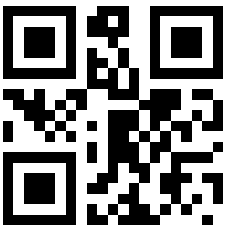


Inclusive market in Slovakia

Michal Páleník
Bratislava, 3rd November 2015
APVV-0371-11

<http://iz.sk/Sv6p>



Motivation

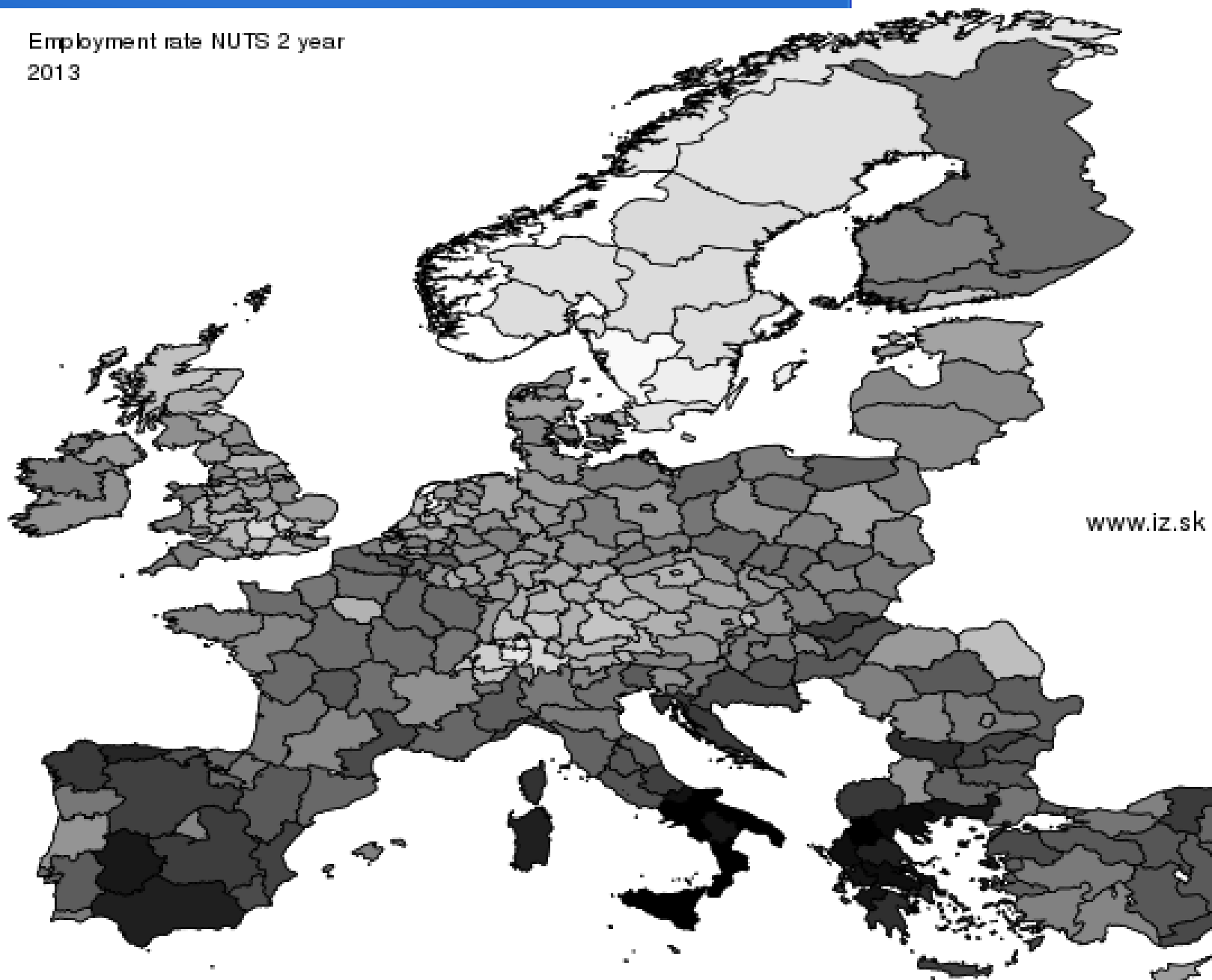
- long term unemployed are not labour market supply
 - high long term unemployment
- demographic changes

Labor market situation

- relatively high employment:
 - 66% SK vs. 69% EU vs. 72% target
- moderately low unemployment
 - 13% SK vs. 10% EU vs. 25% ES
- extremely high long-term unemployment
 - 9.3% SK vs. 5% EU
 - only Greece, Spain, Croatia is higher

Employment

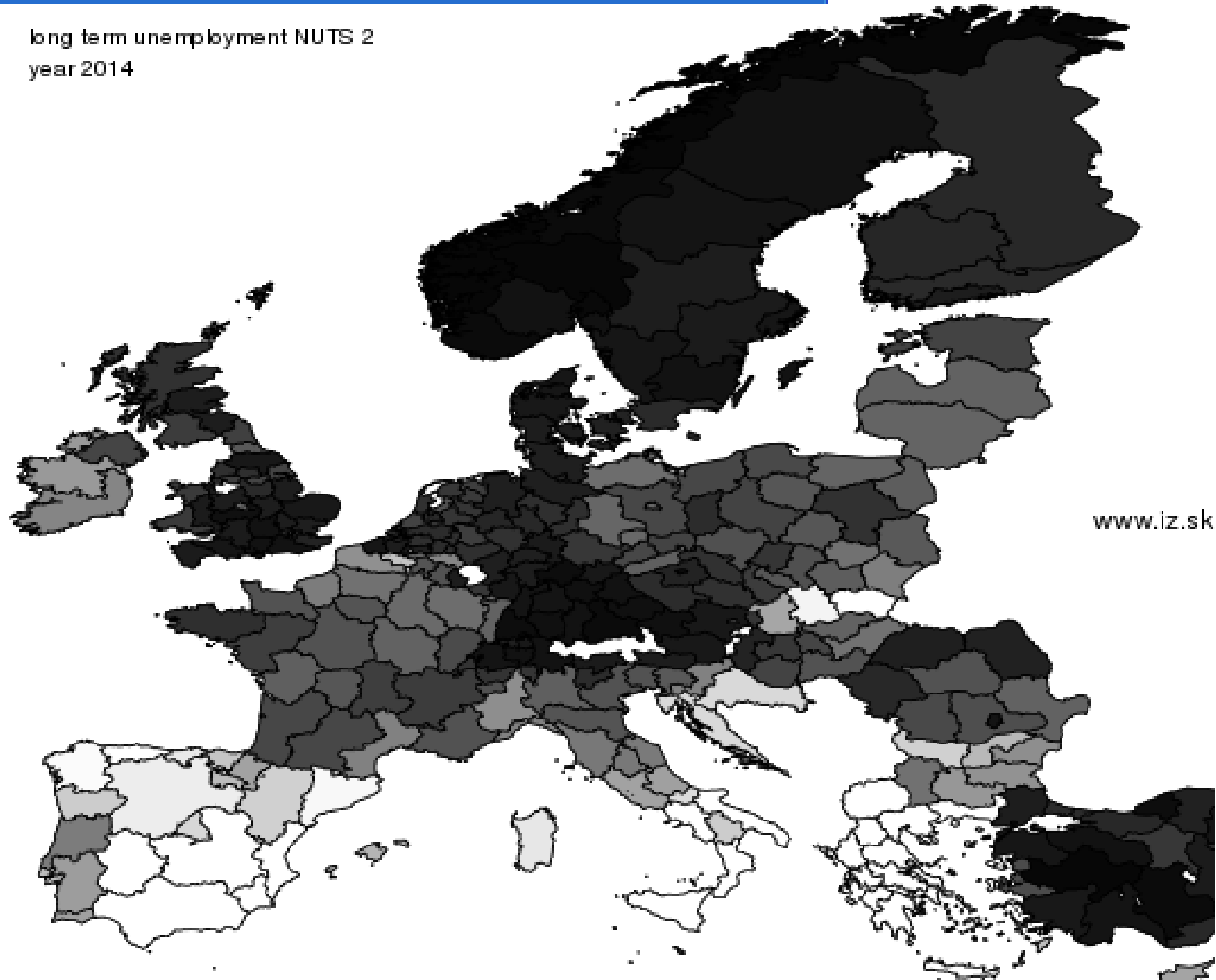
Employment rate NUTS 2 year
2013



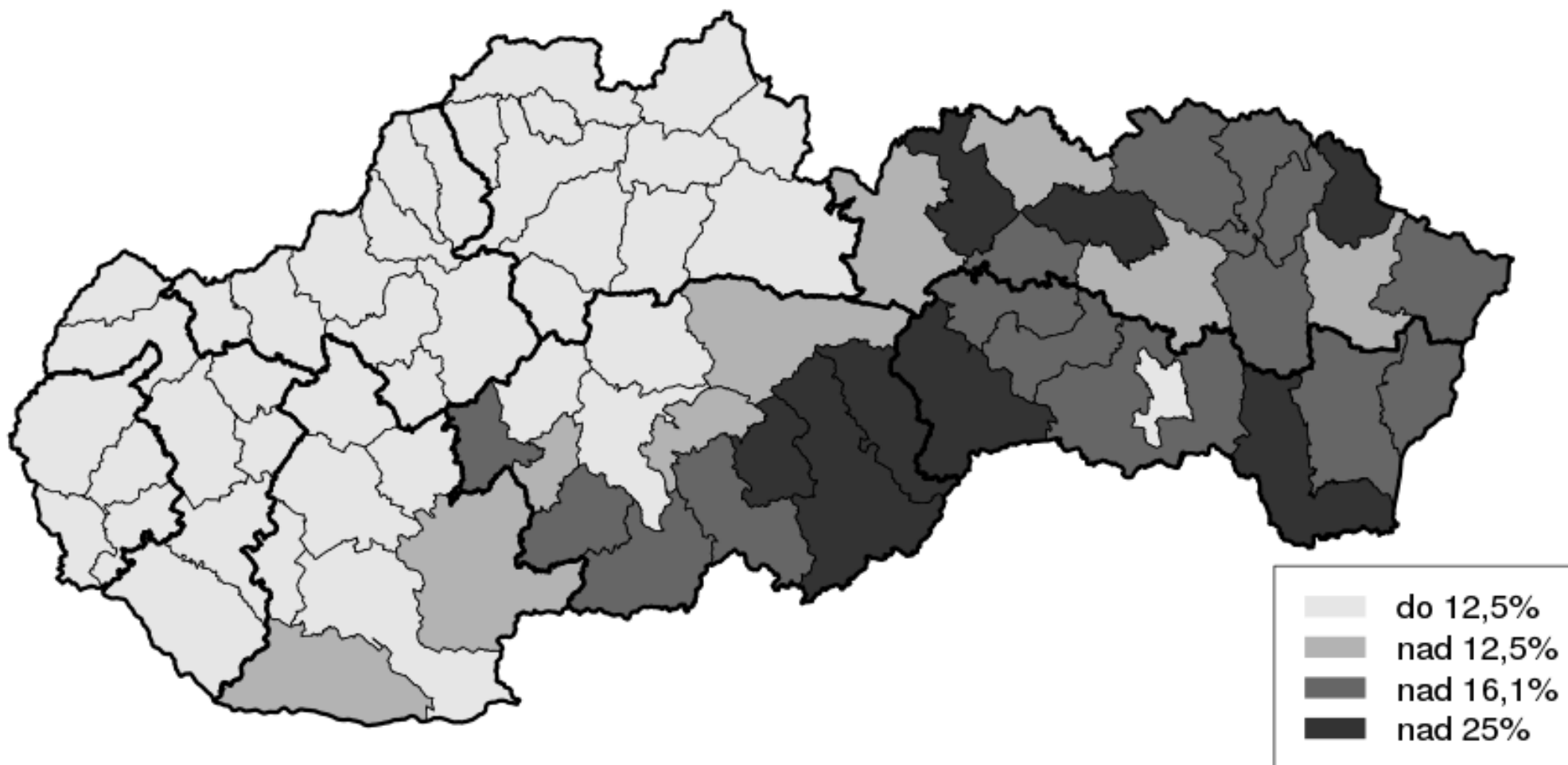
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Long term unemployment

long term unemployment NUTS 2
year 2014

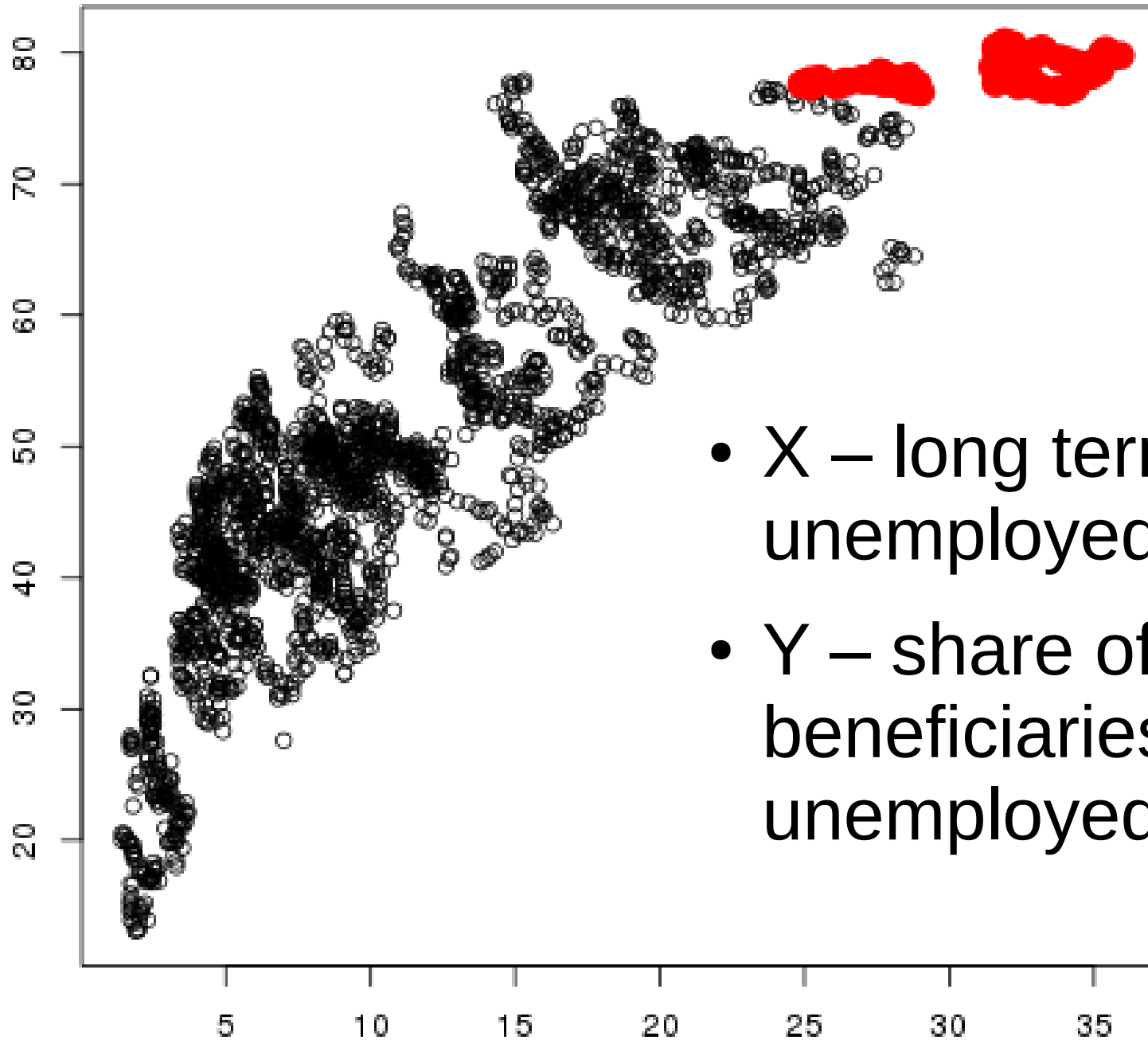


Long term unemployment

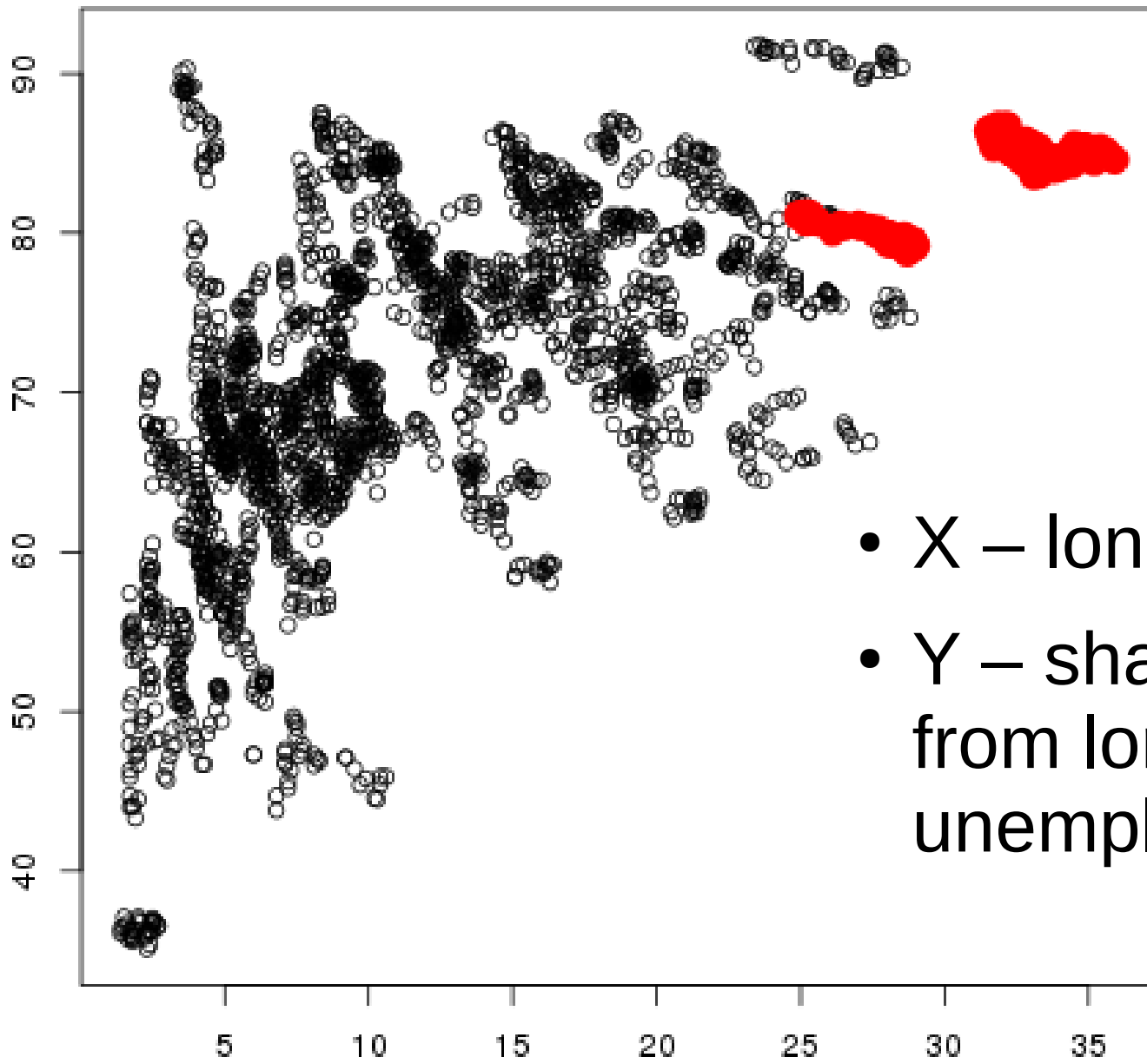


Long term unemployment structure

- low education
- social trap
- regional concentration – 3R
 - 3.5% of SK population
 - 10% of SK long-term unemployed
- low long-term unemployment → employment transition (less than 1%)



- X – long term unemployed
- Y – share of social beneficiaries of long-term unemployed



- X – long-term unemployed
- Y – share of low educated from long term unemployed

Inclusive market

- special case of social aspects of public procurement combined with social enterprises



Target group

- without work for a long time
- able to participate at open labour market

- long term unemployed
 - registered or not registered
- ex prison, asylum seekers, homeless, ...
- 250 000 people in SK
- 1 of 9 economically active

Inclusive enterprises

- social enterprises focused on target group
- any revenue is for the profit of target group
- $\frac{3}{4}$ of employees are from target group
 - maximum 2 years
- 70% of costs are labour costs

Public procurement

- primary
 - reserved only for inclusive enterprises
 - small and frequent
- secondary
 - set % reserved for inclusive enterprises
 - different % for highway construction, castle reconstruction, flood protection, ...

Public sector savings

- 70% immediately
 - taxes paid, VAT
 - social contributions paid
 - not paid social benefits
 - higher income spendings

Benefits

- lower low income criminality
- less orphanages
- more alimony paid
- less distraints/executions
- something is made
 - better flood protection
 - nicer and better hiking and cycling routes
 - repaired castles

Scope of inclusive market

- 50 000 inclusive employees
 - 1 in 4 gets chance
- minimal wage, taxes, ...
 - 800 million euro
 - 2% of public budget

Sources of financing

- transfer to cities – 20%
- transfer to regions – 7%
- European funds – 14%
- government – 68%

Effects

- increased employment
- decreased long-term unemployment
- regional convergence

Inclusive market – summary

- extremely high long-term unemployment
 - higher → less favourable structure
- transfer of long-term unemployed into short-term unemployed and employed
- suitable also for regions with high long-term unemployment

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