



Nordic Council  
of Ministers

TOWARD A MORE INCLUSIVE LABOUR MARKET IN THE NORDICS 4

## **What works and for whom?**

An Overview of Employment Instruments  
among Vulnerable Groups in the Nordics

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# 1. Executive summary

## Background

The Nordic countries have faced persistent challenges in increasing the labour market participation of several vulnerable groups who face multiple employment barriers. Despite significant political attention and numerous policy reforms, little progress has been made in the past decade among some vulnerable groups.

There is a growing recognition of the importance of effective employment instruments and the role of public employment services (PES) in facilitating labour market integration. However, knowledge on what works for whom is still limited, particularly for the most vulnerable groups in the Nordic labour market. Additionally, there is a need for more detailed knowledge and concrete inspiration on how to work with a tailored combination of active labour market policies (ALMPs) and other services to address the complex needs of vulnerable groups.

The Nordic Council of Ministers wants to improve the employment prospects of these vulnerable groups and has commissioned the project *Toward a More Inclusive Labour Market in the Nordics* to provide policymakers and practitioners with evidence-based guidance and cross-Nordic inspiration (The Nordic Council of Ministers, 2022).

This report summarises the literature on various employment instruments and their effectiveness for different groups of vulnerable individuals. The report will serve as a reference, summarising evidence on the effectiveness of various employment instruments from the perspectives of both literature and practitioners and will form the foundation for the concrete, evidence-based policy recommendations we will present in the last report in this project.

## Methodology

In this report, we have developed a framework of employment instruments used in the Nordic countries, which is to establish a language and an understanding of the various employment instruments that are common and cross-Nordic. Second, we have used the framework of employment instruments to categorise the latest knowledge on the effectiveness of various labour market instruments and as a basis to approach an answer to the question *Which employment instruments work, and for whom?* To answer this question, we:

1. conduct a systematic literature review to collect cutting-edge research on the effectiveness of various employment instruments.
2. gather grey literature on the subject by searching databases and interviewing experts from employment ministries in the Nordic countries.
3. compile Nordic and international literature reviews on topics where research is scarce.
4. interview caseworkers in the Nordic countries to get the practitioner's view on the effectiveness of various employment instruments on various groups. In total, we have interviewed 44 caseworkers from PES across the Nordic countries.

The framework we develop is universal in the sense that it allows for the categorisation of all employment instruments in the Nordic countries. However, in exploring the effectiveness of various instruments, we have focused especially on vulnerable groups. These are individuals who face challenges in addition to being out of the labour force and who typically face several employment barriers at once. These are young people, seniors, immigrants, and individuals with health issues. Further, we particularly focus on employment instruments, which are publicly supported interventions designed to help individuals overcome their employment barriers and increase their labour market participation, and we evaluate their effectiveness based on their ability to achieve this goal.

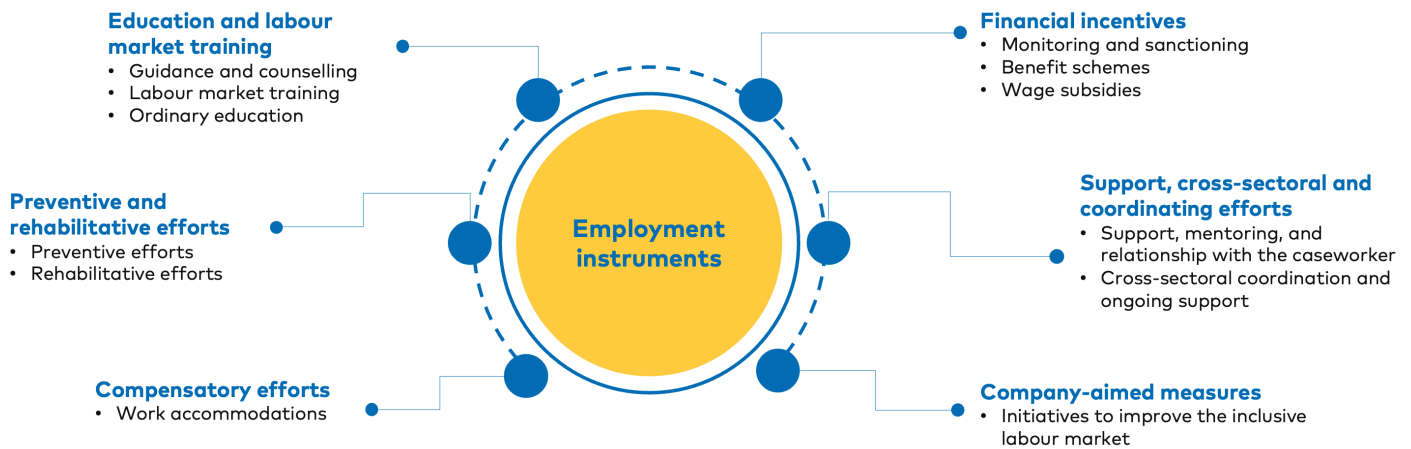
## **Framework of employment instruments**

In the framework, the overall focus is employment instruments designed to help individuals overcome employment barriers and increase their labour market participation. Therefore, a central part of the framework includes instruments primarily targeted at the individual (i.e., education and labour market training, preventive and rehabilitative efforts, compensatory efforts, financial incentives). However, we recognise that these instruments do not work in a vacuum. Consequently, the framework also includes elements related to the public employment system (i.e., support, cross-sectoral and coordinating efforts) and the companies where individuals should ultimately be hired (company-aimed measures). The framework is presented in [Figure 1](#). In developing the framework, we aimed to be comprehensive, including not only traditional ALMPs but also social and health-related efforts with an employment focus. Thus, in that sense, the framework is broader and more inclusive. Finally, it is important to mention that specific efforts and programmes often include elements from multiple instrument categories. In these cases, we categorise the effort based on the dominant element. For example, wage subsidies are categorised as a sub-instrument to financial incentives, but wage subsidies can also be viewed as an initiative to enhance the inclusive labour market (company-aimed measures) and may in some cases also involve work accommodations (compensatory efforts) and elements from company internships (labour market training).



# Which employment instrument exists?

## Holistic framework over employment instruments



**Figure 1 Framework of employment instruments in the Nordic countries**

## Key findings

On the basis of the framework, we have categorised and summarised the latest knowledge on the effectiveness of each labour market instrument. Before turning to the main takeaways from each chapter, three meta-conclusions are worth mentioning.

### Choice of employment instrument is a complex issue

Overall, the results in this project demonstrate that vulnerable individuals face a complex set of employment barriers. Further, we have also demonstrated that significant barrier heterogeneity within the traditional target groups exists meaning that e.g. young people can face completely different employment barriers. Given this barrier heterogeneity, no one-size-fits-all solution exists to tackle their employment problems. The review highlights that different vulnerable groups benefit from different interventions. For instance, individuals with physical health issues seem to benefit more from ordinary education compared to those with mental health issues.

This complexity is further compounded by the fact that employment effects also vary with the business cycle – a factor outside the scope of this report but still important to consider. For instance, labour market training may be more effective during economic booms with high labour demand, while lower labour demand during recessions makes placement more challenging. In such cases, ordinary education might be more relevant despite lock-in effects, as the alternative is often unemployment benefits (see Oslo Economics (2024b) for further discussion).

## **Sustainable employment requires a wide range of instruments**

The complex set of employment barriers can hinder the effectiveness of otherwise effective instruments, and a holistic approach to employment barriers is therefore required to create lasting employment. For example, lack of resources in relation to coping with everyday life can limit the effectiveness of employment instruments among young people. Therefore, effective policy programs take into account the entire set of barriers and address the most critical ones in a sequence tailored to the individual, highlighting the need for a framework for employment instruments to establish a language and an understanding common among the main stakeholders. The framework we have developed has been discussed with and was well received by experts from the Nordic employment systems. Additionally, it has served as the basis for interviews with caseworkers, underscoring the usefulness of the framework in facilitating consistent discussions among experts and practitioners across the Nordic countries.

## **Despite intensive focus and academic research, significant knowledge gaps remain**

The majority of the academic literature from the systematic review primarily evaluates the effects stemming from classic active labour market instruments, such as education and labour market training. In [Table 1](#), we categorise the academic literature from the systematic review by instrument type, target group, and employment effect. The table demonstrates that the identified literature predominantly relates to education, labour market training, and financial incentives. This finding suggests that knowledge gaps exist in the academic literature on certain policy areas, despite being crucial in increasing labour market participation among vulnerable groups – especially among the most vulnerable individuals on the labour market.

Below, we summarise the main takeaways from each chapter. Subsequently, we summarise the key considerations for each instrument in [Table 2](#). For detailed descriptions of the instruments and references, please refer to the specific chapters.

### **Education and labour market training**

- Effects of **guidance and counselling programmes** appear rather mixed, as can be seen in [Table 1](#), which shows that, across target groups, we have identified two articles demonstrating positive effects and two showing no effect. In general, guidance programmes targeting, for example, young people appear to not achieve positive effects, and literature suggests that individuals farther away from the labour market generally benefit less from these

instruments. Despite the mixed results, these programmes have the advantages of being relatively low-cost and experiencing fewer lock-in effects. Caseworkers we interviewed confirm that these programmes are not highly effective for vulnerable groups who face more employment barriers than can be addressed in guidance meetings.

- Overall, **labour market training** is considered one of the most effective instruments across multiple target groups. Academic literature suggests that young individuals with health problems benefit from labour market training. However, the results among immigrants are more mixed, partly because labour market training can crowd out language training. Interviews with Nordic caseworkers suggest that labour market training is rarely efficient on its own but may be effective when used as part of a larger, well-devised plan.
- The literature shows that **ordinary education** generally has positive employment effects, though significant lock-in effects must be considered. Further, the literature indicates that ordinary education is more effective among some groups than others. For example, individuals with physical health issues experience stronger effects than individuals with mental health issues. Similarly, caseworkers report that ordinary education can benefit vulnerable groups. On the other hand, several respondents point out that such education requires that the persons targeted are motivated and capable of following the courses.

### **Preventive and rehabilitative efforts**

- Research on **preventive efforts** such as profiling is scarce in the Nordic countries, as can be seen from [Table 1](#), but it is gaining traction in some of the countries. Profiling involves models that assess the support needs of unemployed individuals. The potential of profiling is growing due to advancements in machine learning and AI. However, the literature highlights important considerations to be made before introducing such tools, including the involvement of caseworkers and the unemployed.
- The evidence on **rehabilitative efforts** is relatively comprehensive, and such efforts generally appear effective. [Table 1](#) demonstrates that we have identified 10 articles in total related to rehabilitative efforts, and the literature indicates that multidisciplinary efforts and gradual return to work have positive effects among sick-listed workers, whereas traditional ALMPs show limited effectiveness among this group. These findings are supported by Nordic caseworkers, who acknowledge the effectiveness of gradual return to work and other rehabilitative activities. However, they also emphasise the complexity of each individual's situation, noting that addressing complexity requires time.



**Table 1 Summary of the employment effects in the identified literature from the systematic literature review**

		Young people			Immigrants/ refugees			Individuals with health issues*			Seniors		
		+	0	-	+	0	-	+	0	-	+	0	-
Education and labour market training	Guidance and counselling		1		2	1							
	Labour market training	1			2	2							
	Ordinary education	2			1	1		2					
Preventive and rehabilitative efforts	Preventive efforts												
	Rehabilitative efforts							6	4				
Compensatory efforts	Work accommodations												
Financial incentives	Monitoring and sanctioning	2	1										
	Benefit schemes	1			2**	2***		1	1		4		
	Wage subsidies	1						1	1****				
Support, cross-sectoral and coordinating efforts	Support, mentoring and relationship to the case worker	1											
	Cross-sectoral coordination and ongoing support	2							1				
Company aimed measures	Initiatives to improve the inclusive labour market												

*Notes: The number in each cell represents the number of articles that have found a positive effect (+), a null effect (0), or a negative effect (-). For example, in the cell related to labour market training among young people, we have identified 1 article that finds a positive effect from labour market training in the systematic review, whereas we have found 0 articles that found a null effect or a negative effect.*

*\* Here, individuals with health issues are defined broadly, including individuals on sick leave due to various circumstances.*

*\*\* Heterogeneous treatment effects among immigrant men and immigrant women in this literature (see [Table 7.1](#) for further descriptions).*

*\*\*\* Part of this literature demonstrates positive employment effects in the short run, but the effect vanishes in the long run (see [Table 7.1](#) for further descriptions).*

*\*\*\*\* The effect is positive in the short run, but it vanishes in the long run. However, it is important to mention that a lower share of the participant have disability benefits.*

## Compensatory efforts

- The literature on the effectiveness of compensatory efforts, such as **work accommodation**, is scarce, as shown in [Table 1](#). These instruments primarily target individuals with health issues and aim to adjust a job or work environment to enable them to perform their duties despite their disabilities. While some evidence suggests positive effects from assistive support and devices, this evidence is weak due to reliance on observational study designs. Caseworkers generally agree that such accommodations can be crucial for individuals to gain or maintain employment.

## Financial incentives

- The literature supports the effectiveness of **monitoring and sanctioning** as tools to encourage jobseekers to actively engage in finding work and participating in training programmes. However, studies have predominantly focused on their effects among individuals close to the labour market (i.e., those with unemployment insurance), with less research available for individuals farther away from the labour market. Nordic caseworkers generally agree that sanctions can be necessary in some cases, but they are often sceptical about their autonomous effectiveness in promoting employment.
- The literature shows that **benefit schemes** can impact employment, with higher benefit levels tending to decrease the employment rate, and vice versa. However, several factors can moderate this effect, such as the complexity of employment barriers among the affected individuals as well as demand on the local labour markets. Furthermore, reducing benefit levels can lead to unintended consequences, such as an increase in property crime and poorer educational outcomes among the children of those affected. This raises questions about the overall socio-economic benefits of such measures.
- Evidence has shown that **wage subsidies** yield positive effects, particularly among individuals with health issues. A key mechanism behind these results is that subsidies facilitate employment in real workplaces under normal conditions, with genuine expectations from employers and colleagues. Caseworkers agree on the effectiveness of wage subsidies in helping vulnerable groups gain a foothold in the labour market. However, they emphasise that wage subsidies often represent the final step in a series of necessary measures to secure employment for vulnerable groups.

## Support, cross-sectoral and coordinating efforts

- The evidence on the effects of **support, mentoring, and the relationship to the caseworker** is limited, especially among vulnerable groups. These efforts encompass various forms of mentoring and support aimed at helping individuals overcome challenges in their daily lives, as well as they emphasise the importance of the individual's relationship with their caseworker. These efforts typically do not demonstrate any positive employment effects in the short run. However, the literature suggests that one cannot expect such programmes to have any employment effects in the short term. Rather, in the long term, mentor support will contribute to make unemployed persons able to participate in activation or take up employment or education. The importance of a good personal relationship between the citizen and the professional aiming to provide guidance and help is a recurring theme in the caseworker interviews.
- Programmes where **cross-sectoral coordination and ongoing support** are central typically refer to efforts such as Supported Employment (SE), including Individual Placement and Support (IPS). These programmes provide individualised assistance, job placement, and ongoing support to help the unemployed achieve sustainable employment. IPS is originally targeted at individuals with severe mental illness and typically produces positive effects for this group. However, when extended to other groups, results become more mixed, underscoring the need to customise programmes according to specific target groups and contexts. While caseworkers generally lack direct experience with these efforts, they mainly express positive views concerning their usefulness.

## Company-aimed measures

- Many of the employment instruments discussed earlier rely on effective collaboration between the PES and companies. However, evidence on the effectiveness of **initiatives to improve the inclusive labour market** remains scarce, as can be seen in [Table 1](#). There are indications that informational campaigns can influence norms and attitudes, making employers more willing to hire individuals with health issues. Further, various initiatives aimed at enhancing the inclusive labour market have been implemented, such as job carving, which involves rearranging work tasks within a company to create customised employment opportunities for vulnerable individuals. Caseworkers emphasise the critical importance of collaborating closely with employers to successfully place individuals facing various employment barriers in suitable jobs.

**Table 2 Key considerations regarding employment instruments in the Nordic countries**

Education and labour market training		Financial incentives	
Guidance and counselling	<ul style="list-style-type: none"> <li>• Guidance and counselling seem to be more effective among persons closer to the labour market</li> <li>• Evidence of positive employment effects from relatively low-cost interventions, also in the short run</li> </ul>	Monitoring and sanctioning	<ul style="list-style-type: none"> <li>• Monitoring and sanctioning work effectively among individuals close to the labour market. However, evidence of their effectiveness among individuals farther away from the labour market is scarcer</li> <li>• The threat effect from sanctioning increases employment among young people closest to the labour market, but subsequent efforts seem ineffective for those who remain unemployed, as they often face a more complex set of barriers</li> </ul>
Labour market training	<ul style="list-style-type: none"> <li>• The success of labour market training depends crucially on a good match between employer and employee</li> <li>• Labour market training among immigrants crowds out language training, which can explain a vanishing employment effect from labour market training after three years</li> </ul>	Benefit schemes	<ul style="list-style-type: none"> <li>• Positive employment effects from decreasing the benefit level, but the effect is generally short-term and determined by the complexity in the barriers to employment among the affected individuals</li> <li>• Unintended effects (e.g., increased property crime and impacts on children's educational outcomes) should be considered when assessing the socio-economic benefits of reducing benefit levels</li> <li>• The financial incentives must be clear, easy to understand, and preferably set at the individual level as opposed to the household level</li> </ul>
Ordinary education	<ul style="list-style-type: none"> <li>• Stronger employment effect of education among individuals with physical health issues than among individuals with mental health issues</li> <li>• Large lock-in effects during participation in ordinary education, which highlights the importance of considering the overall socio-economic impact of offering ordinary education</li> <li>• Immigrants whose native languages are very different from Nordic languages experience larger employment effects from language training</li> </ul>	Wage subsidies	<ul style="list-style-type: none"> <li>• Providing vulnerable individuals with work on ordinary terms at ordinary workplaces seems to be beneficial for sustainable employment – real work works.</li> <li>• Lock-in effects of wage subsidies seem to be stronger among individuals with more severe health issues, whereas they appear to be negligible for other groups</li> </ul>

## Preventive and rehabilitative efforts

- Preventive efforts
- The latest advancements in AI and machine learning increase the potential of profiling in the active employment programmes
  - Important to involve caseworkers in the recommendation from the profiling tool
  - Important to consider how to involve the jobseeker and to be compliant with national legislation

## Support, cross-sectoral and coordinating efforts

- Support, mentoring, and relationship to the caseworker
- Employment effects from support may only be positive in the longer term, which calls for other measures of progress (e.g., employability)
  - Potential in focusing on other, less structural causes of unemployment, e.g., by setting goals in relation to daily habits, which has proven successful in increasing employment
  - The caseworker and the relationship to the caseworker seem to be vital for the success of vulnerable individuals in various labour market programmes

- Rehabilitative efforts
- Gradual return to the labour market appears to provide long-lasting employment effects among long-term sick-listed workers
  - Multidisciplinary efforts are in general found to be effective in increasing the labour market participation among sick-listed workers
  - Traditional ALMPs seem to have limited effects on regular employment for sick-listed workers

- Cross-sectional coordination and ongoing support
- Potential in using IPS for many other target groups (beside people with severe mental illness), but the IPS principles typically need to be modified according to the target group and context

## Compensatory efforts

- Work accommodations
- Lack of knowledge among both employers and employees about workplace accommodation possibilities and their potential constitutes a central barrier to using this instrument
  - Legislation plays a key role in the use and effectiveness of work accommodations. For example, it is problematic if devices can be granted only in connection with a specific job, since this creates uncertainty for the jobseeker as well as the employer

## Company-aimed measures

- Initiatives to improve the inclusive labour market
- Direct contact between caseworkers and companies increases the effects of the employment instruments through, e.g., better job matches
  - Job carving, the practice of rearranging work tasks within a company to create tailor-made employment opportunities for, e.g., vulnerable individuals, may be a relevant approach in a situation with labour shortage

## 2. Framework of employment instruments and target groups

In this chapter, we will present a framework of employment instruments, which we have developed to get a common and cohesive understanding of employment instruments in the Nordic countries. We define employment instruments as instruments targeted at helping individuals overcome employment barriers to increase their labour market participation. Moreover, we present a framework of the target groups which these instruments are designed to assist in finding a job. This framework is inspired both by previous reports in the project identifying the overlapping employment barriers confronting these individuals and by the interviews we have conducted with caseworkers across the Nordic countries. These interviews document the oft-entangled nature of the barriers confronting many persons on the margins of the Nordic labour markets.

### 2.1 Framework of employment instruments

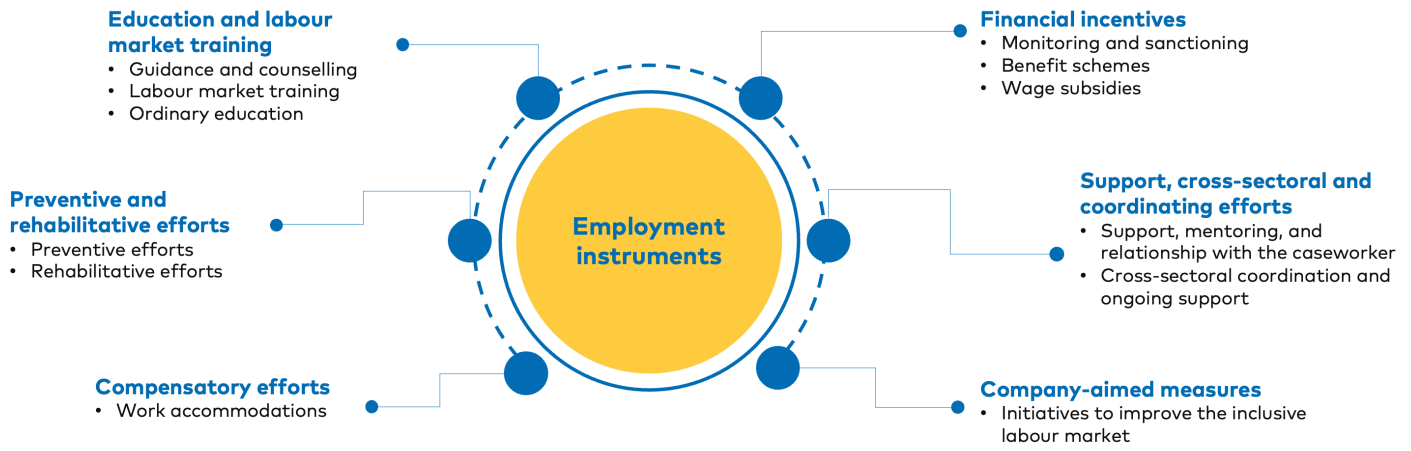
We use the categorisation from Immervoll & Scarpetta (2012) as a starting point to narrow down ALMPs and employment support policies (AESPs). This categorisation separates the policies into: a) financial incentives, b) obligations of jobseekers, and c) programmes directed towards employment barriers on both the supply and the demand sides. The latter category can be divided into various programmes, such as labour market training, education, and job search assistance (Butchek & Walter, 2014; Card et al., 2018).

However, we have made some changes to this categorisation, since we want to stress that the toolbox available to help vulnerable groups into the labour market contains more than financial incentives and obligations, which should also be represented in the framework. This, for instance, includes cross-sectoral and coordinating efforts. Further, the changes to the framework were made to better suit the employment instruments used in the Nordic countries. The framework is presented in Figure 2.1 and consists of six different types of instruments. Each type of instrument is further disaggregated into subcategories.



# Which employment instrument exists?

## Holistic framework over employment instruments



**Figure 2.1 Framework of employment instruments in the Nordic countries**

The first category in the framework consists of education and labour market training, which involves classic active labour market instruments. It is divided into three subcategories, the first of which is *guidance and counselling*, referring to courses taking place at the employment services, such as CV and job search counselling. Second, it includes *labour market training*, which consists of various company internships where the individual is offered the opportunity to get work experience in actual workplaces. The third and last subcategory is *ordinary education*, which includes various types of educational activities taking place outside the employment services, e.g., upper secondary education and vocationally oriented education.

The second category in the framework comprises preventive and rehabilitative efforts, which are further divided into two subcategories addressing health challenges either before or after they occur. The first subcategory encompasses *preventive efforts* such as profiling. The second subcategory is *rehabilitative efforts*, which comprises various efforts that support individuals in re-entering the labour market after, for example, a health-related setback.

The third category in the framework consists of compensatory efforts. These are primarily targeted at individuals with health issues that hinder them from participating in the labour market. These compensatory efforts comprise various sorts of *work accommodations*, which may include reduced and flexible work schedules, modified work duties, assistance with transportation, the use of assistive devices, and personal assistance.

The fourth category in the framework comprises financial incentives, which is another central part in activation and employment support policies in the Nordic countries. The category consists of three subcategories. The first subcategory is *monitoring and sanctioning* individuals in their job search effort. The second subcategory is *benefit schemes* in the Nordic countries. Finally, we have included *wage subsidies* as a subcategory to financial incentives, since wage subsidies encourage employers by affecting their financial incentives to hire vulnerable individuals.

The fifth category within the framework consists of efforts that typically cross multiple authorities. This category is named support, cross-sectoral and coordinating efforts, and it consists of two subcategories. The first subcategory is *support, mentoring, and relationship to the caseworker*, which includes mentoring schemes and efforts to help vulnerable individuals deal with issues in their everyday life. Secondly, it consists of *cross-sectoral coordination and ongoing support*, and a central part of these instruments is coordination between several public authorities, including employment and health services, and ongoing support after an individual has found employment.

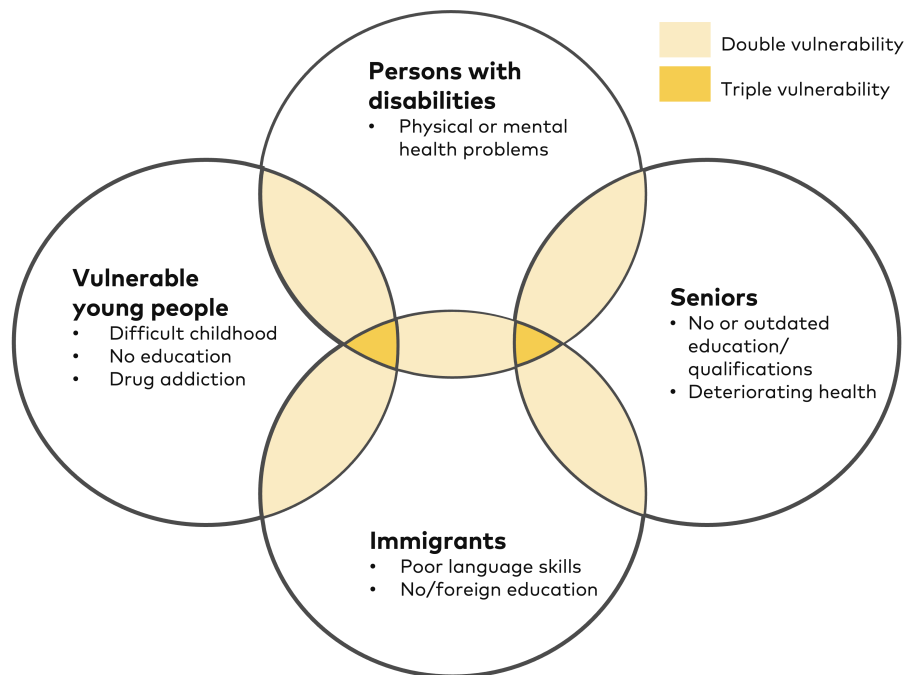
The sixth and final category in the framework is company-aimed measures, which consists of various *initiatives to improve the inclusive labour market*. It includes instruments such as campaigns and other measures to encourage companies to hire individuals outside the labour market (e.g., job carving). The latter refers to initiatives which reduce the administrative burden of companies when hiring vulnerable individuals and includes measures such as single entrance into the PES for companies when hiring vulnerable individuals.

The focus of the framework is primarily on the employment situation from the individual's perspective. Therefore, it does not include efforts at the organisational level (such as how employment policies are implemented in the Nordic countries). Additionally, the framework is structural in nature; hence, it does not cover very short-term efforts to keep individuals employed during events such as a pandemic.

## **2.2 Framework over target groups**

The focus of this report is on the efficient instruments that may help vulnerable individuals find work perhaps a job requiring a low skill level in a short-term perspective or a path to a job requiring a more advanced skill level or tertiary education in a longer-term perspective. Many of the studies focus rather narrowly on one specific instrument, e.g., labour market training in a private or public workplace, which is tested using experimental or quasi-experimental methods that divide a target population into a treatment group and a control group. This is necessary to identify causal effects when validity of a study relies on the ability to

keep everything equal, apart from the intervention status (treated/untreated). However, this situation is very far apart from the everyday experience of most caseworkers. These caseworkers typically interact with unemployed individuals with unique personal stories and very often also with a heterogeneous set of problems and employment barriers. In these situations, the caseworker has to find the right combination of tools to deal with these barriers within the limits of the law and with respect to available resources. In the interviews we have conducted across the Nordic countries, we have sought to deal with this situation by focusing, as our point of departure, on the main demographic target groups that were the starting point of this project, i.e., vulnerable youth, seniors, immigrants, and persons with disabilities, since we assumed that these groups are recognisable for the caseworkers that we wished to interview. We are fully aware that national employment legislation (alongside integration, health, and education legislation) typically defines target groups of policy interventions in other manners, with many differences, often very specific ones, between these groups and subgroups. However, in order to conduct a comparative study of how caseworkers in the employment services across the Nordics perceive the effectiveness of the instruments available to them, we had to abstract from these legislative differences in our interview approach (although references to legislation or resources often reappeared in the explanations the caseworkers gave us as to why they did what they did and used the instruments they used).



**Figure 2.2 The complex work tasks of caseworkers: clients with intersecting vulnerabilities**

As can be seen in Figure 2.2. – and as stressed above – the vulnerable groups and (some of) their barriers very often overlap. This does not necessarily imply that the groups themselves overlap. Persons belonging to the group of vulnerable youth (e.g., NEETs) and unemployed seniors as a group may both lack education, but these two groups do not overlap in a demographic sense, as you cannot be young and old at the same time. But you can be a member of the NEETs group and an immigrant at the same time or be an immigrant and a senior at the same time. Moreover, it is also possible to be either a young or an old immigrant and suffer from some form of physical or mental impairment. As our previous reports in the project show, and as the interviews later in this report also document, persons on the margins of the labour market often have to overcome several employment barriers. In Figure 2.2., some of these overlapping barriers are indicated in the intersections between the groups as double or triple vulnerabilities. Often, these double and triple vulnerabilities came up in the interviews with the caseworkers as they shared their knowledge and experience of which instruments and approaches appear to work with helping vulnerable individuals.

# 3. Data and method

In this report, we generally rely on three data sources. We 1) use a systematic literature review to collect cutting-edge research on the effectiveness of various employment instruments, 2) gather grey literature on the matter through both searching in databases and interviewing experts from the various employment ministries in the Nordic countries, and 3) interview caseworkers in the Nordic countries to get the practitioner's view on the effectiveness of various employment instruments for various groups.

Below, we briefly describe our search strategy and how the caseworker interview has been conducted. The full overview of our data collection approach can be found in Appendix A.

## 3.1 Literature review

Relevant studies are identified through searches in international electronic databases and grey literature. In the following, we will describe the search methods. The search string is based on the PICO (S) model, which categorises the search into Population, Intervention, Comparison, Outcome, and Study design. However, we utilise only three aspects: Population, Intervention, and Outcome. Moreover, we further limit the search to concern only English articles from the Nordic countries published in the period 2017-2023. We have searched through a variety of international electronic databases, such as Academic Search Premier and EconLit.

Further, we have searched working papers and published papers from various sources, including IZA, IFAU and Vatt Institute for Economic Research. We have done so to collect some of the latest research, which may not have been published in any journals yet.

After having searched for literature, we had a large gross list containing many articles, also irrelevant ones. We screened the literature in two steps. In the first step, the literature was screened on title and abstracts to identify literature relevant to the purpose of this report. In the second step, the full text of the remaining literature was screened, meaning that it was read to decisively determine whether it fit the purpose of this report. In the screening process, we also screened on study type and methodology, as we are only interested in quantitative evaluation studies with a comparison condition. After screening on the two levels, we ended up with 46 articles.

To bolster arguments and ensure that the findings in this review are grounded in previous research, we have utilised literature from other sources alongside the literature from the systematic review. Additionally, we have interviewed experts from the employment authorities in the Nordic countries to collect their latest insights into the effectiveness of various employment instruments.

### **3.2 Qualitative data collection among Nordic caseworkers**

To complement the findings from our literature review, we conducted a series of interviews with caseworkers across the PES in the Nordic countries. The aim was to gain practical insights into the effectiveness of various employment instruments focusing on vulnerable groups such as youth, seniors, immigrants, and individuals with disabilities. Our approach was designed to capture a broad spectrum of experiences, reflecting both urban and rural settings within the Nordic region.

We received assistance from the employment ministries in Denmark, Finland, Iceland, Norway, and Sweden in identifying relevant caseworkers. While we initially aimed at conducting group interviews with 2–4 caseworkers working with the same target group in different regions, scheduling challenges led us to conduct a mix of 9 group interviews and 24 individual interviews, involving a total of 44 participants.

The interviews were conducted via Zoom and structured using a funnel approach, beginning with open-ended questions about the caseworker's general experiences and gradually focusing more on specific employment instruments. To facilitate discussion, we used vignettes: brief, hypothetical scenarios representing typical cases within the target groups. For example, a vignette might describe a young man struggling with unemployment and substance abuse or an individual with disabilities facing long-term joblessness. These vignettes prompted caseworkers to reflect on similar real-life cases and discuss the strategies they employed.

The interviews, which lasted between 45 and 65 minutes, were conducted in Danish, Norwegian, or Swedish with participants from these countries, while Finnish and Icelandic caseworkers were interviewed in English. Each interview was recorded and summarised for further analysis.

Subsequent thematic analysis identified several recurring themes: the barriers most commonly faced by members of our target groups, the critical importance of establishing a trustful relationship between caseworkers and clients, and the effectiveness of specific employment instruments in overcoming these barriers. These findings provided valuable cross-Nordic perspectives on practical approaches to improving employment outcomes for vulnerable populations.

For further information on the caseworker interviews, see [Appendix A](#).



# 4. Education and labour market training

Education, upskilling, and labour market training are considered core instruments when it comes to several policy outcomes, including the employability of the individual. In the Nordic countries, ordinary education is not only used to prepare young people for the labour market but also as a part of ALMPs to help individuals into the labour market by improving their human capital and thereby their employability.

Lack of human capital constitutes a central employment barrier among vulnerable groups in the Nordic countries. Previously in this project, we found that lack of education, lack of skills, and lack of labour market experience constitute central employment barriers in the Nordic countries. For example, 31 pct. of the individuals outside the labour market in the Nordic countries lack education, 15 pct. experience lack of skills, 53 pct. lack recent labour market experience, and 12 pct. have never worked (Højbjerg et al., 2023b). This points to education and upskilling being important instruments in overcoming central barriers to employment among vulnerable individuals in the Nordic countries.

The chapter is separated into the following sections, each presenting the most recent Nordic literature on the topic:

[4.1 Guidance and counselling](#)

[4.2 Labour market training](#)

[4.3 Ordinary education](#)

Each of these sections is separated into three subsections. First, the instrument is described. Then, we present the literature from the systematic literature review. Finally, we present some key considerations regarding the instrument, including identified heterogeneous treatment effects from the literature and timing of the instruments when individuals face several barriers.

Lastly, we present evidence from caseworker interviews in section 4.4. and end the chapter with some concluding remarks in [section 4.5](#). The literature from the systematic review is summarised in [Table 4.1](#) at the end of the chapter.

## 4.1 Guidance and counselling

### Description of the instrument

Guidance and counselling encompass a range of supportive measures aimed at enhancing the employability and career prospects of the individual. These instruments include services such as CV and job search, all of which are taking place at the PES rather than at conventional educational institutions. Further, it typically has a shorter duration than ordinary education.

These services are distinct from ordinary education in that they specifically target individuals seeking to enter or re-enter the workforce, offering tailored support to match their skills with current market demands. Through guidance and counselling, individuals can receive personalised advice and resources to navigate the job market effectively, improve their resumes, and acquire the necessary skills to pursue and secure employment opportunities.

### The effectiveness of the instrument

The identified literature on the employment effects of guidance and counselling covers young people, immigrants, and refugees.

Hall et al. (2022b) investigate the effects of a Swedish reform aimed at helping unemployed young people into employment (The Youth Guarantee Program). The programme involves activation that starts 90 days after a person has registered as an unemployed jobseeker at the public employment service, and it involves all unemployed individuals between 18 and 25 years old. The activation is mandatory and includes, among other things, counselling and job-seeking activities with coaching. The Swedish study finds no evidence to support effects on employment from participating in the programme, both in the short run and in the long run. However, the study finds significant and positive short-term effects on employment just before the 90-days cut-off, meaning just before the programme begins, which is referred to as the *threat* effect. The results indicate that the threat effect is mainly observed among groups with a more advantageous position in the labour market, and the authors find no statistically significant effects for the group with the weakest labour market prospects.

In the systematic review, several studies concerning different introduction and mentoring programmes targeting immigrants and refugees in Sweden and Norway were examined. Månsson & Delander (2017) investigate the Swedish mentoring programme that began in 2010 and finished in 2012. The programme was targeted at newly arrived refugees, and the aim was to help unemployed refugees establish themselves in the labour market or start a business. The research period is relatively

short, extending to one year after the intervention. The mentoring programme has a positive effect on the income of the target group, but not across gender. Specifically, the results are only positive for men.

Ugreninov & Turner (2021) and Qi et al. (2021) investigate programmes aimed at providing basic insights into the Norwegian and Swedish societies, respectively. The evaluations of the programmes show positive labour market outcomes in the long run, measured as either income or employment. However, these programmes also include elements such as language training and different labour market activities, and it is not possible to disentangle the effect from the courses related to insights into the Norwegian and Swedish societies and the other elements of the programme. These findings correspond to evidence from a similar integration policy measure previously implemented in Finland and Sweden (Sarvimäki & Hämäläinen, 2011; Andersson Joonas & Nekby, 2012).

Looking beyond the literature included in the systematic review – whether due to its origins in non-Nordic countries, it being published prior to 2017, or because it does not concern any of the traditional target groups – the evidence on how various guidance and counselling programmes affect labour market outcomes appears rather mixed. Older reports from Denmark present both insignificant and positive results regarding two similar Danish initiatives (*Hurtigt i gang* and *Alle i gang*) aimed at, among other things, assisting jobless individuals in their job search (Graversen, Damgaard & Rosdahl, 2017; Rosholm & Svarer, 2009). The differences in outcomes can be attributed to variations in target groups; it appears that positive effects are observed among individuals closer to the labour market, whereas effects are insignificant for those farther away from the labour market. Such heterogeneous effects between individuals close to and individuals farther away from the labour market are also found in older Swedish research, where a reform which offered counselling to unemployed youth is analysed (Hägglund, 2009). Further, a large Danish literature review on the employment effects of, among other things, job search courses demonstrates negative effects in a meta-regression. However, when the job search courses are combined with very short upskilling courses (like a short IT or hygiene course), the coefficient in the meta-regression is positive (Rosholm & Svarer, 2020).

On the contrary, literature from outside the Nordic countries suggests the opposite relationship, where comparatively disadvantaged welfare recipients benefit somewhat more from various, however less comprehensive, interventions (Altmann, Falk, Jäger & Zimmermann, 2018; Bolhaar, Ketel & van der Klaauw, 2020). For example, a large-scale field experiment in Germany, where jobseekers were provided with an informational brochure which outlined job search strategies and consequences of unemployment, demonstrated positive effects (4 pct.) among the individuals who exhibited an increased risk of long-term unemployment (Altmann, Falk, Jäger & Zimmermann, 2018).

## Key considerations regarding the instrument

*Guidance and counselling seem to be more effective among persons closer to the labour market*

Literature from Denmark and Sweden suggests that individuals farther away from the labour market benefit less from guidance and counselling in relation to job search combined with intensive contact with caseworkers (Graversen, Damgaard & Rosdahl, 2017; Rosholm & Svarer, 2009; Hägglund, 2009). On the other hand, evidence from outside the Nordic countries demonstrates that more disadvantaged welfare recipients benefit more from various, less comprehensive interventions, such as a brochure outlining different job search strategies (Altmann, Falk, Jäger & Zimmermann, 2018).

*Evidence of positive employment effects from relatively low-cost interventions, also in the short run*

Compared to other types of activation programmes, such as ordinary education, job search interventions seem to produce beneficial reemployment effects, especially in the short term. One explanation is that job search interventions produce smaller lock-in effects than traditional ALMPs (Malmberg-Heimonen, West & Vuori, 2019). Further, the literature demonstrates positive employment effects from various low-cost interventions, such as informational brochures outlining job search strategies (Altmann, Falk, Jäger & Zimmermann, 2018) or a combined info-clip and reflective survey (Kalleitner, Steiber & Kittel, 2021). Interestingly, these interventions seem to be more effective for individuals with the highest risk of long-term unemployment.

## 4.2 Labour market training

### Description of the instrument

Labour market training is another type of ALMP and refers to instruments where the individual gets the opportunity to obtain work experience in actual workplaces. This includes various company internships where individuals with little work experience are offered internships at private or public workplaces. The internships may also help to clarify the individual's competences and job goals. The internships are an important element in the Danish job-first approach *JobFirst*. This approach is based on the *place, then train* principle: that the best way for the individual to gain a foothold in the labour market is to get started in a workplace. According to this principle, working is seen not merely as the end goal but both the means and the end. The internship is possibly supplemented with other interventions, such as social efforts and health efforts.

Opposed to ordinary education, the aim of this type of instrument is primarily to overcome an important employment barrier, namely lack of work experience (see, e.g., Oslo Economics (2023)), which constitutes a highly prevalent employment barrier among vulnerable groups in the Nordic countries, as we have demonstrated previously in this project (Højbjerg et al., 2023b).

### **The effectiveness of the instrument**

In the systematic review of the employment effects of labour market training in the Nordic countries, we have identified literature covering immigrants, refugees, and young people with disabilities.

The evidence from the systematic review regarding how labour market training affects the employment of immigrants and refugees is mixed. On the one hand, one article demonstrates positive employment effects of some specific efforts. For example, a recent Danish working paper evaluates the causal effect of the Industry Packages programme for non-Western immigrants with poor labour market prospects. In short, the programme entails a structured sequence of job training internships that provides participants with skills relevant for local industries with labour shortages. Results indicate that the Industry Packages programme has a small positive effect on employment of non-Western immigrants, mainly driven by increased female employment (Rotger & Thuesen, 2023).

On the other hand, Arendt & Bolvig (2023a) demonstrate that job-first strategies emphasising on-the-job training only have zero-to-marginally-significant employment effects for refugees and immigrants in Denmark in the medium run. The employment effect among refugees is positive two years after arrival, but the effect disappears during the third and fourth year. Further, job-first strategies are negatively related to time spent in language courses, the level of completed language courses, and the grade point average for refugees attending the language course exam. Similarly, Arendt & Bolvig (2023b) suggest that the intensive on-the-job training programme produces a negative societal net benefit among long-term unemployed immigrants in Denmark due to a combination of intensive support and minimal employment effects.

#### **Box 4.1 *Place, then train vs. train, then place* in the ALMPs**

*Place, then train* and *train, then place* are two central concepts in the ALMPs in the Nordic countries.

*Place, then train* involves placing jobseekers in a job first, then providing on-the-job training. This method focuses on immediate integration into the workforce, with training and support provided as needed. The main benefits of this strategy are rapid employment for jobseekers and real-world experience. However, it requires close collaboration between employers and support services and may need significant initial support to ensure job retention and skill acquisition.

On the other hand, *train, then place* involves providing jobseekers with training first, then assisting them in finding employment. This approach focuses on equipping jobseekers with the necessary skills and qualifications before they enter the workforce. The benefits of *train, then place* include jobseekers entering the workforce with relevant skills, a potentially higher job retention due to better preparation, and employers receiving employees who are already trained. However, it requires a longer period before the jobseeker achieves employment, and a central risk is that the training is not aligned with current job market demands.

Hall et al. (2022) perform a comparative analysis of Sweden and Norway, which differ regarding policy mix to enhance the employability of young disabled individuals. The authors investigate the effects of *train* (i.e., education) and *place* (i.e., labour market training). Despite cross-country differences in the programmes, there are surprisingly small differences in impact. In general, the effects are positive for both place and train, but effects are substantially larger for place. There are lock-in effects in both programmes, but the lock-in effects tend to be larger in the train programme.

Looking beyond the literature identified in the systematic review, Danish research supports the positive results of labour market training (*JobFirst*) across age, gender, and ethnicity (Rambøll & Metrica, 2018; STAR, 2023). However, it is worth mentioning that the labour market training was combined with intensive mentoring support, frequent follow-up, and handling the challenges beyond unemployment in parallel initiatives. These results are further supported by Card et al. (2018), who conclude that work-first programmes tend to have larger short-term effects compared to programmes focusing on human capital accumulation, such as ordinary education.



In Norway, historically, on-the-job training (*Arbeidspraksis på overgang til arbeid*) has consistently performed poorly among almost all participants (von Simson, 2023; Oslo Economics, 2023). Based on this observation, several changes were made, including a requirement for clarification of purpose and closer follow-up of the participants along the way. This new programme is called *Arbeidstrening* and has been evaluated both qualitatively and quantitatively. The qualitative results show that the participants have generally taken longer to settle into the workplace, but it has worked well after a while, subsequently resulting in permanent positions. However, some employers have bad experience with the programme, which is partly caused by lack of language skills, making training and communication with the programme participants difficult. Further, some participants have physical health issues that are not compatible with the work tasks. This highlights that, to ensure a good job match, it is particularly important that the PES (in this case, NAV) are familiar with both the employer and the participant (Oslo Economics, 2023). The quantitative results demonstrate positive employment effects from *Arbeidstrening*, and the effect seems to be greatest among participants with low formal qualifications and no work experience, whereas it seems to have no significant effect on older participants with a lot of work experience (Oslo Economics, 2024a).

### **Key considerations regarding the instrument**

*The success of labour market training depends crucially on a good match between employer and employee*

The identified literature suggests that a good match between employer and employee is crucial for the success of labour market training. For example, the Industry Packages programme is a good case. First, a central part of this scheme is that it only concerns employers with labour shortages, which creates a good starting point for a good match. Further, the programme entails a structured sequence of job training internships that provides participants with skills. In other words, the participant tries different workplaces in different sectors, which also creates a breeding ground for a good job match. Further, such an arrangement can contribute to overcoming barriers related to employers, namely *the risk related to hiring employees*, which we have identified previously in this project as an employment barrier that hinders vulnerable groups from entering the labour market.

*Labour market training among immigrants crowds out language training, which can explain a vanishing employment effect from labour market training after three years*

The literature demonstrates that the intensive labour market training among immigrants crowds out language training, which can be an explanation of why the positive employment effect disappears three years after programme participation (Arendt & Bolvig, 2023a). Further, as will be demonstrated in [section 4.3](#), the

literature finds positive long-run effects of language training, which indicates that it is important to consider the sequence of overcoming barriers related to lack of language skills and barriers related to lack of labour market experience among immigrants. The literature seems to suggest that it is important to provide immigrants with basic language skills before providing them with labour market experience in the longer run.

## **4.3 Ordinary education**

### **Description of the instrument**

Typically, individuals who are seeking employment in the Nordic countries are allocated to an ALMP after consultation with a caseworker. The ALMP is comprised of a variety of different activities, including ordinary education. This, among other things, refers to upper secondary education (e.g., general or technical high school), vocationally oriented education (e.g., plumber, electrician), college degrees, as well as adult vocational training and general adult education (referred to as AMU courses in a Nordic context), and language training (targeted at immigrants). The specific educational measure is based on current qualifications, interests, etc., and determined by the caseworker and the recipient.

Note that we have included language training in this category of instruments, since language training is a special type of education targeted at immigrants.

### **The effectiveness of the instrument**

In the systematic review, we focus on literature uncovering the causal employment effects of ordinary education. The identified literature is relatively scarce and primarily concerns refugees and young people with disabilities.

Holm et al. (2017), von Simson & Hardoy (2020), and Hall et al. (2022) investigate how ordinary education may affect the probability of disabled people going into (non-subsidised) employment. Holm et al. (2017) exploit over-time variation in the use of ALMPs (including ordinary education) among sick-listed workers in 98 job centres in Denmark to identify causal treatment effects of ordinary education. The sick-listed workers treated with ordinary education are 29 years old on average, which is around 10 years younger than the group of sick-listed workers treated with other ALMPs. Ordinary education is shown to have a positive effect on employment duration but no effect on the transition into employment. This is a result of two opposing effects: a large positive effect of having completed education and a large negative lock-in effect with low re-employment chances during programme participation. Von Simson & Hardoy (2020) confirm these findings in a Norwegian study, where they investigate how ordinary education and various courses affect

the probability of obtaining work. They show that education and training programmes increase the probability of employment. Similar effects are found by Hall et al. (2022), who uncover positive employment effects of education. However, lock-in effects are observed in the short run.

The systematic review also contains literature on how language training affects the employment prospects among refugees and immigrants in the Nordic countries. Arendt et al. (2021) find significant positive and permanent effects on employment from a Danish reform (from 1999) focused on improving language training among refugees aged 18 years or older. The effect emerged after completion of language classes and was accompanied by additional schooling. This highlights the potential of a very specific form of education, namely language training, as an instrument to increase labour market participation among immigrants.

Foged & van der Werf (2023) somewhat confirm these findings in a Danish study, which uses the opening, closing, and gradual expansion of local language training centres, as well as the quasi-random assignment of the refugees to locations with varying proximity to a language training centre, as their identification strategy. The study demonstrates that this increases the participation of refugees in language training. Further, it significantly increased their participation in ordinary education, but it did not increase their labour market participation five years after the language training, which can be partially explained by lock-in effects due to increased enrolment in ordinary education. The investigated group of refugees were quite young at an average age of 30 years. Increased participation in education is also identified as a positive outcome of language training in a publication from the Danish Ministry of Immigration and Integration, whereas the impact on employment outcomes is more ambiguous (Ministry of Immigration and Integration, 2023).

The findings from the systematic review are generally supported by similar reviews and studies investigating the employment effects of ordinary education. In this literature, a general finding is that human capital policies (such as ordinary education) have negative effects in the short run (due to lock-in effects), but these policies may prove more beneficial in the longer run (von Simson, 2023; Kluve, 2016; Card et al., 2018; OECD, 2022).

### **Key considerations regarding the instrument**

*Stronger employment effect of education among individuals with physical health issues than among individuals with mental health issues*

Previously in this project, we uncovered that a central combination of barriers among vulnerable individuals is lack of education and physical or mental health issues. 33 pct. of vulnerable individuals in the Nordic countries with either physical or mental health issues also lack qualifying education (Højbjerg et al., 2023b). The

literature demonstrates positive effects of ordinary education on the employment prospects of individuals with health issues (Holm et al., 2017; von Simson & Hardoy, 2020). However, it seems to be crucial to distinguish between physical and mental health issues when designing policies towards this group. This is demonstrated in older Norwegian studies, where it is suggested that educational and training measures work relatively better for people with physical health issues, whereas individuals with mental health issues seem to benefit more from participating in work-oriented measures (Børing, 2002; Møller, 2005).

*Larger lock-in effects during participation in ordinary education, which highlights the importance of considering the overall socio-economic impact of offering ordinary education*

The identified literature demonstrates that policies aimed at increasing the human capital of the individual through ordinary education are beneficial to their employment chances in the longer run. However, one should note that participation in ordinary education (and programme participation in general) increases the likelihood of lock-in effects on the probability of transitioning to regular employment (see, e.g., Hall et al. (2022)). This is especially the case when considering ordinary education, as this type of employment instrument typically lasts for a longer period compared to, for example, labour market training.

*Immigrants whose native languages are very different from Nordic languages experience larger employment effects from language training*

It has been shown that there are heterogeneous treatment effects among refugees with varying language roots. Refugees speaking languages very different from Danish experienced stronger employment and earnings benefits from increased language training, which emphasises a central hypothesis in this project, namely that the traditional target groups (including immigrants) are highly heterogeneous. Such heterogeneities are important to uncover and recognise when designing employment policies (Arendt et al., 2021).

## **4.4 Caseworker interviews**

The following section provides an overview of which tools in the education and labour market training caseworkers across the five Nordic countries use and how they perceive their effectiveness in terms of assisting unemployed individuals with more or less complex sets of barriers in finding employment. As a preliminary remark to what follows, it is worth mentioning that some of the tools that we have categorised as belonging to this instrument category are among the most commonly used across Nordic countries. In all five countries, some form of guidance in the public employment service no matter how it is organised or who it targets is integral to all efforts at guiding unemployed (vulnerable) citizens towards either a job, short-term training or a course, or longer-term education of some type. Some

form of counselling is also very common in relation to all target groups (if the citizens involved are motivated, and the courses are not too costly), as are various types of work try-out or testing and labour market training.

As already mentioned in chapter 2, it is also important to note that almost all interviewed caseworkers stress the importance of getting to know the person that needs assistance, i.e., this specific person's background, barriers, potentials, (lack of) motivation, and (potential) aspirations, especially when it comes to vulnerable unemployed jobseekers. Without an adequate understanding of the person sitting in front of the caseworker, providing adequate assistance becomes difficult. From the analysis of the interviews, it seems to be almost a condition, or at least a rule of thumb, that the more complex the problems confronting the citizen in terms of becoming ready for the labour market and finding a job, the better the caseworker needs to understand the citizen to be able to help her/him. This is also where the work of the caseworker in the employment services across the Nordic countries often becomes dependent on the work of others. These others can be the municipal social services department, where other caseworkers have a better understanding of the vulnerable situation of the whole family that the citizen belongs to, which is a situation that may impede efforts to make the person more prepared for the labour market. They can also be psychiatrists at a regional hospital who have not yet had the time to make a potential diagnosis (e.g., ADHD, anxiety, PTSD) that the caseworker may suspect but which needs to be documented before the caseworker is able to design the best possible plan, given national legislation and the available resources. We return to these issues pertaining to collaboration and coordination later in the report (chapter 5, chapter 6, and especially in chapter 8).

## **Guidance and counselling**

Guidance and counselling are used in the employment services in all the Nordic countries, and this is typically where employment assistance starts after the caseworker has spent some time familiarising him or herself with background information about the citizen (age, education, language skills, work experience, origin, type of residency permit, potentially relevant health information, criminal record, etc.). However, the amount and depth of guidance that the caseworkers are able to provide to the citizens clearly also vary with the caseload of the caseworkers. Some of the caseworkers we have interviewed in this study have a caseload of up to 200 cases, and two caseworkers in Northern Finland working with vulnerable youth said they had 120-160 cases.<sup>[1]</sup> Others do not really work with labour market guidance in a narrow sense at all but rather at the intersection of

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1. These numbers may appear high, but they are not unusual in the Nordic countries. For a period, the municipality of Copenhagen ran a project where they lowered the caseload among certain caseworkers from the usual average of 220 cases to 100 cases (Madsen, 2020). Caseworkers from Copenhagen have not been interviewed for this project.

employment services and social services, with rehabilitation of persons sick-listed because of stress, depression, or some other serious health problem, which was the case with an interviewed occupational therapist from mid-Sweden with very few clients.

Is guidance effective as a tool in itself? Most of the interviewed caseworkers use and provide guidance as part of their job, but they typically do not perceive it as an effective tool on its own in relation to most of the vulnerable groups we focus on in this project, since members of these groups often have more barriers to overcome on their way to employment than what can be overcome during one, two, or three guidance meetings in the public employment service. Still, guidance on employment options in the local (or wider) labour market and guidance on how to write a CV are integral to the effort to help unemployed persons find a job. This is especially true for individuals who may have faint knowledge of employment possibilities in the labour market and its cultural codes, such as many newly arrived immigrants, or who have never or only in a remote past drafted a CV and a job application, such as some seniors who have become unemployed after a long, uninterrupted work life. A caseworker from mid-Norway working with unemployed seniors said that some persons in this group have "an old-fashioned style when they apply for jobs", that they do not know the (implicit) rules governing many trades today, and that they may think that "knocking on the door and having a firm handgrip is enough to get a job". Unfortunately, this is often not the case. In relation to such groups, job search and labour market guidance are important, although some form of retraining or re-education is often also required.

Moreover, guidance in the form of supporting seniors' belief in the chances of finding a new job is also important, because unemployed seniors, with or without vocational or other education, very often experience difficulties in finding a new job once they become unemployed. Of course, some do not if they are flexible and there is a demand for the skills they possess, e.g., a carpenter who cannot work as such any longer but who manages to find a job in a DIY centre. An Icelandic caseworker described how unemployed seniors, often with some education, who cannot find a job using their education in the specific sector where they used to work, subsequently reorient their job search and use their qualifications in a job within the tourism sector, where employment prospects are good in Iceland if a person speaks a little or some English. Still, several caseworkers from Iceland, Norway, and Finland working with unemployed seniors report what they perceive as employers negatively discriminating against senior jobseekers. One caseworker from Iceland working with seniors expressed the view that women above 45 years and men above 50–55 years experienced an age-related negative bias among employers when applying for jobs. Caseworkers from Norway generally found that national employment policies in Norway focused to an insufficient degree on assisting seniors and that too few resources were allocated to this group, e.g., for retraining and re-education, in contrast to vulnerable youth receiving much more attention.

## Labour market training

The use of labour market training is relatively closely connected to upskilling and is used in all Nordic countries to some or a high extent. Iceland appears to be an exception from the Nordic normal in this field, since Icelandic caseworkers report that unpaid internship in workplaces is very uncommon, unless very short-term with a job clarification aim, while the use of wage-subsidised jobs in order to help persons on the margins of the labour market integrate into a particular workplace or trade is very common (see chapter 7 on economic incentives). In other Nordic countries, labour market training often takes place as unpaid short or medium-term internships in public or private workplaces, and it can be used for a variety of purposes, such as job clarification, as part of rehabilitation, getting to know a new trade, gaining new network or retraining, and keeping up skills that may otherwise wither away.

Finnish caseworkers working in one of the newly established Finnish one-stop-shops targeting young people say that they often meet young people with no education beyond primary school who do not know what they want to do with their life. They are weary of school, and a substantial number suffer from anxiety and have spent a long time at home – gaming or simply being passive – without contact with other people. The caseworkers report that they use labour market training in the form of internships in a public or private workplace with a job clarification aim, seeking to build on the wishes and interests of these young people. They try to help them gain an idea of a job path they might pursue, for example through an internship in a car workshop with the prospect of choosing a relevant vocational education leading to a job as a mechanic. Hence, the aim of such labour market training is often not simply a job in a short-term perspective but also a means to foster motivation among young people to enrol in some type of education that may later benefit their chances of finding and keeping a job. Such labour training might also be a means to help such young persons (re-)integrate in society through training in a workplace after periods of isolation with no contact to schools or ordinary work life. However, interviews with both Finnish and other Nordic caseworkers indicate that there is no quick fix to integrate vulnerable youth into the labour market, either through job training or ordinary education, given the vast variety and complexity of psychological and social problems that may affect many of these persons. Nonetheless, some form of job training is an often-used tool in relation to young people who need to test different types of jobs. According to the caseworkers, it can – if used with care – often help young people in job or education clarification as well as in psychological growth processes.

Often, labour market training is also used with other purposes, such as providing knowledge and skills relevant for a particular job in a particular trade. As such, it is

used for unemployed seniors, immigrants, and persons with disabilities. Denmark is a country where job training as part of a job-first policy targeting newly arrived immigrants plays a prominent role, given that the Integration Act stipulates that the municipalities send a newly arrived immigrant into their first workplace internship within the first two weeks and no later than one month after arrival. Labour market training continues to play an important role as a tool in relation to integration of various individuals on the margins of the labour market. A Danish caseworker working with unemployed immigrant women from outside the EU relates how she often seeks to organise “hybrid workplace internships”, which are hybrid in the sense that the citizen starts out in an unpaid 37-hour internship. At first, the citizen receives public transfer income, then gradually starts to receive a salary from the employer for work hours where ordinary work tasks have been performed. Ordinary salary for ordinary hours is currently a much-pursued aim and much-used tool in Danish employment policy with a purpose to further integration of persons on the labour market. It builds on the idea that an ordinary salary (even if only for a limited number of hours) provides a strong economic incentive to work and also has psychological effects in terms of strengthening self-respect among persons who may lack this due to having been outside work life for a long time.<sup>[2]</sup>

Labour market training, primarily as unpaid internships in public or private workplaces, is often used in all the Nordic countries (with the exception of Iceland) as part of the efforts to help persons on the margins of the labour market find a job. However, according to many of the interviewed caseworkers from different parts of the Nordic countries, it is rarely an efficient tool when used on its own. More often, it is used and perceived as efficient if it is part of a larger, well-devised plan or instrument package (like the industry packages described earlier in this chapter), where the right combination of guidance, coaching, upskilling, *and* job training helps a person belonging to one of the vulnerable groups overcome his or her barriers to employment and find a job. Clearly, some of the tools described in later chapters – like rehabilitation, collaboration with other municipal services, or public health care – are also often required in connection with job training in order for it to be efficient in overcoming complex barriers.

## Ordinary education

There are many paths to Rome. Ordinary education is, of course, one of the primary paths to finding a job, also among persons on the margins of the labour market and for persons who may end up permanently outside the labour market. A Norwegian youth counsellor we interviewed said that “if there is a little motivation for education, I will always try to pursue that path”. However, this path can unfold

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2. Recent Danish research has found strong correlations between work hours with ordinary pay and longer-term job likelihood (Rosholm, 2024), but research documenting a causal link between the two is still missing.



in many ways, and another Norwegian caseworker, interestingly, stressed that education in a school is not for everyone and that other ways may lead to a certificate of apprenticeship (*fagbrev/svennebrev*). One is by primarily being an apprentice and receiving training in a particular workplace before a final exam.

A Danish caseworker relates that providing education for persons belonging to vulnerable groups, who may be very weary of schools, sometimes depends on flexibility and creativity in the job centre, the educational system, and among the employers (and especially on to what extent the latter are short of workers):

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*The craft industry is also good for niche functions. For example, the electrical industry in [Danish medium-size town] has lacked manpower, so the job centre, in collaboration with employers and educational institutions, has created a cable fitter training course, where citizens learn to help pull cables and wires. This means that citizens can quickly go out and help with simple tasks. It is also found within the automotive area. Here, citizens are trained to change tires; this can then free up the other employees for other tasks. Office and administration are not good for doing niche jobs. The decisive point is how hungry the companies are to find labour.*

Sweden and Norway are two Nordic countries where ordinary education is important for enhancing the human capital, hence the employment chances for everybody on the margins of the labour market, not just the young. Several Swedish caseworkers that we interviewed stressed that providing education for newly arrived immigrants is an important part of the integration efforts. Such education is not only language training but potentially a period of more basic schooling if such immigrants are illiterate. Additionally, it can provide 'bridging' (i.e., supplementary courses in a Swedish educational institution), which can help an immigrant use his or her education from the home country on the Swedish labour market. In this field, Sweden and Norway diverge from the policies in Denmark, where there is a stricter job-first focus on newly arrived immigrants. Research indicates that, over a longer term, the enhanced focus of Norway and Sweden on human capital leads to stronger labour market integration among immigrants from countries outside the EU than what is the case in Denmark (Hernes, Bolvig & Liljeberg, 2022; Andersson Joonas & Gupta, 2022). Many Swedish caseworkers also point to the usefulness of the many different types of courses available in the Swedish folk schools (*Folkhögskolan*), which are diverse and flexible enough to accommodate educational needs and wishes among pupils with highly diverse backgrounds.

Overall, the interviews point to how ordinary education, if sufficiently flexible, may benefit the job prospects of persons with many different characteristics on the margins of the labour market. However, it also requires that they are sufficiently motivated and capable of following the training or courses on offer.

Many persons belonging to vulnerable groups have some education or qualifications relevant for the labour market, e.g., seniors that have received training or education in the past or immigrants that have education from their country of origin. However, many of the persons belonging to these groups have no vocational training or tertiary education, e.g., youth belonging to the NEETs group. Or they may experience that the qualifications acquired through previous training or education are insufficient, unrecognised in a new host country (as many immigrants realise), or obsolete (as some seniors find out). Hence, in all the Nordic countries, different types of upskilling, retraining, and re-education can be part of the assistance offered in the PES or private agencies working on behalf of the PES. Shorter courses with a short-term vocational perspective are often used to assist unemployed unskilled seniors if they are motivated to look for a job in a new industry, e.g., when they cannot continue working in a blue-collar job involving hard physical work that has had a detrimental impact on their health. Caseworkers from Norway relate that the Norwegian PES (NAV) may be able to finance a bus driver license in such cases, since the transport sector harbours good chances of finding a job. A Danish caseworker relays information about the Danish AMU centres, i.e., adult vocational training centres, where an unemployed ex-convict she recently assisted in finding a job had two courses relevant for the forestry industry, which helped him find a job. So many caseworkers share the experience that upskilling and retraining can be an efficient path to a job, provided that the unemployed person is motivated for such upskilling or retraining, and if there is a clear demand for labour within the trades such upskilling targets. The prime example here is a senior who, in principle, does not have any other barrier to employment than a lack of relevant skills and perhaps some limited physical health problem, two barriers that can frequently be circumvented by retraining, making it possible for the individual to take care of a job in a different trade.

## 4.5 Concluding remarks

In this chapter, we have investigated the employment effects of various labour market instruments related to education and labour market training, such as ordinary education, company internships, and job search efforts.

In general, the findings in this chapter support existing knowledge on the employment effects of these typical ALMPs. First, human capital policies (such as ordinary education or language training) produce negative effects in the short run (due to lock-in effects), but produce positive employment effects overall and in the

longer run. For example, the literature demonstrates positive effects of ordinary education on the employment prospects of individuals with health issues (Holm et al., 2017; von Simson & Hardoy, 2020; Hall et al., 2022). On the contrary, labour market training often has positive effects in both the short and longer run. For example, Hall et al. (2022) demonstrate positive employment effects from labour market training among young individuals with disabilities. Similarly, research from Denmark demonstrates that a job-first policy among refugees and immigrants in Denmark produces marginally significant positive results in the short run, but the positive effect vanishes three or four years after the intervention. The authors show that the labour market training crowds out language training, and the authors suggest that this is part of the explanation regarding the insignificant effects in the longer run (Arendt & Bolvig, 2023a). On the other hand, the industry packages produce small positive effects among immigrants, also in the long run (Rotger & Thuesen, 2023).

Further, we identify various heterogeneous treatment effects among several of the traditional target groups. For example, the literature suggests that educational and training measures work relatively better for people with physical health issues, whereas individuals with mental health issues seem to benefit more from participating in work-oriented measures. Similarly, it is demonstrated in the literature that refugees with language roots very different from Danish experience stronger employment effects from increased language training.

The caseworkers note that guidance or labour market training may not be effective when applied on their own and stress that the right combination of employment instruments, such as guidance, coaching, upskilling, and job training, increases the effectiveness of the employment assistance. In their experience, upskilling and retraining can efficiently help vulnerable individuals find a job, provided that the unemployed person is motivated and that there is a clear demand for labour within the targeted field.

**Table 4.1 Identified literature in the systematic review related to education and labour market training**

Study	Instrument	Target group	Time perspective	Effect	Method
Hall et al. (2022b) <i>Sweden</i>	Counselling and job search coaching	Young people (19–25 years old)	1 year after start of unemployment	No effect but positive threat effect	RDD
Månsson & Delander (2017) <i>Sweden</i>	Mentoring programme	Male refugees. Female refugees	1 year after intervention	Positive effect No effect	CEM
Qi et al. (2021) <i>Sweden</i>	Introduction programme	Refugees	Up to 4 years after completion of the programme	Positive effect on income in the short and long run	OLS
Ugreninov & Turner (2021) <i>Norway</i>	Introduction programme	Female non-Western immigrants	Up to 9 years after immigration	Positive effect	LPM
Arendt (2022) <i>Denmark</i>	Work-first policy programme	Male refugees Female refugees	1 year after arrival	Positive effect (but precarious employment). None to very small effect	Before-after design
Arendt & Bolvig (2023a) <i>Denmark</i>	Work-first policy programme	Refugees	3.5 years after arrival	Positive but temporary effect	OLS
Arendt & Bolvig (2023b) <i>Denmark</i>	Work-first policy programme	Long-term unemployed non-Western immigrants	3.5 years after programme enrolment	Marginally positive significant effect	RCT
Hall et al. (2022a) <i>Norway &amp; Sweden</i>	Ordinary education. Labour market training	Young people (25–29 years old)	Up to 4 years after the start of unemployment	Positive effect	ToE
Rotger & Thuesen (2023) <i>Denmark</i>	Industry Specific Approach (BOT)	Non-Western immigrants	Up to 2.5 years after programme participation	Positive effect	Propensity score matching

Arendt et al. (2021) <i>Denmark</i>	Language training	Refugees	Up to 5 years after intervention	Positive effect	RDD
Foged & van der Werf (2023) <i>Denmark</i>	Language training	Refugees	5 years after intervention	No employment effect Increase in participation in ordinary education	OLS, 2SLS
Holm et al. (2017) <i>Denmark</i>	Ordinary education. Non-formal education	Sick-listed workers	Up to 4 years after intervention	Positive effect	ToE
von Simson & Hardoy (2020) <i>Norway</i>	Education/ training	Young people with health problems	From 2 to 13 years after start of unemployment	Positive effect	ToE

*Note: RDD is an abbreviation for Regression Discontinuity Design. ToE is an abbreviation for the Timing-of-Events approach. CEM is an abbreviation for Coarsened Exact Matching. OLS is an abbreviation for Ordinary Least Squares. LPM is an abbreviation for Linear Probability Model. IV is an abbreviation for Instrumental Variables.*

# 5. Preventive and rehabilitative efforts

Preventive and rehabilitative efforts are central instruments for the PES in the Nordic countries, since physical or mental health issues which (strongly) limit individuals in daily activities constitute a central employment barrier in the Nordic countries. Among individuals outside the labour market in the Nordic countries, 43 pct. experience either physical or mental health issues, highlighting that various rehabilitative efforts cannot be neglected (Højbjerg et al., 2023b).

The chapter is separated into the following sections, which each presents the most recent Nordic literature on the topic:

## 5.1 Preventive efforts

## 5.2 Rehabilitative efforts

We present evidence from caseworker interviews in [section 5.3](#) and end the chapter with some concluding remarks in [section 5.4](#). The literature from the systematic review is summarised in [Table 5.1](#) at the end of the chapter.

## 5.1 Preventive efforts

### Description of the instrument

Preventive efforts refer to proactive measures and strategies designed either to prevent individuals from becoming unemployed, i.e., through close ongoing support when an individual has found employment, or to minimise the duration of unemployment, i.e., through early intervention programmes and profiling with the aim to identify those who are at higher risk of long-term unemployment. In this chapter, we will focus only on the latter; the former will be discussed in [chapter 8](#) on support, cross-sectoral and coordinating efforts.

### The effectiveness of the instrument

The literature review did not reveal any articles on this topic, which is primarily a result of the fact that we required the articles in the review to 1) uncover a causal effect and 2) relate to one of the traditional target groups (e.g., young people, seniors, immigrants, and individuals with disabilities). Nevertheless, preventive efforts (including profiling) are an interesting topic with a possible potential, given

partly by the latest developments in machine learning and AI, partly by the vast amount of personal data collected in the Nordic countries.

Profiling can be used in various settings and with various purposes. We understand profiling as a statistical identification or categorisation of unemployed people who are, for example, at risk of becoming long-term unemployed, and early interventions can be crucial for these individuals (see, e.g., Anderson & Minas (2021)). Experience shows that some unemployed people find work again very quickly on their own, while others need active programmes of varying length and content. If it were possible to determine in advance which people are at risk of ending up in specific unemployed groups, it would be possible to target preventive efforts at an early stage, thereby achieving better resource utilisation in the PES and a more meaningful effort for the unemployed person.

Profiling is not a new tool in the toolbox of employment instruments in the Nordic countries, and it is already used in practice in various ways inside as well as outside the Nordic countries (Eskelinen, Seier Petersen & Bolvig, 2015; Beskæftigelsesministeriet, 2014; Dahl & Myklathun, 2022; Forslund & Vikström, 2011).

For example, profiling has been used in Sweden for more than a decade, and the Swedish Employment Service (*Arbetsförmedlingen*) recently introduced a new, more complex model (a flexible survival model with time-dependent covariates) to assess the support needs of unemployed individuals. In this model, they use 24 covariates, including variables such as age, educational level, country of birth, and medical history, to predict the unemployed individual's probability of getting a job. This probability determines which effort category the tool recommends (Helgesson et al., 2023). The Swedish experience with profiling for determining support needs among jobseekers is further described in [Box 5.1](#).

In Norway, they have also introduced a profiling tool in the PEC. They use a simpler, rule-based algorithm compared to Sweden's. The algorithm is based on inputs such as age, education, and work experience. Recently, the Norwegian PES (NAV) investigated whether the profiling tool resulted in more accurate case management for the jobseekers. First of all, they find that there is some discrepancy between the suggestions from the profiling tool and the caseworker's decision when the profiling tool recommends more than no or little effort. This may be due to the fact that the algorithm has been deliberately designed to *over-profile*, i.e., suggest too much effort rather than too little (Dahl & Myklathun, 2022). Relatively simple algorithms like the rule-based algorithm in Norway have also been introduced in Iceland (The Minus 12-Project). Further, some job centres in Denmark have also partly used a profiling tool, which, however, has resulted in compliance issues related to the use of data, and the tool is therefore no longer in use (Moreau, 2022; Moreau, 2023).

### **Box 5.1 Profiling for determining support needs among jobseekers – experiences from Sweden**

Profiling in the PES (Arbetsförmedlingen) in Sweden has been in use for over a decade, and a new model to determine the support needs among unemployed individuals was recently introduced.

#### **Inputs and data in the model**

The new model employs a flexible survival model with time-dependent covariates utilising various inputs, such as gender, age, education level, specialisation, country of birth, municipality, and disability status. It also includes enrolment time in the PES to enhance accuracy. Data for the model comes from jobseeker information provided during registration and from the PES.

#### **Output of the model**

The model predicts the probability of an individual transitioning to employment or education, recommending one of three support levels:

- Minimal support, utilising digital services.
- Extra support needed for job search or education.
- In-depth support to be further investigated by the public employment service.

The model performs well compared to similar models, with up to 80% accuracy in predicting long-term unemployment. The tool's recommendations serve as inputs for caseworkers, who make final assessments based on comprehensive data about the jobseeker.

#### **Potential in profiling**

Profiling tools as the one described above should never be used in isolation, but can provide useful inputs to the caseworker. In that way, profiling tools can help focus the caseworker's limited time on the jobseekers who need support the most. As we will see in [section 8.1](#), the caseworker's time spent face-to-face with the jobseeker is crucial for positive employment outcomes among the most vulnerable individuals.

*Source: Helgesson et al. (2023) & Arbetsförmedlingen (2024).*



## Key considerations regarding the instrument

*The latest advancements in AI and machine learning increase the potential of profiling in the active employment programmes*

Advancements in artificial intelligence (AI) and machine learning are revolutionising the way we can profile individuals at risk of long-term unemployment. By leveraging sophisticated algorithms and vast datasets, these technologies can now more accurately identify key indicators and patterns that signal potential risk of long-term unemployment. This enhanced profiling capability allows for the development of targeted interventions and support programmes, aimed at addressing specific needs and improving employability. There is, however, some important considerations to make before designing and implementing such profiling tools.

*Important to involve caseworkers in the recommendation from the profiling tool*

To effectively utilise the profiling tool in assisting the unemployed, caseworkers need access to the results of the profiling assessment. This includes the individual's score and the significance of each variable in determining their categorisation. By understanding the importance of each variable, caseworkers can develop a targeted approach for further support. This insight enables them to identify and address specific barriers relevant to each individual. Without this 'behind-the-scenes' access, there is a higher risk that the profiling tool will be seen as an additional burden rather than a valuable resource (Eskelinen, Seier Petersen & Bolvig, 2015; Beskæftigelsesministeriet, 2014). Even though they have implemented a relatively complex profiling tool in Sweden, it is still possible for the caseworkers to get an insight into how the various variables contribute to the recommendation from the model (Helgesson et al., 2023).

*Important to consider how to involve the jobseeker and to be compliant with national legislation*

When designing and implementing profiling tools, there are various other considerations to make. For example, it is important to consider how the jobseeker is involved. On the one hand, it is important to make the jobseeker aware that the public employment service uses a profiling tool. On the other hand, it is also important to consider how much you want to involve the jobseeker in the results from the profiling tool. If the unemployed are made aware of the key barriers and/or their assigned profile category, it can lead to unnecessary concern when this information is not followed up with a detailed action plan to address the problems they may face (Eskelinen, Seier Petersen & Bolvig, 2015).

Further, it is also important that the profiling tools comply with national legislation in the Nordic countries regarding which personal data is handled and how it is managed. For example, a recent decision by the Danish Data Protection Agency (

*Datatilsynet*) highlights that municipalities cannot rely on consent as a legal basis for processing personal data when using algorithms to predict long-term unemployment. This ruling emphasises that simply obtaining consent from individuals is not sufficient, as it may not be considered voluntary due to the power imbalance between the unemployed and the authorities controlling their welfare benefits (Moreau, 2022; Moreau, 2023). This decision highlights the importance of correct use of data when implementing various profiling tools.

## **5.2 Rehabilitative efforts**

### **Description of the instrument**

The employment instrument rehabilitative efforts refers to initiatives and tools designed to help individuals re-enter the labour market, primarily after shorter and longer sick leave. It includes efforts which help individuals gradually return to their previous work, but can also include reskilling efforts that help individuals who are not able to continue in their current work find new job opportunities. These efforts typically include a combination of traditional active labour market initiatives (such as labour market training, job placement services, counselling, and support systems) and medical initiatives (such as physical therapy), with the purpose of enhancing employability and ensuring sustainable employment.

### **The effectiveness of the instrument**

In the systematic review, we found relatively comprehensive literature on this topic, primarily concerning individuals with varying degrees of health issues. Some studies focus on early interventions for those with less severe health problems, while others evaluate efforts to help long-term sick-listed individuals return to employment. Most of the literature originates from medical journals, where Randomized Control Trials (RCTs) are more common. This is advantageous in terms of identifying the causal effect of various interventions, although the sample sizes in these studies are typically smaller. One challenge regarding RCTs is the external validity of the results, i.e., whether the findings can be generalised to broader populations or different settings beyond the specific context in which the study was conducted.

Several recent studies have focused on interventions aiming to promote work participation among individuals with health issues. Among the various interventions, vocational rehabilitation services have been associated with favourable outcomes in previous reviews (see, e.g., Suijkerbuijk et al., (2017)). Vocational rehabilitation encompasses goal-directed interventions with the core objective of enabling work participation. These findings are in general supported by the literature from this systematic literature review. For example, research from Finland demonstrates that vocational rehabilitation among recently employed

individuals with musculoskeletal and mental-related work disabilities has positive and significant effects on work participation. The main services of the scheme included work try-outs, work counselling, and training, and the effect is estimated to be between 11.8 and 7.2 percentage points 1–3 years after programme participation (Leinonen et al., 2019). Similar positive indications of vocational rehabilitation are found in Iceland (Guðbrandsdóttir & Ingimarsson, 2022).

Similar positive results are found in a Swedish study investigating the return-to-work factor among patients on long-term sick leave due to mental health issues and/or chronic pain. In this study, patients were randomly allocated into either 1) multidisciplinary team management (which included meetings with a psychologist, a physician, an occupational therapist, and a social worker), 2) acceptance and commitment therapy (ACT), or 3) a control group. The findings suggested that the multidisciplinary team management increased the return-to-work factor among the patients, whereas the ACT did not result in an increase (Berglund et al., 2018). These results are confirmed among women with long-term sick leave due to pain syndrome or mental illness (Lytsy et al., 2017).

An interesting question in this context is whether the waiting time before participating in vocational rehabilitation is decisive for later employment outcomes. Norwegian research exploiting a natural field experiment demonstrates no effect of reduced waiting time on subsequent employment. In the short run, however, it increased the fraction of individuals receiving permanent disability benefits, whereas reduced waiting time had no effects on receiving permanent disability in the long run. Hence, the reduced waiting time speeds up the transition process from temporary to permanent disability benefits in the short run (Hauge & Markussen, 2021).

Another interesting point of view is whether gradual return to work (i.e., some combination of part-time work and sickness benefits) can produce positive employment outcomes in the long run. This is investigated in a Danish paper, and the results suggest that a greater emphasis on offering gradual-return-to-work programmes is associated with an increase in regular employment and self-sufficiency among sick-listed workers. These programmes are associated with strong and long-lasting effects, however primarily for workers sick-listed from regular employment and for those with physical disorders (Rehwald et al., 2018). These findings are supported by research not identified in the systematic review. For example, research from Norway concludes that the use of graded (partial) rather than non-graded (full) sickness absence significantly improves the propensity of employment in subsequent years (Markussen et al., 2012).

Finally, part of the literature also examines the employment effect for sick-listed workers from various types of cognitive training, such as self-management support, as evaluated in Rotger & Rosholm (2020), or compensated cognitive training, as

evaluated in Fure et al. (2021). The results from the literature regarding various forms of cognitive training are rather mixed. For example, Danish research evaluates the effect of a control-enhancing intervention, i.e., a self-management support course, on the return-to-work factor among long-term sick-listed workers. The research demonstrates that the intervention had no effect on individuals who were control-optimist prior to taking the course, whereas individuals who were control-pessimist prior to participation in the course experienced positive employment outcomes from the course (Rotger & Rosholm, 2020). Research from Norway also demonstrates positive effects from compensatory cognitive training among individuals who have suffered from traumatic brain injuries. The results suggest that the intervention might help patients with mild-to-moderate TBI who are still sick-listed 8 to 12 weeks after injury to an earlier return to stable employment. It is, however, important to mention that the compensatory cognitive training was combined with vocational training in the form of SE, where participants were supported by an employment specialist in returning to their current jobs by working at their actual competitive workplace, which might also explain some of the positive effects (Fure et al., 2021).

On the other hand, results from an evaluation of treatment with acceptance and commitment therapy do not demonstrate any positive employment effects among women with long-term sick leave due to pain condition or mental illness. The therapy is a form of cognitive behavioural therapy that uses acceptance and mindfulness strategies together with behavioural strategies to increase function and quality of life (Lytsy et al., 2017). Similar results from acceptance and commitment therapy are found in Berglund et al. (2018).

Lastly, another important aspect of rehabilitation includes reskilling efforts to help individuals, who are not able to continue in their current work, finding new job opportunities. We have not identified any literature concerning this issue, but an Icelandic paper investigates the potential in validation of transversal skills, which can be an important part of a reskilling-process. In this paper they use semi-open interviews with participants who had completed a transversal skills validation process. The results revealed, increased awareness of what they are capable of, what they had learned in life and work, and how they could use their skills in the labour market. This made them more hopeful and capable in career planning, increasing self-efficacy (Jónatansdóttir et al., 2023). Similar positive results are found in Hreinsdóttir & Sigurðardóttir (2022).

## Key considerations regarding the instrument

### *Gradual return to the labour market appears to provide long-lasting employment effects among long-term sick-listed workers*

There is a vast amount of evidence suggesting that gradual return to work produces favourable employment outcomes compared to full-time sickness absence, also in the longer run (see, e.g., Rehwald et al. (2018)). The effect, however, seems to be present only among workers sick-listed from regular employment and for those with physical health issues (Rehwald, 2018). Gradual return to work not only facilitates a smoother transition back to regular employment but also helps individuals rebuild their confidence and work capacity incrementally. By allowing a gradual return to work, employees can better manage their health conditions, while progressively increasing their working hours, thereby reducing the risk of relapse or further health complications.

### *Multidisciplinary efforts are in general found to be effective in increasing the labour market participation among sick-listed workers*

People on long-term sick leave often have a long-lasting process back to work, where the individuals may be in multiple and recurrent states, i.e., working or receiving different social security benefits, and they may shift between these states over time. Collaboration among health care providers and vocational experts ensures a holistic support system, which ultimately seems to promote faster and more sustainable reintegration into the workforce. For example, multidisciplinary efforts seem to produce positive employment outcomes among sick-listed individuals in Sweden. These efforts include individual meetings with professionals from a multidisciplinary team, including a psychologist, a physician, an occupational therapist, and a social worker. The team then meet without the participant to establish an individualised rehabilitation plan, which is later brought back to the participant by one of the team members. The team meet weekly during the project period to evaluate the situation and synchronise the planned or ongoing activities for each participant (Berglund et al., 2018). However, such interventions are comprehensive, making it important to consider their overall socio-economic impact.

### *Traditional ALMPs seem to have limited effects on regular employment for sick-listed workers*

Opposed to the results in chapter 4, the literature on the return-to-work factor among sick-listed workers does not demonstrate positive employment effects from traditional ALMPs such as vocational guidance, internships, and on-the-job training. Participation in a traditional activation programme promotes unemployment during the first year after enrolment and is clearly not helping sick-listed workers reintegrate into the regular labour market. Similarly, traditional activation programmes are ineffective in reducing the degree of welfare dependency (Rehwald et al., 2018).

## 5.3 Caseworker interviews

The caseworker interviews bear witness to the great diversity and complexity involved in assisting sick-listed or other citizens intended to benefit from preventive and rehabilitative efforts by the PEC in the Nordic countries. There are important differences between sick-listed citizens who are temporarily absent from a job (that they still have) because of illness and citizens who have lost their job because of illness or accident and have to find another one once their health situation allows renewed attachment to the labour market. Moreover, there are also differences in the types of rehabilitation needed for different types of health problems, whether physical or mental, and whether these problems are well-diagnosed from a medical point of view and their consequences well-elucidated in an employment perspective. It may take time to elucidate exactly what type of job a sick-listed citizen is able to return to, for example if this person has acquired a physical impairment through many years of hard physical work, such as chronic back, neck, or shoulder problems.

While this chapter initially surveyed some literature on preventive efforts and profiling, the caseworker interviews generated no knowledge on that topic, because almost no caseworkers were involved in that type of work. The caseworkers who had knowledge to share on the topics of this chapter rather worked with gradual return-to-work schemes and, especially, rehabilitation.

### Gradual return to work

Gradual return to work appears to be a commonly used tool in different Nordic countries in relation to sick-listed persons who need to maintain a relation to their workplace in the aftermath of being affected by illness or an accident. For instance, one Norwegian caseworker being asked about the extent to which they used gradual return to work in her employment services (*NAV*) explained that they evaluated together with the sick-listed citizen how much this person could work. For example, depending on the evaluation, the person could be 20% sick-listed and work four out of five days a week. In Norway, the right to sickness unemployment benefits extends up to a year depending on how ill the person is. During this period, the employment services (*NAV*) would hold dialogue meetings with the employer and the sick-listed person to consider what could be done to help this person return to work. They might consider different types of physical aids and appliances or home-office solutions. It is clear from the interviews that such dialogues and work adaptations can be crucial in assisting a sick-listed person in maintaining a job. That being said, the interviews also revealed that cases where the citizen had a job and became ill but was able to gradually return to the job were not the most difficult cases and typically not cases involving a more complex set of barriers,

because the citizen still had a job, an employer, and typically also recent work experience, qualifications, employment-relevant social networks, etc. The much more challenging cases arose when a citizen became ill for a long time and lost his job or had only had jobs intermittently for a long period because of physical or mental illness and/or alcohol abuse.

## Rehabilitation

Although many types of rehabilitation and rehabilitation schemes were mentioned during the interviews with the Nordic caseworkers, it is difficult to extract very specific knowledge about which types of rehabilitation are most efficient. Again, this is due to the heterogeneity of problems and the diversity of persons that the caseworkers meet, as they may require (very) different types of rehabilitation. One Finnish caseworker gave this account in relation to young people suffering from mild psychological problems:

”

*We have a rehabilitative activity. It's adjustable: it can be one day or two days a week. It would often be two days a week. We have to collaborate with social services. It's not [time-] limited. They can opt out if it works out and maybe afterwards go to 'work try-out'. After that, they will be using the wage subsidy. That would be the ideal palette of tools."*

The quote shows that the right dose and the right sequence of activities are crucial to success (we return to wage subsidies in [chapter 7](#)). A Norwegian caseworker explained in relation to seniors who had lost their job after a period as sick-listed that job training was an important part of the rehabilitative efforts and sometimes largely sufficient. Initially, neither the caseworker nor the citizen would know exactly how much effort and work the citizen would be able to sustain during such job training and whether it would be sufficient to help them become ready for the labour market again. He explained:

”

*We still have the problem that they don't know how much they manage in their jobs. It is my experience that it is largely sufficient because it goes much better than they thought when they are allowed to warm up in the jersey.*

However, it is also clear that a different type of long-term rehabilitation can be needed for citizens who are sick with severe physical (e.g., neurological) or mental health problems. A Swedish caseworker an occupational therapist, working with persons with mental health problems, e.g., autism, ADHD, ADD, and burn-out, explained that bringing such persons closer to the labour market was often a lengthy process that could easily take up to a year. Many of those persons might also suffer from different types of pain and/or fatigue, and part of her job was to figure out what in their occupation or their personal life situation might cause these symptoms. Testing the person with different types and doses of work tasks would help her establish an 'occupational balance', which might eventually lead to the person returning to work at, e.g., 40–50% of ordinary working time. However, it often took a substantial amount of time for the process to be a success.

### **Time as a crucial factor**

Many caseworkers return to a particular point of importance in these processes, namely that they take time – the healing from a medical perspective, the citizen's reorientation towards a new type of work life (which the caseworkers are involved in bringing about), and the citizen's retraining for new work tasks. Some caseworkers criticize national employment legislation for not allowing sufficient time for these processes and for making some citizens return to searching for jobs before they are ready to do it. Moreover, the rehabilitation processes may be slowed down or even stalled if the doctors cannot provide a diagnosis of an underlying health problem. It appears that particularly intractable barriers must be overcome if a citizen has a substance or alcohol abuse problem combined with some type of psychiatric illness that the psychiatrists are unable to diagnose properly as long as the citizen is actively abusing drugs or alcohol. A Danish caseworker told a story of such a case: a male craftsman that she met repeatedly over several years because he kept losing his jobs due to this combination of alcoholism and psychiatric illness that could not be properly diagnosed in the public health system. Some employment barriers appear very difficult to overcome, and, unfortunately, our interview material contains no examples of good tools to solve problems where the barriers seem to become a Gordian knot.



## 5.4 Concluding remarks

In conclusion, this chapter examines the effectiveness of preventive and rehabilitative efforts in the Nordic countries. These efforts are particularly essential, given the high prevalence of health-related limitations among those outside the labour market, with 43 percent experiencing significant health challenges.

On the one hand, the systematic literature review did not reveal any articles related to preventive efforts. However, the discussion highlighted the potential of profiling tools, especially with advancements in AI and machine learning. Profiling can help identify individuals at risk of long-term unemployment, allowing for early and targeted interventions. Various profiling tools with varying degrees of complexity have also been implemented in Sweden, Norway, Iceland, and – to some degree – Denmark, illustrating that it might be fruitful, though these tools should complement caseworker expertise, not replace it. However, none of the interviewed caseworkers had experience with working with profiling tools.

On the other hand, the systematic review contained a lot of literature related to rehabilitative efforts. These efforts are pivotal for individuals returning to the labour market after health-related absences. The systematic review revealed substantial evidence supporting the effectiveness of vocational rehabilitation, multidisciplinary approaches, and gradual return-to-work programmes. These interventions seem particularly beneficial for those with physical and mental health issues, facilitating a smoother and more sustainable reintegration into the workforce. These findings are supported by the Nordic caseworkers. However, they highlighted the complexity and diversity of rehabilitative efforts and emphasised the importance of tailored, individualised support, which often requires time and flexibility.

**Table 5.1 Identified literature in the systematic review related to preventive and rehabilitative efforts**

Study	Instrument	Target group	Time perspective	Effect	Method
Berglund et al. (2018) <i>Sweden</i>	Two different vocational rehabilitation programmes: multidisciplinary team management or acceptance and commitment therapy	Persons with mental health issues and/or chronic pain	1 year after programme participation	Positive employment effect from the multidisciplinary team management	RCT
Fure et al. (2021) <i>Norway</i>	Compensatory cognitive training and SE	Individuals with traumatic brain injury	1 year after programme participation	Positive	RCT
Hauge & Markussen (2021) <i>Norway</i>	Reduced waiting time for vocational rehabilitation	People with partial work capacity	Up to 2 years after programme participation	No employment effect but led to earlier transitions into permanent disability benefits	Natural field experiment
Hoff et al. (2021) <i>Denmark</i>	Integrated mental health care and vocational rehabilitation intervention.	Individuals on sick leave with anxiety and depression.	12 months after programme participation.	The integrated intervention resulted in a higher proportion in work	Logistic regression
Langagergaard et al. (2021) <i>Denmark</i>	Brief and multidisciplinary intervention (including brief intervention and coaching by a case manager)	Individuals on sick leave due to lower-back pain (LBP), with either strong or weak job relations	1 year after programme participation	Brief intervention resulted in higher RTW rates than multidisciplinary intervention for employees with strong job relations. There were no differences in RTW rates between interventions for employees with weak job relations	RCT
Leinonen et al. (2019) <i>Finland</i>	Vocational rehabilitation	Individuals with musculoskeletal and mental-related work disability	Up to 3 years after programme participation	Positive	DiD

Lytsy et al. (2017) <i>Sweden</i>	Multidisciplinary assessments and individual rehabilitation interventions	Women with long-term sick leave due to pain syndrome or mental illness	1 year after programme participation	Positive	RCT
Rehwald et al. (2018) <i>Denmark</i>	Activating sick-listed workers through a combination of weekly meetings with caseworkers and intensive mandatory RTW activities	Long-term sick-listed individuals	3-year follow-up	Partial sick leave had positive effects on regular employment Traditional ALMPs appear to have no effect at all	Large-scale RCT, DiD, and IV
Rotger & Rosholm (2020) <i>Denmark</i>	A self-management support course	Long-term sick-listed individuals	19 months	No overall employment effect; however, positive effect on individuals with negative control-beliefs prior to the programme	RCT, FE, and causal forest
Stapelfeldt et al. (2020) <i>Denmark</i>	A combined acceptance and commitment therapy and IPS model	Cancer survivors undergoing cancer treatment	The intervention continues for a maximum of 1 year or until RTW	A small insignificant effect across all cancer patients	Current Controlled Trials

*Note: DiD is an abbreviation for Differences-in-Differences. RCT is an abbreviation for Randomized Control Trial. IV is an abbreviation for Instrumental Variables. FE is an abbreviation for Fixed Effects.*

# 6. Compensatory efforts

Work accommodations are a central employment measure in helping persons with disabilities maintain or return to work. In this chapter, we present existing research on the effect of work accommodations on the employment of persons with disabilities.

The purpose of providing work accommodations is to support persons with disabilities in obtaining or maintaining a regular job and is an important means to ensure equal opportunity for employment among persons with disabilities (Nevala et al., 2014). Work accommodations include reduced and flexible work schedules, modified work duties, the use of assistive devices, and personal assistance. Flexible working hours and modified work duties for people with disabilities are often combined with wage subsidies for the employer. The employment effect of jobs with wage subsidies is discussed in [chapter 7](#).

## 6.1 Work accommodations

### Description of the instrument

A work accommodation is an adjustment to a job or work environment that makes it possible for an individual with a disability to perform their job duties. Corbière et al. (2014) note that some settings naturally offer many of the work accommodations asked for by persons with disabilities and that these accommodations can be considered 'natural' supports. However, when such natural support is not in place at the workplace, employees with a disability need to be supported to obtain or maintain employment. The authors also emphasise that this support should only be given when demand is reasonable and the accommodation is feasible. An accommodation is considered reasonable if it does not slow down the productivity of the company, cause undue hardship, or generate excessive cost (Corbière et al., 2014).

In the Nordic countries, persons with disabilities can apply for support with work accommodations from public services. Work accommodations may include reduced and flexible work schedules, modified work duties, assistance with transportation, the use of assistive devices, and personal assistance. Assistive devices include teaching materials, specialised equipment (e.g., special tools and IT aids for individuals with dyslexia or limited vision), and minor workplace modifications (for an overview of the latest digital and technical solutions, see, e.g., Lindberg (2021)). The tasks of a personal assistant can include practical assistance for specific lifts,

secretarial or driver assistance, proofreading, sign language interpretation, and help with creating structure, providing an overview, and ensuring the quality of tasks.

## **The effectiveness of the instrument**

We have not identified any literature on the employment effect of work accommodations in the Nordic countries in our systematic literature search. However, we have found four systematic literature reviews on the subject: two from 2014 (Nevala et al., 2014; Larsen & Høgelund, 2014) and two from 2021 (Wong et al., 2021; Gulliksen et al., 2021).

The literature reviews show some evidence of a positive impact of various workplace adaptations on employment. For instance, there is moderate evidence that assistance from others, special transportation, and changes in work schedules and organisation have positive effects on the employment of physically disabled individuals. However, the evidence on the effectiveness of job accommodations is weak due to reliance on primarily observational study designs, making it difficult to account for the non-random assignment of accommodations.

Additionally, evidence on the effectiveness of specific work accommodations for people with functional limitations is particularly weak. It is generally noted that extensive research is being conducted to develop technologies that facilitate work for people with disabilities. However, literature on the implementation of such technologies – examining whether and how these technologies are used in the workplace and whether they genuinely result in increased employment – is scarce (Gulliksen et al., 2021).

## **Key considerations regarding the instrument**

*Lack of knowledge among both employers and employees about workplace accommodation possibilities and their potential constitutes a central barrier to using this instrument*

One of the significant barriers regarding the use of work accommodations in helping persons with a disability fulfil specific job demands is lack of knowledge of the accommodations themselves (Nevala et al., 2014; Wong et al., 2021). Similar conclusions are evident in a qualitative analysis of the use of work accommodations, which shows that both employees and employers lack knowledge about work accommodations and that it is often through contact with the public employment service that they gain this knowledge (Marselisborg, 2021).

Further, American research has found that workers with mental illness, such as a major depression or alcohol abuse, were significantly less likely to receive work-related accommodation than employees with physical disabilities (see, e.g.,

Chadola and Rouxel (2021)). One explanation may be that mental illness is stigmatised. Corbière et al. (2014) emphasise that a person with a mental disease needs to disclose his or her disability to the employer to obtain the needed work accommodations and that many prefer not to disclose their mental problem because of stigma.

*Legislation plays a key role in the use and effectiveness of work accommodation; for example, it is problematic if devices can be granted only in connection with a specific job, since this creates uncertainty for the jobseeker as well as the employer*

There may also be some barriers in relation to legislation. In Denmark, for example, according to the Compensation Act, assistive devices and personal assistance are granted in connection with a specific job after the engagement at a workplace. It has been highlighted, for example by The Danish Disability Counsel, that this is problematic because it creates uncertainty and insecurity for both the person with a disability and the employer (The Danish Disability Counsel 202#). Marselisborg (2021) also concludes that assistive devices and personal assistance in the Danish context are primarily used to keep people with disabilities in jobs and education. However, assistive devices are used to a greater extent than personal assistance in getting persons with disabilities into the labour market.

## 6.2 Caseworker interviews

The caseworker interviews add little extra knowledge to what has already been pointed out above. Many caseworkers are not involved in devising work accommodations (e.g., having a dialogue or negotiation with an employer about such accommodations) or granting assistive devices or specialised equipment. Often, other caseworkers in a different (specialised) department are responsible for this. However, almost all caseworkers tend to agree, whether they work primarily with persons with disabilities or primarily with youth, seniors, or immigrants who may suffer from some type of long-term health problem, that such accommodations can be crucial if a person is to keep a job. A Swedish occupational therapist argues that access to the right assistive devices can make a person with a disability feel safer in a work environment. She argues that such tools can be crucial in helping a person keep a job thanks to the aforementioned psychological effect. She says, "*It is a sort of placebo effect. Assistive devices are a good tool with a good effect.*"

If workplace accommodation is about adaptation of work hours or work intensity, caseworker interviews also suggest that it can be harder to convince the employers that they should agree to this, especially if such adaptation is required in relation to onboarding a new employee with a disability. A Finnish caseworker explains that persons with mental health problems, e.g., depression, may only be able to work part-time, but finding such jobs in his municipality is difficult, because most of

these jobs involve evening or nighttime work. This is slightly different in a Danish context, where the flex job scheme (*fleksjobordning*) has been a success in terms of assisting persons with permanent health problems find a job. Flex jobs are a governmental scheme aiming at assisting persons with a permanently reduced work capacity in finding an ordinary part-time job with a permanent wage subsidy. A Danish caseworker explains that a flex job is typically the solution for persons with mental illnesses, provided that the person's impairment is not of such a severity that a disability pension is warranted. We turn back to the evidence of the effectiveness of flex jobs in chapter 7.

### **6.3 Concluding remarks**

The effectiveness of work accommodations in the Nordic countries is supported by some evidence, particularly in improving employment outcomes for physically disabled individuals. However, the overall evidence is limited due to the reliance on observational studies, and the effectiveness of specific accommodations for people with functional limitations is particularly weak.

Key barriers to the effective use of work accommodations include a lack of knowledge among both employees and employers, as well as challenges related to legislation, such as the requirement in Denmark that assistive devices can only be granted after securing a job, which creates uncertainty.

Although many of the interviewed caseworkers are typically not directly involved with devising work accommodations, they emphasise that such measures can play a significant role in helping a disabled individual keep a job. However, they do point out that it can be difficult to convince employers to modify the work duties and/or the working hours of a job.

# 7. Financial incentives

Welfare policy faces the challenge of balancing three key goals: providing sufficient standards of living, ensuring adequate work incentives, and keeping government costs low. This challenge is sometimes referred to as the *iron triangle* of welfare reform, a term that reflects the difficult trade-offs between these dimensions. Improvement in one area often comes at the expense of another (Bruun Jonassen, 2013).

In this chapter, by examining how various financial incentives affect labour market participation, we investigate whether the literature demonstrates such implicit trade-offs. Previously in this project, financial incentives were identified as a barrier to employment among vulnerable groups in the Nordic countries (Højbjerg et al., 2023a). However, our findings suggest that it does not constitute the most central employment barrier. For example, our research shows that only 7 pct. of individuals outside the labour market in the Nordic countries face earning replacements (benefits) that are too high relative to their expected wages, whereas more than 30 pct. lack education that provides necessary skills (Højbjerg et al., 2023b).

The chapter is organised in three parts, each presenting the most recent Nordic literature on the topic:

[7.1 Monitoring and sanctioning](#)

[7.2 Benefit schemes](#)

[7.3 Wage subsidies](#)

We present perspectives from caseworker interviews in [section 7.4](#) and end the chapter with some concluding remarks in [section 7.5](#). The literature from the systematic review is summarised in [Table 7.1](#) at the end of the chapter.

## 7.1 Monitoring and sanctioning

### Description of the instrument

Monitoring and sanctioning refer to employment instruments designed to influence the behaviour of welfare recipients. Monitoring and sanctioning involve tracking the activities and job search efforts of individuals and eventually imposing penalties, such as reducing or terminating benefits, on those who fail to meet these requirements.



## The effectiveness of the instrument

The identified literature on the employment effects of monitoring and sanctioning primarily covers young people.

Overall, the literature points to a positive screening effect of monitoring and sanctioning on young people. Individuals with good labour market prospects respond to the threat of activation, whereas there is no screening effect or programme effect among individuals with weaker labour market prospects. For example, Hall et al. (2022b) examine a major nationwide youth activation programme among unemployed young people less than 25 years old in Sweden. The programme was mandatory for individuals unemployed for more than 90 days. They study the effect of the activation programme and how it affected the young people's job search behaviour. The authors find that programme eligibility increases the probability of finding employment before the programme starts by 6 pct. (threat effect) and that the effect is mainly driven by groups with better labour market prospects. The main effect of the programme appears to be that it motivates some individuals with the ability to find work on their own to intensify their job search before the programme starts, whereas the individuals who remain in the programme do not benefit from it one year after participation. This also demonstrates that the individuals with the weakest labour market prospects might not benefit from activation programmes. Dahl & Hernæs (2022) find similar effects in Norwegian research. They study a law change which made the benefit receipt conditional on participation in an activation programme for all young welfare recipients (aged 18–29). Welfare benefits represent a benefit of last resort. Those who have no or low income from work or other benefits and little or no other means of income through savings or their household are eligible for welfare benefits. Due to lock-in effects, Dahl & Hernæs (2022) expected to see results 6 months after the intervention at the latest. They study the outcome of welfare benefit receipt, exit and entry, labour income, and the enrolment in educational programmes. They do not find any effects, and the authors' explanation of the results is that the change in the law only impacted the type of recipients who had a low expected gain from activation.

Looking beyond the literature included in the systematic review, other studies find positive effects from imposing sanctions for not meeting obligations. For example, Ahmad et al. (2019) study the possible effect of benefit sanctions in helping unemployed insured workers in Denmark find a job sooner than those who do not get any activation. The obligations for receiving unemployment benefits include: signing up at a PES centre; registering, submitting, and regularly updating one's CV; actively searching for jobs, etc. If these requirements are not met, various sanctions can be imposed, e.g., loss of UI benefits for 2–3 days, for 3 weeks, or until the

unemployed individual has worked for 300 hours within a 10-week period. The authors find that the individuals being sanctioned are single, relatively young, and have less experience compared to individuals participating in activation programmes. The findings revealed that the imposition of sanctions increases the exit rate from unemployment for unemployed insured individuals. The authors conclude that the findings suggest that tightening the job search requirements and increasing the use of sanctions together with more emphasis on private sector employment subsidies can possibly reduce unemployment duration. Similar results are found in older Danish research, where the effect of sanctions imposed on unemployment insurance benefits recipients on their exit rate from unemployment is also investigated. They find that even moderate sanctions have considerable effects on the exit rate from unemployment (Svarer, 2010).

To sum up, the identified literature indicates that making welfare receipt conditional on participating in an activation programme has a positive motivational effect among young people with good labour market prospects. However, young people with more complex employment barriers do not benefit from the activation one year after participation (Hall et al., 2022; Dahl & Hernæs, 2022). Similarly, imposing sanctions on unemployed insured workers, who can be said to generally have stronger labour market prospects, reduces their unemployment duration (Ahmad et al., 2019; Svarer, 2010).

### **Key considerations regarding the instrument**

*Monitoring and sanctioning work effectively among individuals close to the labour market; however, evidence of their effectiveness among individuals farther away from the labour market is scarcer*

There is generally evidence that monitoring and sanctioning are effective tools to encourage jobseekers close to the labour market to actively engage in finding work and participating in training programmes (Ahmad et al., 2019; Svarer, 2010). However, the literature has primarily examined the effect among individuals close to the labour market (i.e., individuals with unemployment insurance), whereas the literature among individuals farther away from the labour market is scarcer (Andersen & Arendt, 2015; Simonsen & Skipper, 2017; Beskæftigelsesministeriet, 2024).

*The threat effect from sanctioning increases employment among young people closest to the labour market, but subsequent efforts seem ineffective for those who remain unemployed, as they often face a more complex set of barriers*

The threat effect from sanctioning has been shown to increase employment among young people closest to the labour market (Hall et al., 2022b; Dahl & Hernæs, 2022). These individuals, who typically face fewer barriers to employment, respond positively to the possibility of sanctions by intensifying their job search efforts. However, for those who remain unemployed, subsequent activation efforts appear

less effective. This group often face a more complex set of barriers, such as various sorts of health issues and lack of education and skills (Højbjerg et al., 2023b). As a result, their path to employment requires more comprehensive and supportive measures beyond the threat of sanctions. Thus, while sanctioning can be a useful tool for some, there is a need for tailored interventions for those farther from the labour market, which is a topic we will cover in [chapter 8](#).

## 7.2 Benefit schemes

### Description of the instrument

Benefit schemes refer to the level and duration of unemployment benefits and other forms of social assistance and how these affect the work incentives for welfare recipients. Benefit schemes are a central part of the Nordic welfare states, and the level and duration of benefits in the schemes are central in providing sufficient standards of living, as well as ensuring adequate work incentives and keeping the government costs low.

### The effectiveness of the instrument

It is a well-established fact in micro-econometric literature that a significantly lower benefit level has a significant positive effect on the exit rate from unemployment (Andersen & Arendt, 2015; Simonsen & Skipper, 2017). The literature review based on recent literature from the Nordic countries recovers these findings to some extent, but also demonstrates that it is complex since many considerations must be balanced. The literature from the systematic review covers young people, immigrants and refugees, individual with disabilities, and seniors.

Drange & Jakobsson (2019) investigate young welfare recipients' response to a 38 pct. increase in the cash benefits that occurs upon turning 19 years old in Norway. Contrary to what one would expect they find no effect on programme take-up or employment rates. Hence, benefits do not work against the aim of ALMPs, and young people's responsiveness to financial incentives cannot explain such lack of effects in the programmes. The authors, however, point out that the young people who receive benefits in general have a weaker position, which might explain these counterintuitive results. For example, they come from more disadvantaged family backgrounds, in terms of their parents' education level, reliance on social assistance, disability insurance (DI), and single-parent households, as compared with young people on other types of benefits and those who do not receive benefits. Further, the young people themselves have lower levels of education and a more marginalised labour market position.

Looking at how individuals with disabilities react to financial incentives, the evidence from the identified literature is rather mixed, which can be partly explained by the fact that the literature studies various reforms targeting various groups. On the one hand, Fevang et al. (2017) analyse a reform of the temporary disability insurance (TDI) programme, covering workers who exhausted their one-year sick pay but were not permanently disabled. The reform increased the benefit level by 14 pct. on average, which resulted in a decrease in the transition rate into employment.

On the other hand, results from Andersson (2018) suggest that the financial incentives provided by a continuous deduction programme for disability insurance recipients have not had any effect on the labour supply among the recipients. The reform allowed certain disability insurance recipients to work while receiving benefits without their recipient status being questioned. Additionally, they could keep some or all their benefits while receiving income from the labour market. The authors explain that these results can be driven by the fact that the financial incentives provided by the programme are not enough to induce the eligible disability insurance recipients to use their residual working capacities and increase their labour supply. Another possible explanation is a lack of credibility with respect to some programme components. The continuous deduction programme involves a promise not to reevaluate recipients' eligibility for permanent disability insurance benefits. Even if financial incentives are strong, the effect may be absent because recipients do not trust that their recipient status will remain unquestioned after demonstrating a residual working capacity.

There is a general agreement in the identified literature that there are positive employment effects from decreasing the benefit level among refugees in the short run, but the effect seems to disappear in the longer run. Further, such policies seem to have some adverse effects. For example, Dustmann et al. (2023) and Andersen et al. (2019) both study the effects of Denmark's Start Aid welfare reform from 2002, which targeted refugees and reduced welfare benefits with 40 pct. among newly arrived refugees. The study focuses on both short- and long-run effects, and it shows that the reform doubled the average labour earnings and increased employment rates in the short run, while the effect disappeared in the long run. The study further shows that the reform induced take-up of employment in lower-quality jobs with lower job stability in low-demand municipalities but led to more persistent and higher-quality employment relationships in high-demand municipalities. Furthermore, the reform caused a large and persistent drop in disposable income for most households and a sharp increase in property crime among both females and males. Moreover, children's likelihood of being enrolled in childcare or preschool, their performance in language tests, and their years of education all decreased, while teenagers' crime rates increased. Finally, the reform further led more females to drop out of the labour force because they became

ineligible for transfers when their husband took up employment. Similar results are found in Arendt (2024) and Arendt et al. (2021).

Another interesting point about refugees studied in the literature from the systematic review is about how individual responses to economic incentives vary when they are set at the household and individual levels, respectively. Bratu et al. (2023) show that a shift from means-tested benefit schemes set at the household level to individualised benefits substantially strengthened women's incentives to participate in an introduction programme for refugees, which later increased their transition to employment. Bratu et al. study a Swedish reform of an introduction programme implemented in 2010, which implied, among other things, that an individual's benefits would no longer be reduced if another household member found a job, as the benefits now only depended on the individual's own participation in the programme. Further, the total benefits were also reduced by half if only one adult in a household participated in the programme. Bratu et al. find persistent positive labour market effects for women. At the end of the study period, women were 10 percentage points more likely to be employed, and their total earnings increased by 31 pct. The effects for men are small and insignificant. Furthermore, when separating the effects by marital status, the effects are twice as large for married women than for single women. The authors lastly suggest that individualising benefits and ensuring early registration with the public employment services are key mechanisms explaining the positive results of the reform.

The literature on seniors primarily focuses on how retirement behaviour is influenced by economic incentives. Laun & Palme (2022) study Sweden's 1998 shift from a defined benefit to a notional defined contribution pension system, finding that lower replacement levels encouraged later retirement. Ollonqvist et al. (2021) analyse Finland's 2005 pension reform, which increased the incentives to postpone retirement for some individuals, and demonstrate that these individuals in fact postponed their retirement. Further, they show that less healthy individuals retire earlier on average. Kyyrä & Pesola (2020) discover that raising the eligibility age for extended unemployment benefits in Finland in 2005 increased employment by seven months. Andersen et al. (2021) examine a Norwegian pension reform from 2011, which transformed an earnings-tested early retirement programme into a neutral life-long annuity, with the result that pension wealth was redistributed from early to late retirees. They found that the reform increased employment rates and hours worked for individuals aged 63–67.

This literature generally supports the idea that seniors, on average, respond to financial incentives through changes in the eligibility criteria for various benefit schemes. These findings are supported by literature reviews investigating how the retirement behaviour is affected by economic incentives. Among other things, these reviews conclude that there is strong evidence suggesting that the participation tax affects retirement decisions and that individuals with physically demanding jobs are less responsive to economic incentives (Schultz & Andersen, 2019).

Lastly, we have also identified literature which does not directly study the employment effects of changing the benefit level but rather studies the effect of providing an employment bonus for long-term unemployed social assistance recipients in Denmark. Arendt & Kolodziejczyk (2019) study a programme which pays benefit bonuses to persons in the target group for any hours they work in regular employment or subsidised employment schemes. The programme pays up to 6 pct. of post-tax earnings if these people enter regular or subsidised employment over a specific two-year period. The authors are not able to identify any positive employment effects from the programme, which is generally at odds with the overall findings in the literature on employment bonus programmes. The authors argue that the null effect can be explained by the fact that the employment bonus is relatively low and that the social assistance level is relatively high compared to similar programmes. For example, in the Canadian SSP programme for long-term unemployed persons, individuals can be paid up to 20 to 30 pct. of gross earnings for full-time employment.

### **Key considerations regarding the instrument**

*Positive employment effects from decreasing the benefit level, but the effect is generally short-term and determined by the complexity in the barriers to employment among the affected individuals*

In general, individuals react to financial incentives, meaning that a higher benefit level will decrease the employment rate, and vice versa. However, the effect seems to be strongest among individuals closer to the labour market and appears heterogeneous across different groups. For example, Fevang et al. (2017) find negative employment effects from increasing the benefit level among individuals receiving temporary disability insurance. In contrast, other studies find zero effects on labour supply from providing various financial incentives for (young) individuals with disabilities (Drange et al., 2019; Andersson, 2018). These differing results might be driven by various financial incentives in the programmes or by the fact that the disabilities among the recipients in the latter study are more severe compared to the disabilities of those in the former study.

Further, the literature agrees that immigrants and refugees respond to financial incentives, at least in the short run (Dustmann et al., 2023; Andersen et al., 2019; Arendt, 2023). In the longer run, the effect seems to be determined by the demand in the local labour market, meaning that the employment effect disappears after one year for refugees allocated to municipalities with low demand for the type of work refugees can supply, whereas the effect remained significant until year 5 after residency for those allocated to municipalities with high demand (Dustmann et al., 2023).

*Unintended effects (e.g., increased property crime and impacts on children's educational outcomes) should be considered when assessing the socio-economic benefits of reducing benefit levels*

Implementing policies that reduce the level of benefits can, as demonstrated above, increase the employment. However, it is important to consider unintended consequences of such policies, both in the short and in the long run, as these can be detrimental to the overall socio-economic impact of reducing benefit levels. For example, several articles have demonstrated that reducing the benefit level among refugees increased the property crime among the refugees who were affected by the reform. Further, their children's likelihood of being enrolled in childcare or preschool decreased, their performance in language tests were poorer, and they had fewer years of education compared to children whose parents were not exposed to the reform (Dustmann et al., 2023; Andersen et al., 2019; Arendt, 2023; Arendt et al., 2021). Similarly, research from Iceland demonstrates a positive relationship between material deprivation and depressive symptoms (Einarsdóttir et al., 2022). Such unintended consequences are important to consider when evaluating the overall socio-economic impact of reducing benefit levels.

*The financial incentives must be clear, easy to understand, and preferably set at the individual level as opposed to the household level*

The implementation of policies requires many considerations, but a central part is to directly consider how the individual will perceive the policy. For example, the structure of the incentive must be straightforward and relatively easy to understand in order for the individual to react on the incentive. Further, it is generally preferable if the financial incentives are set at the individual level rather than, e.g., the household level, which is also demonstrated in literature from the review. For example, when a Swedish introduction programme changed the financial benefits from the household level to the individual level (e.g., an individual's benefits would no longer be reduced if another household member found a job, as the benefits now only depended on the individual's own participation), the participation among immigrant women increased. The effect was largest among married immigrant women, who are often the secondary earner (Bratu et al., 2023). Similar results are found in Denmark (Dustmann et al., 2023).

## **7.3 Wage subsidies**

### **Description of the instrument**

Wage subsidies are financial incentives provided by governments to employers to encourage them to hire certain groups of workers, such as unemployed people in general or individuals with health issues specifically. These subsidies help offset the cost of wages, making it more attractive for employers to hire individuals who

might otherwise struggle to find employment. Additionally, wage subsidies provide financial incentives to employees, as the wage (combined with benefits) is typically higher than the benefit rate.

Wage subsidies, either temporary or permanent, are utilised in various programmes. Temporary subsidies are often used to equip unemployed individuals with relevant labour market skills and experience. Permanent wage subsidies, on the other hand, last longer and aim to encourage employers to hire and retain workers by reducing overall labour costs. This distinction is crucial for determining the success of such programmes. For instance, while regular employment is a primary goal for both temporary and permanent wage subsidies, a lower proportion of individuals transitioning to permanent disability pensions can also signify success in permanent wage subsidy programmes.

An illustrative example is the flex job scheme in Denmark, where wage subsidies play a pivotal role. This scheme aims to provide job opportunities for individuals who cannot obtain or maintain regular employment in the labour market due to permanent and significantly limited work capacity.

We have already touched upon time as one type of work accommodation in chapter 6. In this literature, time is viewed from the employer's perspective (e.g., in relation to training) and is considered a central aspect of work accommodations for improving employment among vulnerable groups. Wage subsidies are a key employment instrument used to compensate the employer for the additional time required to hire and train vulnerable individuals.

### **The effectiveness of the instrument**

The identified literature on the employment effects of wage subsidies primarily considers the employment effects among individuals with various sorts of health issues, including sick-listed workers and individuals with functional impairments.

The literature demonstrates positive employment effects from wage subsidies for individuals with varying sorts of health issues. However, the mechanisms seem to be very different across the literature. For example, Angelov & Eliason (2018) study Sweden's wage subsidy programme (*lönebidrag*) and find that it significantly increased employment rates for people with functional disabilities. In the year of enrolment, the employment rate was 54 percentage points higher for participants, and an 11-percentage-points difference remained 10 years later. However, when excluding subsidised jobs from the employment outcome measure, the picture changed dramatically. After two years, the employment rate was instead 11 percentage points lower among the participants than among the non-participants, and then the gap vanished gradually. Hence, any positive employment effect of programme participation seems to have been outweighed by considerable lock-in



effects, not only in the short run but also in the longer run. However, the study also discovered a lower percentage of disability insurance receivers among the participants than among the non-participants, which indicates that the wage subsidy programme has promoted labour market inclusion.<sup>[3]</sup>

On the other hand, von Simson & Hardoy (2020) find that participants among young people (aged 18–29) in wage subsidy programmes had higher probabilities of obtaining work or starting an education. Also, the lock-in effects were minimal, indicating the success of the programme in facilitating employment or education both during and after participation. Further, the participants in the wage subsidy programme had lower probabilities of transitioning to social security compared to non-participants, as in Angelov & Eliason (2018). Similar results are found in Holm et al. (2017), who study wage subsidies for sick-listed workers, which can be considered a less permanent condition compared to that of individuals with functional impairments. Holm et al. find significant and positive employment effects, with wage subsidies facilitating transitions into non-subsidised employment both during and after programme participation, with no significant lock-in effects. This supports the effectiveness of wage subsidies in promoting employment among individuals with varying degrees of health issues.

Looking beyond the literature from the systematic review, several studies have investigated the Danish flex job scheme. In this scheme, a central part is temporary wage subsidies to employers for hiring individuals with reduced working capacity. They find a substantial positive employment effect of the scheme in the 1994–2001 period within the target group compared to a control group of closely matched ineligible. However, contrary to the results in von Simson & Hardoy (2020) and Angelov & Eliason (2018), they find no discernible effects on the probability of disability exit. They argue that this could be driven by the fact that the subsidised jobs are granted mainly to inactive long-term disabled individuals with partial working capacity, whereas the less able individuals continue to exit via disability pension (Datta Gupta & Larsen, 2010).

Further, literature from Finland studies the employment effect of wage subsidies targeted at the employers of older full-time low-wage workers. The results indicate that the subsidy system had no effect on the employment rate, but it slightly increased working hours among those already working. The authors hypothesise that the results might be driven by the subsidy not being sufficiently large or the fact that the demand for these workers might be inelastic. Nevertheless, they stress that these results cannot be regarded as a universal case against low-wage subsidies, which is in accordance with the results from the literature.

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3. These results are supported by a recent report from Norway, which concludes that permanent wage subsidies have positive employment effects. Moreover, the report finds that the overall socio-economic impact is positive, despite relatively large lock-in effects. These findings are primarily driven by the fact that the alternative to permanent wage subsidies is typically permanent disability pensions (Proba Samfunnsanalyse, 2024).

One of the central mechanisms for wage subsidies to be successful is that they should take place on ordinary terms at ordinary workplaces (see, e.g., Forslund & Vikström (2011)). This is supported by recent Danish research on the effect of *regular paid hours* in future employment in the period from 2017 to 2021. The term regular paid hours means that the individual cash benefits recipient has worked at a company and received actual pay for those (often few) hours while also receiving public assistance. Regular paid hours are not wage subsidies per se, but the primary purpose of this instrument is typically similar to the purpose of wage subsidies. The idea is to bring cash benefits recipients closer to the labour market by providing them with experience, contacts, and increased self-esteem so as to encourage them to work more hours over time. The study shows how activity-ready cash benefits recipients who get regular paid hours fare over time compared (descriptively) to the overall group of activity-ready cash benefits recipients. Hence, the results are not causal by any means and should be interpreted with caution. The results demonstrate that the individuals on regular paid hours fare significantly better than the overall group of activity-ready cash benefits recipients. Two years after the first regular paid hour, more than half have found a full-time job or are contributing to their own livelihood through regular paid hours. In comparison, only 12 pct. of the total group of activity-ready cash benefits recipients have a full-time job or contribute to their own income after two years (Rosholm, 2024).

### **Key considerations regarding the instrument**

*Providing vulnerable individuals with work on ordinary terms at ordinary workplaces seems to be beneficial for sustainable employment – real work works*

Recent literature demonstrates that initiatives that largely mimic being in a real workplace, i.e., taking place at real workplaces under regular conditions with real expectations from employers and colleagues, etc. have positive employment effects. This mechanism can explain the positive effects from the initial descriptive evaluations of regular paid hours. This approach mimics real workplaces to a large degree, as it not only operates under regular conditions with real expectations but also provides the welfare recipient with a real wage, meaning that each hour worked is directly associated with corresponding pay (Rosholm, 2024). Similarly, these findings are supported by qualitative data regarding how individuals with disabilities experience social inclusion at workplaces, where it is highlighted that being a valued worker and experiencing social belonging are important aspects of social inclusion (Gustafsson et al., 2018).

Wage subsidies, to some extent, also mimic real workplace conditions. This mechanism can explain the positive results from von Simson & Hardoy (2020) and Holm et al. (2017), which demonstrate positive employment effects from wage subsidies among individuals with disabilities and sick-listed workers, respectively. However, some research raises concerns about employees with disabilities'

perceptions of wage subsidies, as such programs may create feelings of otherness and position their presence in the workplace on different terms. It seems that building strong relationships and mutual understanding is crucial so that employees are not judged by their disabilities but are instead seen as individuals in their own right (Gustafsson et al., 2018).

*Lock-in effects of wage subsidies seem to be stronger among individuals with more severe health issues, whereas they appear to be negligible for other groups*

The lock-in effects of wage subsidy schemes seem to vary across individuals and between programmes. On the one hand, Angelov & Eliason (2018) find considerable lock-in effects in a Swedish wage subsidy programme targeted at individuals with functional impairments, noting that employment in regular jobs was higher among non-participants two years after enrolment, with the gap gradually closing over time. On the other hand, von Simson & Hardoy (2020) and Holm et al. (2017) do not demonstrate lock-in effects to the same extent among young individuals with less severe health issues and sick-listed workers, respectively. The different results in these studies can be attributed to the varying severity of health issues among the groups studied. Further, even though lock-in effects are observed, there might still be a case for wage subsidies. For example, both Angelov & Eliason (2018) and von Simson & Hardoy (2020) find a lower percentage of disability insurance receivers among the participants compared to the non-participants, which indicates that the wage subsidy programmes have succeeded in promoting an inclusive labour market.

Lastly, it is worth mentioning that lock-in effects of wage subsidy programmes can vary by programme. Some programmes have a more permanent character, whereas other programmes have a temporary character, which naturally gives rise to different types of lock-in effects.

## **7.4 Caseworker interviews**

The caseworker interviews also shed light on the topic treated in this chapter. The overall perspectives emerging from the analysis of interviews can be summarised in the following manner: sanctions can be necessary, but caseworkers are generally sceptical as to their effectiveness in promoting employment. National benefit schemes are more or less taken for granted as they are, but the devil is in the details of these schemes. In several interviews, caseworkers point to how economic incentives also matter to many persons on the margins of the labour market and how specific rules regulating specific benefits may either further or restrain the employment chances among persons with barriers to employment. Finally, wage subsidies could probably take the prize as the employment tool that most caseworkers across Nordic countries find useful as a means to promote employment among persons belonging to vulnerable groups.

## **Monitoring and sanctioning**

Monitoring and sanctioning are a part of employment legislation in all Nordic countries and are thus part of the work of many caseworkers. Often, sanctioning as an administrative act, e.g., withdrawal of benefits for a certain period, takes place in another department, but most caseworkers interviewed are still tasked with explaining their rationale to the citizen that has been sanctioned. Most caseworkers agree that there should be some form of consequences built into the welfare system if persons fail to live up to reasonable obligations concerning participation in training or job search. Still, they are generally sceptical towards the effectiveness of sanctions as a tool to promote employment among persons with complex barriers.

A Danish caseworker working with long-term cash benefits recipients, some of whom may be immigrants, others with various health problems, explains that she is not happy about sanctioning, because the aim is to make the citizen feel that they are involved. Still, caseworkers can be dependent on it, as they have citizens who clearly do not want to participate in the effort but just want the money. One Danish caseworker says that sanctions can provide an incentive to participate in the activities organised by the job centre even among relatively long-term recipients of case benefits, because they have become accustomed to receiving a public transfer income as a way of life, even if this subsidy is meant to be temporary.

Finnish caseworkers working with long-term benefits recipients, many of whom are persons with health problems or immigrants, explain that many of these recipients fail to apply for a sufficient number of jobs and/or turn up at meetings. If this happens 3–4 times, they are sanctioned, and then they drop out of the system. In her perspective, strict rules concerning job search obligations do not motivate her citizens. When they fail to live up to the requirements, they are sanctioned, which often makes them lose contact with the employment system, which is unfortunate because many still need help. Still, other Finnish caseworkers argue that the job search requirement helps them monitor if a citizen applies for jobs – and, more importantly, what types of job they apply for. With this knowledge, they are in a better position to have a dialogue with the citizen concerning more specific types of job search and how these searches can become more efficient.

## **Benefit schemes**

Benefit schemes are important in the sense that they provide the economic safety net underneath unemployed persons with no other income and in that they define the economic frame in which benefits recipients operate. In the first sense, there is wide agreement among caseworkers across the different Nordic countries that people who worry about whether they have the money to pay their monthly rent or

buy essentials like food for their family become less efficient in their job search because of the energy such worries may cause. There is also rather substantial agreement among most caseworkers in all the Nordic countries that, *in general*, there are relatively strong economic incentives built into the current benefits schemes so that *most* benefits recipients, also the more vulnerable ones, have an economic incentive to look for work. For example, an Icelandic caseworker working with integration of immigrants explains that most immigrants who have come to Iceland, including refugees from Ukraine or Syria, are motivated to look for and relatively easily find jobs if they speak a little or some English. However, she also explains that there can be economic incentive problems affecting quite particular groups, more specifically women in families with many children, who may receive an amount of public child benefits that makes it unattractive to find a job.

A Danish caseworker explains that it is important to explain to long-term cash benefits recipients exactly how their economic situation can improve if they find a job or merely start working a few hours a week, because their fear of losing access to various public benefits exceeds their hopes of becoming more economically independent through a higher income. She explains that they have a table to visualise to the citizens how much they earn today through various types of transfer income, housing subsidies, etc., and what they might earn by taking a part-time or full-time job. She also explains that they do all they can in her job centre to secure an approval of these cash benefits recipients for a social free pass (*socialt frikort*), which allows benefits recipients with certain social problems (such as homelessness, addiction problems, or mental illnesses) to earn up to approx. 41,000 DKK a year without reduction in their public transfer income. This is an efficient scheme to help some of the most vulnerable individuals get some attachment to and experience with the labour market. However, she also explains that citizens who have used up their social free pass can be very difficult to motivate to participate in subsequent activities arranged by the job centre, e.g., an unsalaried internship in a workplace, because there appears to be no economic incentive to do so, even though the caseworker finds this internship important in clarifying the citizen's chances for further integration into the labour market. The example shows that economic incentives also matter to persons on the margins of the labour market although they can be very hard to calibrate to take into consideration potentials and barriers in both a short-term and a longer-term perspective.

## **Wage subsidies**

Wage subsidies targeting various groups are used in all Nordic countries. In the interviews with caseworkers, this tool is often singled out as an efficient scheme to help persons belonging to vulnerable groups gain a foothold in the labour market. However, the interviews also show that a wage subsidy job very often is the last step on a staircase towards a job, where other essential steps have had to be taken

first (see also the quote in chapter 5 on rehabilitative efforts from a Finnish caseworker talking about a wage subsidy job as the final element in an “ideal palette of tools”). Persons ready for a wage subsidy job are typically both motivated for and capable of taking care of a job with a stability and a productivity that an employer finds acceptable weighted against the administrative tasks involved in this hire and what she must pay the person. Therefore, health, abuse, and language skills problems must typically first be handled to a sufficient degree before a wage subsidy job becomes relevant and realistic. Moreover, even wage subsidy jobs can have hitches in this context. A Danish caseworker told a story about a citizen whose economy was usually partially administered by the job centre, because the citizen kept forgetting to pay their monthly rent. Specifically, the job centre paid this person’s rent by withholding the necessary amount from the monthly cash benefits transfer. In a wage subsidy job, the citizen typically receives a salary directly into their bank account, and in this specific case the citizen forgot to pay the monthly rent, a problem that the job centre later had to help resolve.

## 7.5 Concluding remarks

In this section, we have examined how financial incentives affect both unemployed individuals and employers. Monitoring and sanctioning effectively motivate those with better job prospects, increasing their job search efforts (Hall et al., 2022). However, for individuals facing complex barriers like severe health issues or low education, these measures often fall short, highlighting the need for broader support. The results are supported by the experience of caseworkers, who agree that sanctions may be necessary but are sceptical towards their effectiveness in promoting employment among those who face complex barriers.

Reducing financial assistance through benefit schemes can incentivise employment but may also lead to unintended consequences. For instance, lower benefits for refugees initially boost employment but can also correlate with negative social outcomes, such as increased crime rates and poorer educational performance (Dustmann et al., 2023; Andersen et al., 2019). It is crucial to balance financial incentives with broader socio-economic impacts. Several caseworkers point out that financial incentives of benefit schemes also affect individuals on the margins and that some aspects of the schemes may either positively or negatively affect the chances of finding a job for individuals with barriers to employment.

Lastly, various wage subsidy schemes, such as Sweden's *lönebidrag* and Denmark's *fleksjobordning*, effectively increase employment rates among individuals with health issues and disabilities. Caseworkers find that they might even be the single most effective tool to promote employment among vulnerable groups, even though a wage subsidy job is often among the last steps in the employment assistance programme. However, the risk of lock-in effects, where individuals remain in subsidised positions without transitioning to regular employment, must be considered.

Overall, while each of these instruments has its merits, their effectiveness is highly dependent on the specific context and the characteristics of the target population. Policymakers must therefore adopt a nuanced approach, tailoring interventions to address the diverse needs of welfare recipients.

**Table 7.1 Identified literature in the systematic review related to financial incentives**

Study	Instrument	Target group	Time perspective	Effect	Method
Dahl & Hernæs (2023) <i>Norway</i>	Monitoring and sanctioning of benefits conditional on participation in an activation programme.	Young people between 18 and 29 years of age.	2017 to 2019.	No effect.	Event time study approach with FE
Hall et al. (2022) <i>Sweden</i>	Monitoring and sanctioning of benefits conditional on participation in an activation programme.	Young people below the age of 25.	2008 to 2010.	A 6-pct. increase in probability of finding employment before programme start (threat effect). The effects disappeared within a year.	RDD
Hernæs (2020) <i>Norway</i>	Monitoring and sanctioning of benefits conditional on participation in an activation programme.	Young people between 26 and 29 years of age.	1993 to 2005.	Welfare uptake was reduced by 7%. Women in the lowest part of the earnings distribution (20 <sup>th</sup> percentile) increased their monthly earnings by 170 €.	DiD with FE
Andersen et al. (2019) <i>Denmark</i>	Reduction of benefit level by approx. 50% among refugees and immigrants.	Refugees and immigrants.	Up to 10 years after residency.	Positive short-run effect on employment. No long-run effect. Unintended consequences (e.g., positive effect on property crime and negative effects for various outcomes for children).	RDD

Andersen et al. (2021) <i>Norway</i>	A strict retirement earnings test was removed, redistributing pension wealth from early to late retirees.	Senior workers.	2009 to 2015.	The reform increased the average hours worked by 42% during the period. Inequality in overall old-age income rose by 21%.	OLS
Andersson J. (2018) <i>Sweden</i>	The reform allowed disability insurance recipients to work or study while receiving benefits.	Disabled workers.	2-year period after cut-off.	Zero effects for both full- and part-time recipients.	RDD combined with a matching strategy
Arendt (2024) <i>Denmark</i>	Reduction of welfare benefits.	Newly arrived refugees.	Up to 2 years after arrival.	Positive effect among men and no labour market effect among female refugees. Drop of 20% in disposable income.	RDD
Arendt & Kolodziejczyk (2019) <i>Denmark</i>	Employment bonus programme.	Long-term unemployed people not eligible to receive unemployment benefits.	2012 to 2014.	Insignificant effects on regular employment.	RDD
Bratu et al. (2023) <i>Sweden</i>	New introduction programme, which set the financial benefits at the individual level instead of at the household level.	Immigrants.	Up to 9 years after programme participation.	Persistent positive labour market effects for women and small insignificant effects for men.	RDD
Dustmann et al. (2023) <i>Denmark</i>	Reduction of benefit level by approx. 50% among refugees and immigrants.	Refugees and immigrants.	Up to 10 years after residency.	Positive employment effects in the short run but no effects in the longer run.	RDD
Drange & Jakobsson (2019) <i>Norway</i>	Increased benefit level when recipients turn 19 years old.	Young people.	12 months.	No effect on programme take-up or employment rates.	RDD
Fevang et al. (2017) <i>Norway</i>	Change in economic incentives of temporary disability insurance (TDI) in 2002.	Persons on temporary disability insurance.	Entries into TDI in 1999 and 2004.	Economic incentives do affect the duration and outcomes of temporary disability insurance spells.	Multivariate mixed hazard rate model



Kyyrä & Pesola (2020) <i>Finland</i>	Change in age threshold for receiving unemployment benefits from 55 to 57 years.	Seniors.	10-year period after law change.	Increased employment over the remaining working years by seven months.	RDD
Laun & Palme (2022) <i>Sweden</i>	Reform of Sweden's public old-age pension system.	Seniors.	Retirement behaviour between ages 61 and 64 during 1991-2012.	Small positive effect on employment.	OLS
Ollonquist et al. (2021) <i>Finland</i>	Change in incentives to postpone retirement.	Seniors.	15-year period (2000-2015).	Positive employment effects.	OLS and fixed effects
Angelov & Eliason (2018) <i>Sweden</i>	Wage subsidies.	Individuals with disabilities.	Up to 10 years after programme participation.	Positive short-run effect, but no effect in the longer run. However, lower share of the participants on disability benefits.	Inverse Probability Weighting
Holm et al. (2017) <i>Denmark</i>	Subsidised job training.	Sick-listed workers.	Up to 4 years after intervention.	Positive employment effects.	ToE
von Simson & Hardoy (2020) <i>Norway</i>	Wage subsidies.	Young people with health problems.	From 2 to 13 years after start of unemployment.	Positive employment effects.	ToE

*Note: RDD is an abbreviation for Regression Discontinuity Design. ToE is an abbreviation for the Timing-of-Events approach.*

# 8. Support, cross-sectoral and coordinating efforts

In order to help vulnerable unemployed people into employment, it may be relevant to help them deal with various challenges they have that hinder their participation in employment (for example, dealing with everyday life, family problems, or health problems). Often, but not always, this involves a cross-sectoral collaboration between the employment service and social and/or health services. Ongoing support for the vulnerable individuals (and their employers), who have entered a job after a period on benefits, is also sometimes used as an employment instrument. Such support is based on a principle of *place, then train* and is used in, e.g., IPS. In this chapter, we investigate the effectiveness of such efforts.

The chapter is organised in two parts, each presenting the most recent Nordic literature on the topic:

[8.1 Support, mentoring, and relationship to the caseworker](#)

[8.2 Cross-sectoral coordination and ongoing support](#)

We present perspectives from caseworker interviews in [section 8.3](#). and end the chapter with some concluding remarks in [section 8.4](#). The literature from the systematic review is summarised in [Table 8.1](#) at the end of the chapter.

## 8.1 Support, mentoring, and relationship to the caseworker

In this section, we describe mentoring schemes and efforts to help vulnerable individuals deal with issues in their everyday life that constitute barriers to employment and which affect their employment opportunities. Further, this section also contains evidence on the importance of the caseworker's role when it comes to supporting vulnerable individuals. The purpose of the instruments described in this section is to support vulnerable unemployed persons in getting a job or at least increasing their employability.

### Description of the instrument

Mentor support is a relationship between an experienced mentor and a less experienced protégé or mentee that aims to help the mentee develop and acquire some skills (professional or social) and with the further aim of achieving an end goal, e.g., obtaining or maintaining employment. The mentor typically has both a

guiding and advisory function and a psychological and social function. The latter means that the mentor must build a confidential and trusting relationship with the mentee, thereby supporting the mentee's commitment and belief in themselves. After that, the mentor can more easily fulfil a guidance and advisory function, for example on how to apply for a job and how to join a workplace (Albæk et al., 2012).

Experience from Denmark shows that when the mentoring scheme is used with vulnerable unemployed persons who are far from the labour market and have complex social or personal problems, the mentor support typically focuses on how to cope with everyday matters (Albæk et al., 2012; Albæk et al., 2015). However, there are also other types of efforts aimed at addressing everyday challenges. One example is a goal-setting intervention in Norway targeted at unemployed youth, which will be described further below.

### **The effectiveness of the instrument**

The systematic literature review identified one study on the effect of a mentor programme (Månsson & Delander, 2017). The purpose of this mentor programme was to help unemployed newly arrived refugees establish themselves in the labour market or start a business. During the short follow-up period, the programme only had a positive effect for men in the outcome variable "income from work above SEK 42,800", not for the other outcomes: (1) unsubsidised full-time job or education and (2) atypical employment (temporary or part-time employment or subsidised employment) (Månsson & Delander, 2017). The authors argue that most of the refugees participating in the mentor programme were at some distance from the labour market and that the effect on employment might change (become positive) if they have a longer follow-up period in the effect study.

That the effects on employment are seen only in the longer run is also emphasised in other publications not identified in the systematic literature review. According to Albæk et al. (2015), one cannot expect the disadvantaged groups targeted with mentor support to experience employment effects in the short term, but that the mentor support will contribute in the long term, e.g., that the unemployed persons will be able to participate in activation, take a job, or take an education. Literature reviews show that the number of high-quality studies on the effect of mentor programmes targeted at vulnerable unemployed people is limited. However, systematic literature reviews from 2012 conclude that there is an *indication* that mentoring support given in connection with other efforts has positive effects on employment for certain vulnerable unemployed groups (e.g., long-term unemployed persons and released prisoners). But the number of studies is too limited to show anything definite about the effects (Albæk et al., 2012; Albæk et al., 2015).<sup>[4]</sup>

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4. High-quality studies on the effect of mentor programmes are also limited for other target groups (see, e.g., Underhill (2006)).

The systematic literature review identified one study on the employment effects of helping unemployed persons deal with conditions in their everyday life. Bjorvatn et al. (2021) examine a goal-setting intervention which focuses on habits (sleep, exercise, and substance use) toward a better lifestyle in terms of its positive employment effect. The intervention was structured in three steps. First, participants reported their habits regarding bedtime, exercise, and substance use over the past week. Second, they reflected on their satisfaction with these habits and set future goals for a typical week. Third, the participants received a summary of their goals and were encouraged to take a screenshot for future reference. The intervention increased the probability of employment, improved general life satisfaction, and strengthened the locus of control for the participants. These results are in line with research that has shown that a lack of structure and stability in everyday life can be a challenge for some unemployed persons in terms of achieving attachment to the labour market. These everyday challenges can be poor finances, unstable housing conditions, problems with family and networks, or lack of coping with everyday life, i.e., lack of resources for buying food, paying bills, cleaning, cooking, laundry, etc., and problems with circadian rhythms (Væksthusets Forskningscenter, 2012).

We did not identify any literature in the systematic review on the importance of the caseworker's role in supporting vulnerable individuals. However, evidence beyond the systematic review indicates that caseworkers are crucial for supporting and increasing the employment of vulnerable individuals. For example, the success of the Hjørring model (*Hjørringmodellen*), which includes individually tailored activation plans and cross-sectoral efforts (when needed), is ascribed to, among other things, 1) a lower caseload among the caseworkers (from 70–80 cases to 35–40 cases per caseworker), 2) upskilling of caseworkers so that they possess the right tools, 3) the possibility of making programmes tailored to the individual citizen, and 4) cross-sectoral collaboration (Ravn, 2019; Ravn & Nielsen, 2019; Ravn, 2022). Danish research also highlights the importance of time when vulnerable individuals engage with the system. It concludes that building a collaborative relationship between the individual and the caseworker requires time to establish presence, offer support, and provide encouragement (Olesen, 2008).

Similarly, an evaluation of the OtO intervention *Opgang til Opgang* or Staircase to Staircase shows positive effects. OtO is a holistic employment intervention targeting vulnerable families, which focuses on everyday life challenges and a job-first approach. Simonsen & Skipper (2023) found no effect on the number of working hours for parents but noted a lower probability of early retirement and a higher likelihood of being referred to a flex job. This highlights the importance of caseworkers and their relationships with vulnerable individuals. Supporting research suggests that a caseworker's belief in an individual's job prospects significantly impacts employment outcomes and that changing caseworkers lowers the probability of obtaining employment (Væksthusets Forskningscenter, 2017).

Further, the caseworker's performance is also important, which is demonstrated in Bech (2015), who demonstrates that moving individuals to better performing caseworkers can improve individual's employment after six months. While these findings indicate the important role of caseworkers, the research is too limited to draw firm conclusions about their caseloads and relationships with clients (Ravn, 2019).

## **Key considerations regarding the instrument**

*Employment effects from support may only be positive in the longer term, which calls for other measures of progress (e.g., employability)*

Despite lack of positive effects on employment in the short term, instruments targeting vulnerable unemployed people (e.g., mentor programmes) may be relevant to improve the employability of these people and have positive effects on employment in the longer term, as argued by Månsson & Delander (2017). Measures of progress in employability could support caseworkers in the organisation of employment efforts targeting vulnerable unemployed people. However, we lack research on these measures to assess their impact on employability.<sup>[5]</sup>

*Potential in focusing on other, less structural causes of unemployment, e.g., by setting goals in relation to daily habits, which has proven successful in increasing employment*

While structural causes of unemployment often dominate policy discussions, there is significant potential in addressing less structural factors, such as setting goals related to daily habits. Research indicates that interventions focusing on personal habits and routines can be effective in improving employment outcomes. Bjorvatn et al. (2021) highlight the importance of setting daily habit goals for a quick transition back to employment, emphasising the need for a broad perspective in designing employment services. Additionally, the low-cost and low-threshold nature of such interventions makes them easily applicable as a complement to standard labour market programmes.

*The caseworker and the relationship to the caseworker seem to be vital for the success of vulnerable groups in various labour market programmes*

There is some evidence of positive employment effects of cross-sectoral efforts and a focus on the relationship between citizens and caseworkers. However, there are certain prerequisites that must be met. For example, the caseworker must have time to build a relationship with the citizen, which requires that the number of cases is not too high. Several of the employment efforts (e.g., the Hjørring model) with positive employment effects described in this section involve extra resources added to the employment services. As emphasised in Ravn et al. (2019), a relevant question is whether the effects of the interventions are worth the additional costs. However, this issue is beyond the scope of this report.

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5. Some of the few studies on measures of employability for vulnerable unemployed people are Arendt et al. (2020), Jakobsen & Thuesen (2024), and Bodilsen et al. (2023)

## 8.2 Cross-sectoral coordination and ongoing support

Many successful instruments for vulnerable groups include elements of cross-sectoral efforts. In this section, we describe the effects of instruments where cross-sectoral efforts and ongoing support are central. This includes SE, an instrument where the citizen is supported while in paid employment (ongoing support), which often includes elements of cross-sectoral efforts.

### Description of the instrument

SE is one method for supporting vulnerable groups, including individuals with disabilities. The aim is to assist the persons in finding and maintaining paid employment in the open labour market, and the general idea is *place, then train*. Although there are slightly different definitions of SE, three fundamental elements are included in all definitions (according to the European Union of Supported Employment):

1. Paid work: Individuals should receive commensurate pay for work carried out. If a country operates with a national minimum wage, then the individual must be paid at least this rate or the going rate for the job.
2. Open labour market: People with disabilities should be regular employees with the same wages, terms, and conditions as other employees who are employed in businesses/organisations within the public, private, or voluntary sectors.
3. Ongoing support: This refers to job support while in paid employment in its widest concept. Support is individualised and on a need basis for both the employee and the employer.

The most well-known type of SE is probably IPS, where there is an additional emphasis on the co-location of employment and clinical staff (European Union of Supported Employment, 2024). IPS is a manual-based intervention that was originally developed for people with severe mental illness. IPS builds on eight principles: eligibility based on client choice, focus on competitive employment, integration of mental health and employment services, attention to client preferences, work incentives planning, rapid job search, systematic job development, and time-unlimited individualised support (Hellström et al., 2017). The three studies on SE which we have identified in our systematic literature review all include elements of cross-sectoral efforts.<sup>[6]</sup>

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6. The rehabilitative efforts described in section 5.2 also typically include cross-sectoral cooperation between employment and health services, but the target group for these efforts is limited to sick-listed workers.

## The effectiveness of the instrument

In the systematic literature review, we identified three studies on the effect of SE, and two of these studies are evaluated within the framework of IPS.<sup>[7]</sup>

An international literature review shows that IPS has been expanded to help people with challenges beyond severe mental illness in many cases and that change of the target group often implies that the IPS principles are modified (Bond et al., 2019). The international literature review concludes that IPS with modifications is a promising employment intervention for several populations, in addition to people with serious mental illnesses. The strongest evidence was found for veterans with PTSD, while the IPS intervention for other populations (e.g., people with anxiety, depression, substance use disorder, or musculoskeletal or neurological conditions) needs further development (Bond et al., 2019).

In the two studies of IPS we have found in our literature review, the IPS principles have been modified to match the target groups and contexts. The first IPS study is a Norwegian study of the effect of using IPS to help young adults (18–29) who are at risk of early work disability (in the NEET group, receiving temporary benefits from NAV, and considered eligible and expected to participate in the TVR intervention *traineeship in a sheltered business*). The participants had various social and health-related challenges that did not necessarily involve mental illness. Hence, the IPS principle of integrating employment services with mental health treatment was not implemented, although health personnel were involved in cases where it was applicable and accepted by the participant. The study finds positive effects of IPS on employment for young adults (18–29 years) who are at risk of early work disability (Sveinsdottir et al., 2019). Similar results are found in brand-new Norwegian research on IPS among young people (Brinchmann et al., 2024).

The second IPS study is a Danish study, where the target group were people on sick leave with mood or anxiety disorders (Hellström et al., 2017). Here, the IPS principle was also modified with respect to the integration of services, since people with mood and anxiety disorders are treated in many different settings in Denmark, which hampered the integration with mental health services. Furthermore, the participants had to find jobs themselves, but with support. Hellström et al. (2017, 2023) do not find any statistically significant effects of IPS on return to work or education for people on sick leave with mood or anxiety disorders.<sup>[8]</sup>

The third study on the effect of SE identified in our literature review is an example from Sweden, where SE was not conducted in the framework of IPS. Here, the

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7. Evaluations within the framework of IPS include rating the intervention using the IPS fidelity scale.

8. Studies on IPS for people with severe mental illness typically find positive effects on employment, also in welfare states like the Nordic countries (Christensen et al., 2019).

target group were young adults between 19 and 29 on disability pension (Fogelgren et al., 2023). The intervention was the responsibility of PES and consisted of assisted job search and placement assistance, follow-along support, and job development. Caseworkers handled problematic situations and served as backup in situations where the individual faced unexpected negative health shocks. This meant that the caseworker sometimes had to step in and do the participant's job. Fogelgren et al. (2023) find a significant positive effect of SE on the employment outcome of young adults on disability pension and underline that the instrument of SE has the potential to be successful for a broad group of individuals. The authors made a cost-benefit analysis by comparing SE and regular rehabilitation. Both costs and benefits are higher for SE. The costs are higher due to personnel costs and costs for a personal assistant at the workplace. Since the effects tend to remain in the long run, the intervention has the potential to be cost-effective for young individuals with disabilities (Fogelgren et al., 2023).<sup>[9]</sup>

There are also examples of SE targeting immigrants (see, e.g., Maximova-Mentzoni et al. (2019) and Maximova-Mentzoni (2019)). The needs for support are different to some extent from the needs of other groups requiring SE. Among other things, some immigrants need language support, support with regard to cultural differences, and addressing other situations that prevent inclusion in the labour market. But we have not found any studies on the employment effects of SE among immigrants.

## **Key considerations regarding the instrument**

*Potential in using IPS for many other target groups (beside people with severe mental illness), but the IPS principles typically need to be modified according to the target group and context*

SE, particularly IPS, is utilised across all Nordic countries in various forms and among diverse groups. Some studies of SE, including IPS, report positive employment effects. A key finding from the literature is that SE significantly enhances the likelihood of various target groups obtaining and maintaining employment. However, it is evident that IPS principles often require adaptation to fit the specific needs and contexts of different target groups, thereby maximising their effectiveness. For a discussion of facilitators and barriers when implementing the IPS approach see Bonfils et al. (2017).

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9. Fogelgren et al. (2023) notice that most jobs assigned to individuals with disability pensions involve government-provided employer wage subsidies administered by the PES. When minimum wages are high, it can be difficult for a person with reduced work capacity to obtain a job without a wage subsidy which covers the discrepancy between the market wage level and the productivity level of the worker.



## 8.3 Caseworker interviews

The caseworker interviews provide some knowledge relevant to the instrument topics treated in this chapter, although the prevalence of the use of these instruments varies across the Nordic countries and across municipalities. Summarising the findings from the interviews, both measures, albeit to a varying extent, appear to be built into much of the ordinary work caseworkers are expected to perform, e.g., coaching a client on how to combine everyday life and job search or coordinating with the municipal social services department. Concerning SE, most caseworkers who know about it are relatively positive, but few caseworkers have personal experience.

### Support for everyday life challenges

Many caseworkers across the Nordic countries have experience with giving support for handling everyday life challenges that can be an obstacle in maintaining a job, and the support can take many forms. One of the groups who may need it the most are young people who have dropped out of school or just finished school, have no contact to their family (i.e., lack family role models and support), have limited or no social network, and have no idea about how to live their life or what to do with it. A Finnish caseworker relates that they have a psychologist specialised in helping such young people find a career path and potentially sign up for school (again) in his One-Stop Guidance Center *Ohjaamo*. He says that, after those sessions, the young people are generally more motivated and know more about in which direction to go. However, like other examples mentioned by caseworkers concerning job and life coaching, it is difficult to discern to what extent the caseworkers truly find that these measures have an effect. In relation to some groups, e.g., persons with neurological mental diseases, support for handling everyday life challenges is built into the therapy they receive, and support in that sense is crucial (see also chapter 5 on rehabilitative efforts). Summarising the findings, it can be said that measures that aim at supporting the vulnerable unemployed people in coping with everyday life challenges are relatively common but not necessarily as a tool on its own, rather as one built into interventions like job coaching or rehabilitation.

### Supported employment

Supported Employment (SE) or Individual Placement and Support (IPS), which support persons with disabilities and other disadvantaged groups in finding and maintaining paid employment in the open labour market, are also approaches that many caseworkers have heard of and that exist in various shapes in the Nordic employment systems. Still, relatively few of the interviewed caseworkers have

personal experience with these types of interventions. Many Swedish caseworkers, when asked about the use of such an approach in Sweden, refer to the Swedish SIUS scheme (*Särskild stödperson för introduktions- och uppföljningsstöd*)<sup>[10]</sup> and say that persons with disabilities can be referred to this scheme. Their impression of the functioning and effects of the SIUS scheme is typically positive, but they do not have first-hand experience with the scheme or its effects.

An exception to the lack of personal experience with SE appeared when we interviewed two Icelandic caseworkers who are part of a newly established Icelandic 'IPS light' programme aiming at assisting vulnerable youth aged 18–29 years find a job or start an education. They recounted that it was not always easy to provide this support for young people who might not be ready to receive it, although a sizeable number of young people might benefit from their support in practice. In the first place, many young unemployed persons did not want a job, and if they did and might benefit from support, they might not want an IPS consultant to accompany them to the employer or assist them in the workplace for fear of stigmatisation. Still, their overall experience was that a number of young people did benefit from the IPS light approach.

A final example of caseworkers having personal experience with IPS involves a Danish caseworker and an initiative to establish an IPS programme in her municipality, on the basis of a collaboration between the job centre and a regional psychiatric hospital department. However, according to the caseworker, the initiative stranded due to resistance from some of the psychiatric doctors and nurses, who did not see the point in the project, even though the project had backing at a management level. Interestingly, another Danish caseworker told of a similar project in her municipality, where collaboration in psychiatry on an IPS intervention functioned quite well, not least, according to the caseworker, because the IPS consultants were able to support the citizens for a longer period than she could herself.

### **Cross-sectoral efforts**

Finally, cross-sectoral efforts and collaboration also stand out as central in many of the interviews with caseworkers. However, these efforts appear rather as (more or less) well-functioning practices than specific tools and are built into much ordinary work that the caseworkers perform. Hence, it is very common that caseworkers in a municipal employment service have to collaborate with a municipal social services department taking care of family and child-related matters. A sick or disabled child in a family can represent a major obstacle to one parent's labour market participation. Most caseworkers who recount experiences with this collaboration

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10. <https://arbetsformedlingen.se/for-arbetssokande/extra-stod/stod-a-o/sarskild-stodperson-for-introduktions-och-uppfoljningsstod---sius>

regard it as relatively well-functioning. Much cross-sectoral coordination also revolves around collaboration with doctors and hospitals, especially psychiatrists, but also many other specialists. Experiences among the caseworkers concerning this topic are relatively diverse. Most caseworkers recount that such collaboration is relatively well-functioning, but many add that there is a (very) long waiting time before some of their clients can be diagnosed and receive treatment. It is beyond the scope of this report to investigate the functioning of the psychiatric health-care systems in the Nordic countries. Still, several interviews bear witness to employment barriers affecting vulnerable youth, disabled persons, and others who cannot receive timely treatment due to lack of resources within those systems.

## 8.4 Concluding remarks

In this chapter, we have described the effects of instruments that aim to help vulnerable unemployed people deal with conditions in their everyday life that affect their opportunities to get into employment, as well as the effects of instruments where cross-sectoral efforts or other dimensions of the working methods of the caseworkers are central. We have also described the effects of SE, an instrument where the citizen is supported while in paid employment (follow-up). SE often, but not always, includes elements of cross-sectoral efforts.

We find that interventions supporting the vulnerable unemployed persons in coping with everyday life challenges may have positive employment effects and may be easily applicable as a complement to standard labour market interventions. Caseworkers explain that they commonly apply such support measures in their work as a part of more extensive interventions. There is some evidence of positive employment effects of cross-sectoral efforts and a focus on the relationship between citizens and caseworkers. Not all but some of the studies of SE (including IPS) find positive effects on employment. An important learning point from the literature is that SE can have a positive impact on the probabilities of obtaining and maintaining employment for many target groups. Another learning point, however, is that the IPS principles typically need to be modified according to the target group and context. Only a few of the interviewed caseworkers had first-hand experiences with SE measures, but those who did generally had a positive impression of the tool. See Bonfils et al. (2017) for a discussion of facilitators and barriers when implementing the IPS approach.

Instruments targeting vulnerable unemployed people may only have positive effects on employment in the longer term, and measures of progress in employability could support caseworkers in the organisation of employment efforts targeting vulnerable unemployed people. However, we lack research on these measures to assess their impact on employability.

**Table 8.1 Identified literature in the systematic review related to support, cross-sectoral and coordinating efforts**

Study	Instrument	Target group	Time perspective	Effect	Method
Bjorvatn et al. (2021) <i>Norway</i>	Goal-setting intervention	Young people (16–29 years old)	12 months after intervention	Intervention increased the probability of employment and decreased the probability of receiving unemployment benefits 12 months after the intervention	RCT
Månsson & Delander (2017) <i>Sweden</i>	Mentoring programme	Refugees (newly arrived)	1 year after intervention	No effect on employment outcomes. Positive effects on income for men	CEM
Fogelgren et al. (2023) <i>Sweden</i>	SE. Utilises a caseworker as backup for the individual during training to reduce the risks of employers when hiring an individual with unclear productivity	Young adults between 19 and 29 years of age with disability pension	The follow-up period is 18 months	18 months after the start of the project, participants with SE have work rates that are approximately 10 percentage points higher than participants who received regular rehabilitation	RCT
Hellström et al. (2017); Hellström et al. (2023) <i>Denmark</i>	IPS	People on sick leave due to mood or anxiety disorder (for more details, see p. 718 in the 2017 article)	24 months after treatment	After 24 months, 44.4 pct. of the participants receiving IPS was in employment or education, while 37.8 pct. of the participant receiving services as usual was in employment or education. The difference is, however, not significant. No differences in weeks of employment	RCT and logistic regression
Sveinsdottir et al. (2020) <i>Norway</i>	IPS	Young adults (18–29 years) who not are in employment or education are receiving temporary benefits from NAV and are considered eligible and expected to participate in the TVR intervention <i>traineeship in a sheltered business</i> by the caseworker	6- and 12-month follow-ups	48% of IPS participants obtained employment after 12 months compared to 8% of participants in traditional vocational rehabilitation (TVR)	RCT

Note: RCT is an abbreviation for Randomized Control Trial. CEM is an abbreviation for Coarsened Exact Matching.

# 9. Company-aimed measures

Collaboration between PES and companies is important. Many of the employment instruments discussed in the previous chapters depend crucially on a well-functioning collaboration between PES and companies.

As companies experience different barriers to a successful collaboration with employment services, these also become barriers to a company's participation in the employment efforts to include vulnerable unemployed persons in the labour market. Examples of barriers are administrative burdens in the collaboration with the employment system, lack of industry knowledge and insight into specific qualification demands among caseworkers, and challenges in establishing contact with the relevant employees at the employment services (Ekspertgruppen om Udredningen af den Aktive Beskæftigelsesindsats, 2014).

Previous research has shown that direct contact between caseworkers and companies increases the employment effects of the employment instruments and also suggests that extra resources used by employment services to contact companies help the unemployed find employment faster. One explanation of the positive influence of contact with companies could be that caseworkers with direct contact with companies acquire informal knowledge that can be used to secure a good job match between the unemployed person and the company. At the same time, caseworkers with direct contact to companies may receive information about job openings before they become publicly known and thus have a head start in terms of being able to offer concrete vacancies for the job opening (Ekspertgruppen om Udredningen af den Aktive Beskæftigelsesindsats, 2014).

The previous chapter illustrates some barriers to inclusion of vulnerable persons in the labour market that the PES can help the companies and the unemployed overcome. One example is when both employees and employers lack knowledge about work accommodations. In this context, PES has an important role in providing information about opportunities for support related to work accommodations (see [chapter 6](#)). Another example is a case of SE in Sweden, where the caseworkers handle problematic situations and serve as backup in situations, where the individual faces unexpected negative health shocks. This means that the caseworker might sometimes step in and do the participant's job, thereby reducing the burden of the company in terms of unstable labour (see [chapter 8](#)).

Our systematic literature review did not identify any studies on collaboration between PES or other initiatives involving the company that could increase the inclusive labour market. However, in the following, we will give some examples of initiatives which have been carried out with the aim of strengthening the inclusive labour market.

## **9.1 Initiatives to improve the inclusive labour market**

### **Job carving**

Job carving may be a relevant approach in a situation where there is a shortage of jobs that the long-term unemployed with few qualifications or with reduced work ability can handle. Job carving is a relatively new approach that aims at solving an old problem: matching employers' and employees' needs. Job carving refers to the practice of rearranging work tasks within a company to create tailor-made employment opportunities for all people, but especially people with reduced work capacity or people who are constrained for other reasons in the tasks they carry out (Scoppetta et al., 2019a; Scoppetta et al., 2019b).

Carving is typically done by managers, together with specialised consultants (for example from PES) who help the managers identify areas in which tasks and processes can be rearranged to create new positions within firms. The carving process can be accompanied by training to fill a new position, along with workplace adjustments (Scoppetta et al., 2019b). One motivation for the companies to participate in job carving is that it may relieve the core employees from simple work tasks so they can concentrate on the tasks that require more skills. See [Box 9.1](#) for a concrete example.

### **Box 9.1 Example of job carving – case from Denmark**

An example of successful job carving from Denmark involves a company with three blacksmiths who struggled to recruit a fourth. Each week, these blacksmiths spent a significant amount of time on non-productive tasks, such as sweeping and cleaning machines, which led to production downtime. To address this, the company employed a recipient of cash benefits to handle these tasks for a few hours each week. This strategic move allowed the blacksmiths to focus entirely on their primary duties, significantly boosting their productivity. As a result, the company's overall output increased to the equivalent of having an additional full-time blacksmith. This example illustrates how job carving can effectively create tailored employment opportunities for vulnerable individuals while enhancing operational efficiency.

*Source: Cabi (2024)*

### **Development of inclusion competences**

In the period 2020–2023, NAV offices in Norway carried out a project with the aim of improving the inclusion competences of the caseworkers. Inclusion competences encompass the knowledge and skills needed to use the ordinary workplace as a goal as well as a means in labour market inclusion. In NAV, these competences are linked to the *place, then train* perspective, which implies that even people with significant assistance needs are given the opportunity to develop in ordinary workplaces instead of in environments outside working life (*train, then place*).

The project is based on the experiences of an earlier development project in NAV, where the "Hybrid Model" was developed. The inspiration came from the implementation of SE and the establishment of new positions, the job specialists. The latter are specialised in work-oriented follow-up, and they are mainly working in the field and not in the office. The caseworkers refer clients to the job specialist when they assess that SE is a relevant instrument for their client. In the Hybrid Model, the caseworker takes a more emphatic starting point in the client's wishes and work interests. The caseworker, together with the employer, identifies and selects a mentor in the company. The new practice is closely linked to measures such as job training combined with mentoring grants, and the Hybrid Model does not imply that the NAV caseworkers exclude the traditional instruments or that they move into a job specialist role themselves. The innovation lies in the ordinary caseworker developing a more involved collaboration with one dedicated support resource (mentor, sponsor) in some selected cases in the workplace.

## **Information campaign *Gör plats!***

During 2018–2019, the PES in Sweden carried out a campaign called *Gör plats!* on behalf of the government. The aim was to influence norms and attitudes so that more employers want to hire people with disabilities. The impact of the campaign was evaluated by the PES. The evaluation included a media analysis and questionnaire surveys conducted among employers (de Verdier et al., 2020).

With the chosen evaluation design, it is not possible to conclude whether there is a causal effect of the campaign or not. But the findings in the evaluation indicate that the campaign had an impact on employers and the media. About 40 percent of the employers stated that they have become more positively disposed to employing someone with a disability after seeing the campaign, and the evaluators find a positive correlation between the number of registrations of interest in PES and the willingness of employers to hire with support and campaign activity. The campaign has also affected the media image of people with disabilities in working life. The media analysis shows that media reporting on the situation for people with disabilities in the labour market increased after the campaign started and that the group is portrayed more as an untapped potential than as a group with difficulties on the labour market. The analysis also shows that PES have changed their own way of describing people with disabilities, from vulnerability to resources. In around half of all occasions where PES is mentioned in the media in 2019, the group's potential is highlighted, while this was done on only a few occasions in 2017 (de Verdier et al., 2020).

## **9.2 Caseworker interviews**

Concerning concrete company-aimed measures, the caseworker interviews contain rather limited information on effects of various types of campaigns. Such endeavours have involved the caseworkers we have interviewed to a very limited degree. If, on the other hand, we focus on the practical collaboration with employers, along with reflections on what might or might not motivate employers to hire vulnerable youth, seniors, immigrants, and people with disabilities, we have more data.

Overall, the caseworkers appear quite aware of how local labour market conditions affect their work and the likelihood that persons with various employment barriers may find a job. It is interesting to contrast a Danish caseworker who said she had a feeling that everything was possible right now because the labour market “was glowing” with a caseworker from northern Finland who said that finding jobs for vulnerable youth without education was very hard, because all companies in his area were looking for workers with professional skills or higher education. A third



example of a caseworker with a very keen perception of the possibilities of finding work or training opportunities for persons with labour market barriers is a youth counsellor from mid-Sweden who recounted how several large companies in his area constitute an almost no-go job search area for such youth. These companies, according to the caseworker, practise a narrow focus on bottom-line return and are unwilling to hire persons without adequate education or full working capacity. Fortunately, small and medium-size companies in his region have other hiring practices, possibly due to having stronger local roots, hence a stronger sense of social responsibility. In these companies, it was easier to find work or start up as an apprentice despite certain lacunae in the school records, etc.

Many of the interviewed caseworkers did not work directly with companies themselves but collaborated with consultants in some other department in the PES who did. Some caseworkers, however, were directly involved in contacting companies, sometimes also in the concrete setting of certain terms of the situation. In a Danish setting, for example, if a citizen is approved for a flex job, the job centre must decide on how many hours a citizen can work and with what work intensity. The employer is only obliged to pay for the equivalent number of full-time hours (so an employer will pay for 5 hours if a worker works 10 hours at 50% intensity). However, these decisions concerning work hours and intensity cannot be taken without consideration of a concrete job, often also a concrete employer's expectations of what a normal (100 pct.) performance in such a job is. In that sense, the job centre caseworkers involved in establishing a flex job often must have a dialogue with both the jobseekers with reduced work capacity and the employer about some of the conditions of the job. A Danish caseworker who is regularly involved in trying to find jobs for long-term unemployed cash benefits recipients describes these processes as a "delicate balance", not least when trying to convince an employer with a job that needs to be filled out that a jobseeker with various barriers is the right person for it. She describes it as not uncommon that employers "burn their fingers when the citizen fails to show up" and that they must sometimes be the citizen's advocate vis-à-vis the employer, who may want to dismiss an employee who is unstable or otherwise does not perform sufficiently in their eyes.

Hence, many interviews clearly show that good collaboration with employers is of paramount importance when it comes to finding jobs for persons with employment barriers. The caseworker's job becomes easier the more the employers need workers. In addition, an amount of mutual trust is also important. The caseworkers in the employment system must be able to trust that employers will not abuse the vulnerable jobseekers they send their way. For their part, the employers must be able to trust that caseworkers guide workers in their direction who have a reasonable chance of living up to the requirements in the job.

One of the interviewed caseworkers had experiences with job carving. For example, there is a shortage of electricians, and the public employment service office, in collaboration with employers and educational institutions, has created a cable fitter training course where unemployed persons learn to help draw cables. This training helps the unemployed find a job where they help electricians with simple tasks.

# 10. Literature

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# Appendix A – Collection of Data

## A.1 Literature review

Relevant studies are identified through searches in international electronic databases and grey literature. In the following we will describe the search methods.

### Searches in international electronic databases

The following international databases are searched:

- Academic Search Premier (EBSCOhost Research Databases)
- EconLit (EBSCOhost Research Databases)
- SocINDEX (EBSCOhost Research Databases)
- Science Citation Index Expanded (SCI-EXPANDED)
- Social Sciences Citation Index (SSCI)

The search string is based on the PICO(S)-model, which have the following aspects: Population (P), Intervention (I), Comparison (C), Outcome (O), Study design. We only utilize three aspects: population (P), intervention (I) and outcomes (O). We have developed three corresponding search facets and add limits concerning geographic area and period.

Populations (P):

- A. Persons with a disability
- B. Immigrants
- C. Seniors or older worker
- D. Young people

Intervention (I):

- Active labour market programmes (ALMP)
- Population A: protected employment, accommodated job, workplace accommodations
- Population B: language training, introduction programme
- Sanctions
- Economic incentives



Outcomes (O):

Labour market outcomes such as employment probability, earnings and welfare benefit.

Limits:

- The Nordic countries
- English language
- Published in the period 2017–2023
- 

The following search string (exemplified with a search from Academic Search Premier, see Table A.1) has been implemented on the chosen bibliographic databases and modified according to each databases' thesaurus and controlled subject terms:

- S1-5 covers the population
- S6-10 covers the interventions
- S11-15 covers the outcome
- S16 combines the four first mentioned facets
- S17-18 add geographical region, the period and language

### **Searching other resources (grey literature)**

We have search for working papers and published papers from the following resources:

- IZA-Institute of the Study of Labor – [www.iza.org](http://www.iza.org)
- IFAU – <https://ifau.se>
- FRISCH-Centre – <https://www.frisch.uio.no/english/>
- Rockwool Fondens Forskningsenhed – <https://rockwoolfonden.dk/udgivelser/>
- SOFI Working Papers – <https://www.su.se/english/2.17851/research/dissertations-and-publications/sofi-working-papers>
- Vatt Institute for Economic Research – <https://vatt.fi/en/publications/vatt-working-papers>
- <https://jobeffekter.dk/>

## Selection of studies

In the first step the literature is screened on title and abstracts. In the next step the remaining studies are full text screened. Information on study type/methodology is used in the screening, as we are only interested in quantitative evaluation studies with a comparison condition. After screening at the two levels do we end with 46 publications.

**Table A.1 Search string: Academic Search Premier. Search History**

#	Query	Results
S10	S6 OR S7 OR S8 OR S9	3,075,108
S9	(((((DE "EMPLOYMENT of people with disabilities") OR (DE "EMPLOYMENT subsidies")) OR (DE "SUPPORTED employment" OR DE "EMPLOYMENT of people with disabilities"))) OR (DE "INTERNSHIP programs" OR DE "EMPLOYEE training")) OR (DE "RETIREMENT benefits" OR DE "EARLY retirement incentives")) OR (DE "INCOME maintenance programs" OR DE "EFFECT of income maintenance programs on labor supply")	27,088
S8	KW ( "ALMP" OR "Active Labor Market Program*" OR "Active labor market polic*" OR activat* OR "subsidized employ*" OR training OR "supported employ*" OR "job search*" OR "combination program*" OR coaching OR mentor* OR classroom* OR "class-room*" OR "class room*" OR retrain* OR internship* OR counsel#ing OR guid* OR "skill develop*" OR "on-the job train*" OR "on the job train*" OR "work* practic*" OR upgrad* OR vocation* OR "individual placement and support" OR "protected employment" OR "workplace accomodation*" OR "language training" OR "introduction program*" OR "integration program*" OR sanction* ) OR KW ( incentive* N1 (economic* OR finance*) ) OR KW ( "benefit cut*" OR "employment bonus" OR "retirement age" OR "pension age" ) OR KW ( (reduc* OR low* OR extend*) N1 (benefit* OR "income transfer*" OR "retirement benefit*" OR pension*) ) )	288,441
S7	AB ( "ALMP" OR "Active Labor Market Program*" OR "Active labor market polic*" OR activat* OR "subsidized employ*" OR training OR "supported employ*" OR "job search*" OR "combination program*" OR coaching OR mentor* OR classroom* OR "class-room*" OR "class room*" OR retrain* OR internship* OR counsel#ing OR guid* OR "skill develop*" OR "on-the job train*" OR "on the job train*" OR "work* practic*" OR upgrad* OR vocation* OR "individual placement and support" OR "protected employment" OR "workplace accomodation*" OR "language training" OR "introduction program*" OR "integration program*" OR sanction* ) OR AB ( incentive* N1 (economic* OR finance*) ) OR AB ( "benefit cut*" OR "employment bonus" OR "retirement age" OR "pension age" ) OR AB ( (reduc* OR low* OR extend*) N1 (benefit* OR "income transfer*" OR "retirement benefit*" OR pension*) ) )	2,800,499

S6	TI ( "ALMP" OR "Active Labor Market Program*" OR "Active labor market polic*" OR activat* OR "subsidized employ*" OR training OR "supported employ*" OR "job search*" OR "combination program*" OR coaching OR mentor* OR classroom* OR "class-room*" OR "class room*" OR retrain* OR internship* OR counseling OR guid* OR "skill develop*" OR "on-the job train*" OR "on the job train*" OR "work* practic*" OR upgrad* OR vocation* OR "individual placement and support" OR "protected employment" OR "workplace accommodation*" OR "language training" OR "introduction program*" OR "integration program*" OR sanction* ) OR TI ( incentive* N1 (economic* OR finance*)) OR TI ( "benefit cut*" OR "employment bonus" OR "retirement age" OR "pension age" ) OR TI ( (reduc* OR low* OR extend*) N1 (benefit* OR "income transfer*" OR "retirement benefit*" OR pension*))	692,749
S5	S1 OR S2 OR S3 OR S4	2,370,72
S4	((((DE "PEOPLE with disabilities") OR (DE "DISABILITIES"))) OR (DE "FOREIGN workers")) OR (DE "EMPLOYMENT of older people")) AND (DE "YOUNG adults" OR DE "YOUTH employment" OR DE "YOUTH")	324
S3	KW ( disable* OR disabilit* OR handicap* OR impair* OR "work* incapacit*" ) OR KW ( immigrant* OR migrant* OR refugee* OR "foreign worker*" ) OR KW ( senior* OR "old worker*" OR "old* people" OR "old citizen*" OR elderly) OR (young* OR youth )	206,296
S2	AB ( disable* OR disabilit* OR handicap* OR impair* OR "work* incapacit*" ) OR AB ( immigrant* OR migrant* OR refugee* OR "foreign worker*" ) OR AB ( senior* OR "old worker*" OR "old* people" OR "old citizen*" OR elderly) OR (young* OR youth )	2,277,58
S1	TI ( disable* OR disabilit* OR handicap* OR impair* OR "work* incapacit*" ) OR TI ( immigrant* OR migrant* OR refugee* OR "foreign worker*" ) OR TI ( senior* OR "old worker*" OR "old* people" OR "old citizen*" OR elderly) OR (young* OR youth )	1,562,42

*Note: Limits: Published date: 2017-2023; Language: English; Countries: Nordic/Scandinavian Searched 11/09/2023.*

## A.2 Qualitative data collection among Nordic caseworkers

In order to supplement the insights gained through our literature review, we have also conducted interviews with caseworkers in various parts of the Nordic countries' public employment services. These interviews aimed at uncovering the practical knowledge and experiences among the caseworkers concerning the effectiveness of the different types of employment instruments on which the literature review focusses. Hence, the point of departure of this qualitative study was the framework of the employment instruments and its main categories that helped us structure the interviews around the 'instrument themes' that are evident in Figure 2.1. Secondly, we chose to reach out to caseworkers who worked with one of the main target groups that were to point of departure of this project, i.e. vulnerable youth, seniors, immigrants and persons with disabilities. The work of caseworkers in the public Nordic employment and integration services is obviously structured by the target group categories defined by national legislation. Still, focussing on these broad demographic groups and their potential employment barriers helped us gather knowledge through these interviews that we could subsequently analyse in a cross-Nordic perspective. Hence, by not focussing on the specifics of e.g. Danish or Norwegian legislation pertaining to members of the NEETs group turning on in a Danish 'job center' or a Norwegian 'NAV', it became easier to gain knowledge across these settings on what the caseworker actually did and which tools they found useful in practice.

To identify relevant caseworkers, we received the help from the different employment ministries in Denmark, Finland, Iceland, Norway and Sweden. We aimed at interviewing caseworkers working with each of our demographic groups ideally from different parts of each Nordic country. More specifically, we aimed at interviewing caseworkers from both cities/ large towns and from small towns in (remote) rural areas. Ideally, we wanted to conduct a group interview in each country with participation of 2-4 caseworkers from different parts of the country but working with the same target group. The intention behind this approach was to gain knowledge reflecting different job opportunities facing vulnerable groups given the internal differences in each Nordic country where the labour markets surrounding large university cities may differ very much from similar opportunities in small towns in rural areas. We managed to stick to this approach to some extent, especially in Iceland and Norway (as reflected in [Table A.2](#)). However, it turned out that caseworkers are typically very busy people with very busy schedules that are not easily coordinated in a relatively short-term perspective. Given the need to conduct the interviews within a 2-3 months-timeframe, we had to diverge from our approach if it was not possible to find an interview date where different caseworkers working with the same target group but in different parts of the country was able to participate. In that instance, we chose to conduct individual

interviews with each caseworker at a specific time suiting this particular person. In total we conducted 9 group interviews, 24 individual interviews with a total of 44 interview persons (for more details see [Table A.2](#))

Practically, the interviews were conducted over Zoom and recorded. The interviews were relatively structured inspired by a the funnel approach starting out with open questions and then later following up with more specific questions about their experience with specific employment instruments (Wengraf, 2001). Hence, we started out asking open questions to the interview persons about their work, experience with clients from the specified target group, and what they experience as useful instruments to help these citizens closer to finding a job. Secondly, based on previous research and analyses in this project, we presented on a PowerPoint slide a vignette describing a fictitious but potentially typical citizen from the target group. In qualitative studies, this method is good for introducing a topic on which the researcher wants the interview persons to reflect (Ejrnæs and Monrad, 2012). In our study, for example, caseworkers working with persons with disabilities were presented a vignette describing in a brief text an unemployed unmarried female 35 years old suffering anxiety and depression who has been out of work the last three years. Caseworkers working with vulnerable youth was presented with the vignette below:

”

*Anders is a young man 22 years old who is unemployed and has no education beyond lower secondary school. He has been out of work for a couple of year after dropping out of upper secondary school. He says he is not motivated for starting in school again or for taking vocational education. Still, he would like to become a mechanic and repair cars. He also has problems relating to frequently smoking cannabis. Some of his best friends are in jail for selling drugs.*

Subsequently, we asked the caseworkers if they could recognize this person as someone they could meet in their work, which they usually could or could with minor modifications of the characteristics of our vignette person, and what they would do to help her or him find work. Finally, we presented on six separate slides the employment instruments and asked them to reflect on and tell us about their experiences concerning the use of these instruments and the extent to which they found the instrument useful in their work.

The PowerPoints presented to Danes/Norwegians/Swedes were in Danish/Norwegian/Swedish and the interviews were conducted in those languages. The PowerPoints to Finnish and Icelandic caseworkers were in English and these interviews were conducted in English. All interviews lasted 45-65 minutes; the group interviews typically lasting longer than the individual interviews. All interviews were recorded, and their content was summarized.

We subsequently conducted a thematic analysis, i.e. analysed which reflections among the interview persons were most prevalent in relation to specific themes. These themes related primarily to: A) which barriers are most prevalent among members of our target groups. B) How it is important to get to know the person that the caseworker is to assist and establish a good trustful relation, especially if this relation due to the nature of the employment barriers becomes a long-term relationship. C) How different types of instruments may help the persons from the target groups into the labour market.

**Table A.2 Qualitative data collected among caseworkers in the employment services in the Nordic countries, April - June 2024**

Country	Group interviews	Individual interviews	Interview persons, total	Total interviews
<b>Denmark</b>	0	5	5	<b>5</b>
Young people		1	1	
Seniors		1	1	
Immigrants		2	2	
Persons with disabilities		1	1	
<b>Finland</b>	3	5	12	<b>8</b>
Young people		3	3	
Seniors	1		3	
Immigrants	1	2	4	
Persons with disabilities	1		2	

<b>Iceland</b>	3	2	8	<b>5</b>
Young people	1		2	
Seniors	1		2	
Immigrants		2	2	
Persons with disabilities	1		2	
<b>Norway</b>	3	3	10	<b>6</b>
Young people	1	1	3	
Seniors		2	2	
Immigrants	1		2	
Persons with disabilities	1		3	
<b>Sweden</b>	0	9	9	<b>9</b>
Young people		2	2	
Seniors		2	2	
Immigrants		3	3	
Persons with disabilities		2	2	
<b>Total</b>	<b>9</b>	<b>24</b>	<b>44</b>	<b>33</b>

# About this publication

## What works and for whom?

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