

Potentials and resistances

Introducing the WVM in Hungary...



Differences between the Hungarian wage subsidy and the wage value method

- Rate of the wage subsidy is determined in advance
- Everything is determined before the start of employment
- Different labour market policy instruments are rarely combined
- No personal care (at government organizations)
- Centralized system
- Rate of wage subsidy depends on the wage value, it changes
- Can also be applied during employment
- Is combined with other labour market policy instruments
- Personal care
- Decentralized system



First impressions– implementing the WVM

First measurement:

All workers had a wage value of more than 80%. The target groups were not optimal. The target groups in the second measurement were redefined accordingly.

Reason for wage subsidy:

First Job: in 4 cases - technician, assistant accountant, accountant, assistant manager

Long-term unemployed: in 4 cases - nanny, office manager, duty worker, secretary

Age: in 1 case – Kitchen maid

Employment relationship created:

Private Sector: 6

Public: 3



First impressions - potentials and resistances

Potentials:

- Sincerity
- Intensive theoretical workshops in Hungary
- Possibility to savings if the target groups are clearly identified
- Transparency, process is transparent for all participants
- Opportunity for savings to the state if the wage value increases
- Provides a long-term solution
- Effect is well pursued and measurable

Resistors:

- Low confidence against foreign methods (not-invented-here)
- The questionnaire will be applied to non-optimal target groups, target groups can not identify themselves with the issues
- The companies have no rooms available for support
- If management style is authoritarian



How successful is the transfer of the product or project results?

- **Implementation in control systems**
Control system in Hungary: Employment Office (the government agency in Baranya) has a central budget, but can apply for EU funding. Currently there are educational, and employment programs, and education courses running. The constructions for wage subsidy are usually for 8 +4 months at 6 target groups.
Policy makers need to be convinced, however, Hungarian bureaucracy is heavy and slow (defending their own interests).
- **Branding**
Not-invented-here → Hungarian decision-makers are very persistent, the method must be taken as their own idea, and combined with existing methods
- **Publications, press relations**
As part of the project: show on webpage of the chamber, in the regional business magazine, and on TV (about the workshop)
<https://www.youtube.com/watch?v=fxzE4clmT1k> (from 17:30)
- **Increase awareness**
At the workshop, several expert organizations attended. → Keep contacts, exchange information regularly.



What impact / benefit can be identified to which individuals, institutions and the sector?

Analyze, identify and involve stakeholders

- 1) State - Cost reduction
- 2) Participating organizations (labour office, foundations, nonprofit employment agencies, employment pacts, employers, federations for the disabled)

- **Taking into account country-specific issues**

State budget planned for 1 year each → WVM not predictable enough
Unemployment is very high, problem for "normal" workers → WVM should be also adapted to this target group
Demographic low gets closer

- **Adaptation to various countries**

Employers want to avoid risk → WVM combined with intermediating manpower, ideal for new businesses

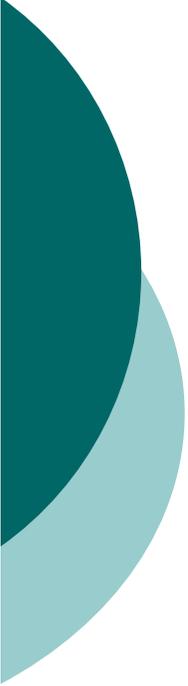
End-users are employer and employee.

Method was tested in Hungary 2 times - 1 Phase: no optimal target groups, 2

Phase: Target groups redefined.

The method is according to experts (Workshop) user-friendly (new translation, simpler formulation is necessary).

Potential cooperation in future projects, especially with foundations, special schools and with nonprofit intermediary organizations.



How can the lasting effect be ensured?

- **Developing a business model**
Ideas for the adaptation / application: testing under a new regional project (with the approval of the political leadership - is convinced only when really saving can be generated).
- **Links with other local projects**
Cooperation with local organizations.
Problem: Financing depends highly on state and EU funds.
State organizations are controlled centrally, only small free scope.



What is the role of stakeholders in the project work?

- **Definition of stakeholders**
 - 1) State - Cost reduction
 - 2) Participating organizations (labour office, foundations, nonprofit employment agencies, employment pacts, employers, federations for the disabled)
 - **End users: businesses / company**

Economic situation makes it impossible for most companies, to be "patient and helpful"
(20.6% unemployment in Baranya in February 2013;
composition of Hungarian enterprises: 97% micro, 2%small, 0.75% medium and 0.25% large)
 - **Policy-makers as supporters** - will only be convinced when really saving can be generated
- Use networks - state networks are highly centralized → NGOs, clusters, chambers ...?

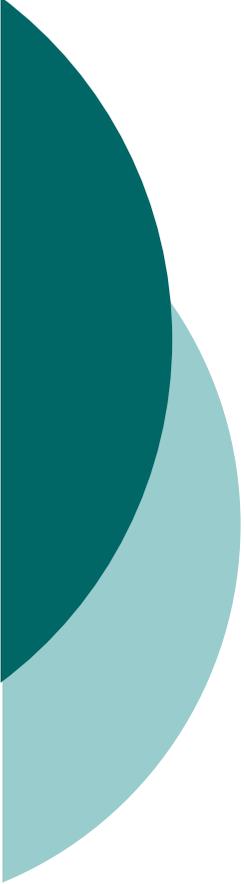


Our common goal

Reduce unemployment by all
means

See also:

[European employment strategy](#)



Thank you for your attention!

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