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The Swedish Public Employment Service's labour market training

– small regional differences in impacts

Summary and recommendations

The Swedish Public Employment Service's labour market training programme is intended to provide jobseekers with better opportunities to find a job, while at the same time giving employers better conditions for finding jobseekers with appropriate skills. According to its instructions (2007:1030) the Swedish Public Employment Service is to design its activities to adapt to the conditions and needs in different parts of the country. It is important that the Employment Service provides training of good quality throughout the country so that the participants' opportunities of finding work after finishing labour market training are similar regardless of where the training takes place.

The purpose of the audit is to study whether the labour market training programme has equivalent impacts throughout the country, that is, whether the programme functions equally well in different regions. The audit uses data from the period 2006–2011 and is based on the Swedish Public Employment Service's division into ten market areas. In that way it has been possible to analyse both a period before and a period after the establishment of the Swedish Public Employment Service in 2008. In connection with the Swedish Public Employment Service becoming a government agency, the procurement of labour market training was centralised, which may have had an impact

on the programme's effect at regional level. In a previous audit (RiR 2015:22), the Swedish NAO showed among other things that there are regional differences in how well the labour market training courses match demand in the local labour market

Small regional variation

The results show that the Norra Mälardalen market area has delivered the greatest impacts of labour market training for the entire period studied. This is important information for the Public Employment Service for future development of labour market training in the different market areas. Compared with the Norra Norrland market area, the impact is more than double in Norra Mälardalen. For the remaining market areas, however, the differences in the size of the impact between market areas is relatively small. If Norra Mälardalen and Norra Norrland are excluded, the effect on earned income of labour market training varies between seven and nine percentage points for the other market areas. The variation in impacts of labour market training does not either seem to have increased notably after procurement of labour market training was centralised when the Swedish Public Employment Service was established in 2008. This indicates that the Public Employment Service, even when procurement is central, has succeeded in adapting the activities so that the differences between the different market areas have not increased.

In the audit *Regional adaptation of labour market training – what consideration is given to the needs of the labour market?* (RiR 2015:22) the Swedish NAO examined how well labour market training met labour market demand and demonstrated differences between different counties. It was recommended, among other things, that the procurement of labour market training should be more regionally initiated. The findings of this audit do not, however, show any increased spread of impacts between market areas after the introduction of centralised procurement. Nevertheless, there may be reason for the Swedish Public Employment Service to more closely examine which geographical procurement level contributes to providing the best effects of participation in labour market training. For example, it may be the case that central procurement affects all regions in a similar way. In that case all market areas would be affected in the same way, while impact differences between market areas would not be affected. Despite the changed level, the spread in impact size could thus be as great as before.

Positive but reduced effects

When the results of labour market training for the entire country are studied, more participating individuals have an income exceeding one price-related base amount, just over SEK 40,000 kronor, two years after starting labour market training than comparable unemployed individuals who did not participate in labour market training. The persons for comparison are selected so that they are as similar to the participants in labour market training as possible and come from the group of people in open unemployment at the time when the participants start labour market training. Just as in other studies, the results show that the effect of labour market training has decreased over time. For the first part of the period studied (2006–2008) the proportion of the group participating in labour market training with an income in excess of one price-related base amount was about nine percentage points higher than for the comparison groups. In the second part of the period the proportion had fallen to seven percentage points. It cannot be ruled out that the decreasing average impacts are due to changed procurement procedures.

The Swedish NAO's recommendations

The Swedish Public Employment Service is tasked with designing its activities so that they are conducted effectively and ensure that both unemployed individuals and employers have access to an equivalent service throughout the country. The follow-ups and evaluations conducted by the Swedish Public Employment Service often have a national basis. For example, the Swedish Public Employment Service has not evaluated labour market training from a regional perspective.

The audit findings show relatively small differences in impact from participating in labour market training between the different market areas. At the same time, labour market training is costly and it is therefore important that it functions well throughout the country and that the Public Employment Service takes the regional perspective into consideration in future evaluations of the measure, which has not been done previously. On the basis of these findings the Swedish NAO makes the following recommendation:

- The Swedish Public Employment Service should include a regional perspective when evaluating the effects of labour market policy programmes to ensure that the programmes give equivalent effects in different regions.