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## **Submission to the RSA Inclusive Growth Commission**

### **Inclusive labour market instrument: Job rotation**

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## **Introduction**

This paper relates to the RSA Inclusive Growth Commission recommendations on investment in social as well as physical infrastructure. In the 1980s as a response to the problems of structural unemployment, particularly long term unemployment the idea of 'work sharing' was put forward by the Danish trade unions. The problem of low skills and skills shortages and the fact that unemployed people were claiming long term benefits could be solved via a single initiative. The project was piloted among SMEs and the public sector to a great deal of success and significantly the rate of permanent jobs for unemployed participants has been above 60%. Thus the idea of Jobrotation gained currency and became attractive as a solution to intractable labour market problems where long term unemployed people could be offered concrete work place training and 'cover' for those unskilled workers who required upskilling. In the 1990s the European Commission promoted the jobrotation model as part of its EU Adapt programme with an active networking involving representatives from around 15 countries with each member state including the UK involved with developing Job rotation. In this way Jobrotation was seen as a key vehicle for achieving both social and economic inclusion.

In the research *Devolution and Disadvantage in the Sheffield City Region* we identified two key intractable problems which act as barriers to growth which Jobrotation could address and forms part of our report recommendations. The first is the lack of or poor coordination in the employment and skills system. The second is the lack of access to quality work and training for disadvantaged groups. In this paper we provide a brief overview of the Jobrotation model and consider how it can address an inclusive growth agenda. This paper explores the possibility of Jobrotation drawing on previous research carried out by Dr Etherington for the British Academy.<sup>1</sup>

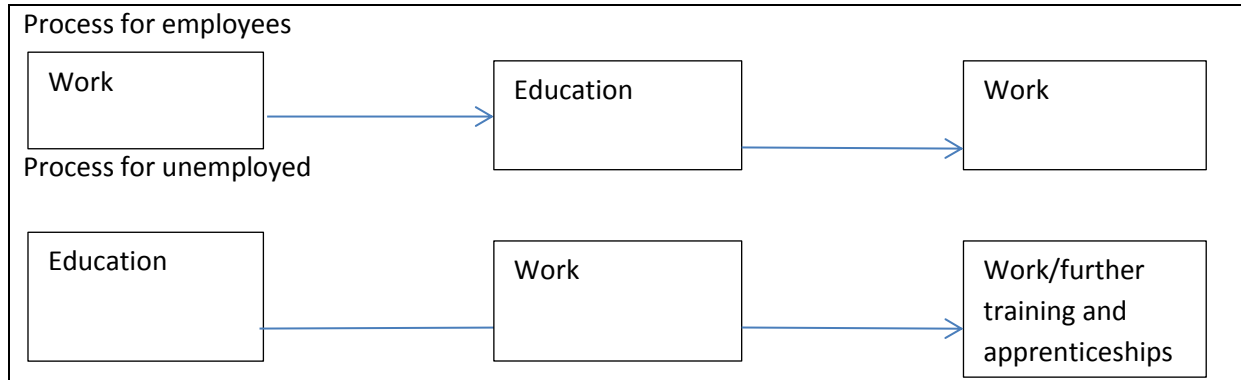
## **What is Jobrotation?**

The concept of job rotation was developed in Denmark in the late 1980s, where the concept of training, development and work experience of unemployed adults were combined with employer needs for planning training and progression for their existing staff. The strategy was part of the move towards 'Welfare for work' which the Danish government had developed. Job rotation was integrated into the strategy for supporting adults to return to the workplace. The unemployed adult would be matched as closely as possible, in terms of their skills and abilities, to a suitable job rotation opportunity. The unemployed adult is supported by still receiving their unemployment benefits which is topped up so that they are working for the agreed rate for the job.

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<sup>1</sup> Etherington D (2008) *A Strategy for an Inclusive Labour Market: EU Survey Report on Job Rotation Potentials for people with Long Term Health Problems or Disabilities*, Middlesex University

## Job Rotation Model



The process consists of identification of training needs of a participating organisation, for example where an existing employee may require some time away from work to undertake planned training and development, or where one employee is moving into another role and there is opportunity for someone to gain experience as well as contribute to the work of the organisation. The job rotation (JR) opportunity would normally last for between 2 weeks to 12 months. Generally the implementation of JR will be via social partners or similar organisational structure in which unemployed and employed have some form of representation when consulted about their training needs and aspirations.

The pre-training could be short (a few weeks) or much longer, depending on the requirement of skills. Generally pre-training is a combination of courses, job internship and/or having a mentor for introduction to the work place. For larger companies, many employees can participate in job rotation at the same time, for example following tailor made courses, while being substituted by a number of unemployed. For smaller companies, it is more likely that a single or a few employees will follow further education or training while being substituted by well prepared unemployed. Also a number of smaller companies can be connected to secure a certain volume in the jobrotation activity, for example allowing the development of tailor made courses for the employees from the different companies.

## Financial Model

There is no specific model as it is dependent on specific employment and skills programmes that are being implemented within a locality or nation. However it generally involves:

1. Budget for wage subsidy (benefit with top up to make up living wage for unemployed substitutes) which can involve some matching fund by employers
2. Budget for pre-employment mentoring and training
3. Budget for in work training for unemployed substitutes
4. Budget for vocational training for existing employees

A key element in terms of financing JR is the packaging of existing programmes or creating discrete budgets – the latter overcomes bureaucracy!

### Outcomes and value for money

One of the key elements of the JR model is that each project undergoes some form of evaluation as a way of checking performance but also as a means of ensuring transparency. Evaluation is integral to ensuring value for money. Table below draws from Dr Etherington’s research on EU JR projects aimed at evaluating how disadvantaged groups and people with long term health conditions access the schemes.

### Jobrotation outcomes

<b>Employers</b>	<ul style="list-style-type: none"> <li>• higher skills level of employees</li> <li>• increased motivation of employees with improved job quality and skills utilization</li> <li>• Increased competitiveness of SME</li> <li>• New markets</li> <li>• Job security</li> <li>• Bottlenecks avoided (skills shortages)</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Better career perspectives</li> <li>• Job security</li> <li>• Improved position on labour market</li> <li>• Improved chances of promotion</li> </ul>
<b>Unemployed</b>	<ul style="list-style-type: none"> <li>• Increased chance of entering regular employment (generally around 70-80% of unemployed substitutes obtain regular employment)</li> <li>• Better position on the labour market in particular for those with severe ‘barriers’</li> <li>• On-the-job work experiences</li> <li>• Potential to target disadvantaged/discriminated groups and develop initiatives which challenge gender and disability segregation</li> </ul>

### Examples of JR Projects

#### *A local Authority in Sweden*

An innovative approach to job rotation, implemented by a local authority in Halland, Sweden, is providing career development opportunities for existing staff while offering temporary work placements for the unemployed. When Sweden’s ESF Objective 3 programme started in 2000, job rotation was seen as its centrepiece. Unemployed people were to obtain work to replace staff engaged in training activities. Two projects were run giving four existing staff members the

chance to take six months out of their existing job to train other staff. Some 350 staff benefited from the training, and seven unemployed people were given temporary positions in the authority. The staff selected as trainers all had specialised knowledge or experience to share with other staff members. For example, they gave training in sign language, special lifting techniques or approaches to working with the disabled. The scheme has helped them to grow professionally, and has given other staff the opportunity to upgrade their skills. Six of the seven people taken on to replace the selected trainers were subsequently awarded permanent employment contracts within the authority. The seventh went back into full-time training. A third project followed, involving the internal recruitment of two trainers to train 50 staff members.

### *SMEs in Lanarkshire Scotland*

The Job Rotation Programme was developed jointly by North and South Lanarkshire Councils with additional support from the European Social Fund Scottish Objective 3 programme. The programme has been managed by the Workers Education Association (WEA) on behalf of the councils. There were three components to Job Rotation:

1. Company Development
2. Workforce Development
3. Job Rotation Employee Recruitment and Placement.

The Job Rotation Advisors liaised closely with recruited companies to assist with the identification of training needs and the subsequent production of a training plan. The programme promotes life-long learning by providing individually designed learning plans for company employees. The employees participate in training to improve their vocational skills in relation to their employment and to improve their core skills in order to increase overall employability. The programme provides the company with a suitably selected and pre-trained unemployed person for a period of six months. This person's role is to substitute for the staff who are being released for training. The Job Rotation Employee has full employee status and receives the going rate for the job that contains an element of wage subsidy from the project.

### **Conclusion and assessment**

In the context of devolution in England and the development of City Region there are two areas which require some development for the implementation of JR. First, in drawing up the conditions for success in this area we are assuming that already existing regional networks and co-operative institutions can be utilised in developing and carrying out job rotation projects. This is only possible in a co-operative environment with mutual trust and with all parties working together. City Region governance building may provide some favourable conditions for this. Second, is the alignment of department responsibilities and programmes – an issue in the past for piloting JR in the UK. The employment service, as the main source for funding of

active labour market policy, plays an important role for job rotation as an instrument for integrated structural and labour market policy. Job rotation is a combination of employment and structural policies and even social policy. The labour market policy aspect is met by training and job placement for unemployed persons while the components of the structural aspect are the state-assisted training of workers and the establishment of regional networks. These three policy areas (DWP, BIS, DfE) can be assigned to up to three different government ministries whose separate political objectives and budgets may vary widely.

This said, these will be challenges placed by devolution what ever employment and skills initiative is developed. The JR idea has worked in different national and regional contexts within the EU and has demonstrated its capacity to be innovative and produce value for money.