveitarfélögunum tveimur sem beint var sjónum að. Einnig var það mat fulltrúa hagsmunaaðila í þessum sveitarfélögum að þjónustan væri aðgengileg, starfið væri nokkuð árangursríkt og að almennt færi gott orð af starfi Aetat í viðkomandi sveitarfélögum. Hér var vísað í starf skrifstofanna sem reknar eru í sveitarfélögunum sjálfum. Almennt töldu viðmælendur í sveitarfélögunum tveimur mjög mikilvægt að hafa aðgang að vinnumarkaðsþjónustu heima fyrir. Vísuðu þeir þá gjarna í mikilvægi þess að þjónustuaðilinn þekkti til aðstæðna í sveitarfélaginu, hefði innsýn í lykilatvinnuvegi, þekkti sögu og þróun atvinnulífs og síðast en ekki síst hefði góð tengsl við heimamenn. Fulltrúar hagsmunaaðila í sveitarfélögunum tveimur töldu enn fremur að ástæða væri til þess að kynna þjónustu Aetat enn betur fyrir íbúum og forsvarsmönnum

fyrirtækja í sveitarfélögnum, sérstaklega þá möguleika sem felast í ýmsum sértækum verkefnum og úrræðum sem og þá ráðgjöf sem er í boði á vegum Aetat. Fulltrúar Aetat staðfestu þetta og voru sammála um að kynningarmálum hefði ekki verið gefið mikið vægi í starfinu.

Nokkuð var misjafnt hvernig hlutverki Aetat í atvinnuþróunarstarfi á sveitarfélagavísu er háttað eftir því til hvaða Aetat skrifstofu er litið. Skrifstofan í Lebesby hefur lagt áherslu á öflugt samstarf við opinbera aðila sem sinna félagssþjónustu (þ.e. trygdekntoret og socialkontoret). Skrifstofan í Båtsfjord hefur hins vegar átt öflugt samstarf við þá aðila sem starfa að atvinnuþróun í sveitarfélaginu (BOAS) sem og við ýmsa fulltrúa atvinnurekenda. Meirihluti þeirra hagsmunaaðila sem rætt var við í báðum sveitarfélögnum lögðu áherslu á að Aetat ætti að hafa lykilhlutverki að gegna í atvinnuþróun og mætti auka aðkomu sína að þeim málaflokki. Fram kom að hlutverk Aetat í menntunar- og fræðslustarfi er nokkuð sýnilegt í sveitarfélögnum tveimur. Viðmælendurnir voru einnig sammála um að Aetat ætti að hafa slíku hlutverki að gegna og að aðkoma Aetat að þeim málaflokki væri mikilvægur þáttur í starfi stofnunarinnar. Þess ber þó að geta að í mörgum tilvikum var ekki skýrt hvort viðmælendurnir teldu að Aetat ætti upp á sitt einsdæmi að bjóða upp á skipulagt fræðslustarf eða hvort hlutverk stofnunarinnar ætti fremur að felast í því að miðla upplýsingum um fræðsluframboð á vegum annarra. Margir viðmælendanna lögðu þó áherslu á að Aetat ætti að leggja áherslu á að hvetja skjólstæðinga sína til að sækja sér menntun og að auðvelda þeim að nálgast upplýsingar um valkosti í því samhengi.

Samantekt niðurstaðna – hvaða lærdóm má draga af rannsókninni?

Gildi nærþjónustu fyrir gæði vinnumarkaðsþjónustu í jaðarbyggðum er ein af lykilniðurstöðum verkefnisins. Þýðing slíkrar nærþjónusta byggir ekki eingöngu á nærveru í landfræðilegum skilningi heldur einnig á því að þeir aðilar sem sinna þjónustunni hafi vald til að laga þjónustuna að aðstæðum á hverjum stað. Ef vel á að vera þarf slík nærþjónusta einnig að byggja á ríkri þekkingu á aðstæðum og þörfum vinnumarkaðar í hverju byggðarlagi. Í norska greiningardæminu virðast undantaldir þættir allir vera til staðar og leiða til ákveðins sveigjanleika hvað varðar þjónustuframboð og jafnvel til hönnunar sérstakra úrræða og verkefna til að mæta viðfangsefnum á sveitarfélagavísu. Niðurstöður hinna tveggja greiningardæmanna, þ.e. frá Norðurlandi eystra og Færeyjum, benda til að ekki sé lögð rík áhersla á þá þætti sem nefndir voru hér að ofan. Jafnvel þó að svæðisskrifstofur þeirra aðila sem veita vinnumarkaðsþjónustu á þessum svæðum hafi nokkur tengsl við aðila á sveitarfélagavísu, gegnum samninga við hina svokölluðu skráningaaðila á Íslandi og við pósthúsin í Færeyjum, virðist þjónustan í flestum tilfellum ekki vera sýnileg. Grunnuppbygging þjónustunnar, þ.e. staðsetning þjónustuaðila í Þórshöfn og á Akureyri er annað dæmi um hið litla vægi sem lagt hefur verið á þessa þætti. Í þessari rannsóknarskýrslu er það lagt til að þeir aðilar sem standa að vinnumarkaðsþjónustu í Færeyjum og á Norðurlandi eystra á Íslandi styrki þjónustu sína í smærri byggðalögum svæðanna. Lagt er til að þetta verði gert í gegnum öfluga kynningu á þeirri þjónustu sem í boði er í dag sem og gegnum styrkingu tengsla við hagsmunahópa heimamanna. Með styrkingu slíkra tengsla ætti að vera hægt að bæta aðgang þjónustuaðilanna að þekkingu á aðstæðum í hverju byggðalagi og þannig auka nýtingu slíkrar þekkingar við skipulagningu þjónustunnar.

Niðurstöður greiningardæmanna frá Íslandi og Færeyjum og einnig að nokkru leyti niðurstöðurnar frá Noregi sýna að þeir aðilar sem standa að vinnumarkaðsþjónustunni eru í litlum tengslum við atvinnuþróunarstarf. Því hefur hins vegar verið haldið fram í þessari skýrslu að vinnumarkaðsaðgerðir og atvinnuþróunarstarf séu mjög tengd fyrirbæri. Þannig geti t.d. þeir sem standa að vinnumarkaðsþjónustu veitt atvinnuþróunaraðilum dýrmætar upplýsingar um einkenni þess vinnuafls sem er á lausu sem og um þróun vinnumarkaðar á sveitarfélag-, svæða- og landsvísu. Á sama hátt geti þeir sem vinna að atvinnuþróun veitt þeim sem standa að vinnumarkaðsþjónustu dýrmæta aðstoð við hönnun og beitingu úrræða

fyrir atvinnulausa. Þetta á sérstaklega við úrræði sem miða að því að aðstoða einstaklinga við að skapa sér eigin atvinnu. Það er því lagt til í þessari skýrslu að þeir sem standa að vinnumarkaðsþjónustu á hinum völdu svæðum vinni að því að styrkja tengsl sín við atvinnuþróunarfélög og aðra þá sem beita sér í atvinnuþróunarstarfi.

Mikilvægt er að tengja vinnumarkaðsþjónustu við víðara samhengi byggðamála og opinberrar stjórnsýslu. Þannig er ekki æskilegt að unnið sé að þróun vinnumarkaðsaðgerða í einangrun frá öðrum viðfangsefnum í samfélaginu. Raunin er sú að þróun vinnumarkaðsþjónustu er alltaf að nokkru leyti háð stefnu stjórnvalda um þróun opinberra aðgerða í víðu samhengi. Mikilvægi þessa kom skýrt fram í viðhorfum fulltrúa hagsmunahópa í þeim sveitarfélögum sem rannsóknin beindi sjónum að. Þessir aðilar nefndu gjarnan ýmsar almennar hindranir, sérstaklega tengdar atvinnuþróun og stöðu lykilatvinnugreina, sem meginhindranir í vegi umbóta á vinnumarkaði og umbóta á vinnumarkaðsþjónustu. Slík viðhorf sýna okkur að nauðsynlegt er að þeir sem standa að vinnumarkaðsþjónustu fylgist vel með þróun þjóðlífs og opinberra aðgerða sem og að þeir taki virkan þátt í opinberri umræðu á þessum vettvangi og haldi sjónarmiðum skjólstæðinga sinna á lofti.