

EMPLOYMENT EFFECTS OF LABOUR MARKET TRAINING

Labour market training belongs to the range of active labour market policies. About €40 million is spent on training unemployed persons each year. The most important objective of this training is to make it easier for unemployed people to obtain jobs. There are also other goals, such as preventing exclusion and boosting work productivity. The audit examined how well the employment objective had been achieved.

In State budgets the effectiveness of training is measured using a key figure representing the percentage of persons who have remained jobless three months after training. The target figure set in the 2005 budget is 40%. However, this criterion is not informative, because the net effect that training has on employment cannot be assessed on this basis.

The effects of vocational labour market training on employment were estimated in the audit using data from the job-seeker register. The results hardly differ at all from earlier analyses of effectiveness: on average, the effect that labour market training has had on a person's employment prospects has been fairly modest. From the perspective of employment, training courses of longer duration have been more beneficial than those of brief duration.

The labour administration has been trying to improve the effectiveness of training in recent years. These measures must be continued. At present labour market training is a fairly expensive way of promoting employment. The cost to the State of creating one new job, about €6,000, is more than double the average annual earnings of employed persons.

The goal set in the Programme for Government is to increase the number of people in employment by 100,000 by the end of the current parliamentary term. The employment effects of labour market training, about 2,000

people a year, is slight compared with the goals in the Programme for Government.