

FISR2

STRUCTURAL REFORMS BETTER INTEGRATED
WITHIN FISCAL FRAMEWORKS

Designing and communicating labor market reforms

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Struktura prezentacije

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1. What is structural reform?

No unique definition. No wrong official definition.

Structural reforms are **changes** that government design and implement in the system in order **to reach competitiveness** by **removing the obstacles** to the smooth and efficient functioning of product, capital and labor markets, to ensure the sustainable, green and inclusive economic growth and improve the efficiency and effectiveness of public finances.

In short: Structural reforms are systemic changes of supply side of economy aiming qualitative living of individuals and society.

1. ERP definition of structural reform

European Commission:

Structural reforms are public policies that:

- Eliminate obstacles to main drivers of the economic growth,
- Enable more efficient usage of resources and productive factors, and
- Contribute to fair and inclusive economy

in order to promote competitiveness and long-term and sustainable growth through changes in incentives aiming:

- Increase employment and welfare
- Increase productivity and improve efficient reallocation of resources.

ERP Guidelines 2021: The structural reforms to foster economic recovery should aim at supporting a long-term economic growth model which is more resource-efficient, less carbon-intensive and more resilient towards environmental and health issues

2. What does mean „to design leabour market reform“?

- Designing a reform involves carefully planning, structuring, and implementing changes with a specific set of objectives in mind.
- Focus on creating a comprehensive and effective framework (legislative and institutional, financily supported) that addresses identified obstacles or challenges.
- In the case of labor market reform, designing the reform involves crafting policies, strategies, and initiatives that can bring about positive and meaningful changes to the employment landscape.

2. Key aspects of designing a labour market reform

- Objectives definition
- Analysis of current situation
- Flexibility and adaptability
- Inclusivity
- Stakeholder involvement
- Impact assessment
- Setting KPI

2. Objectives Definition

- Clearly defining the goals and objectives of the labour market SR.
- Goals are broad, long-term perspective, overall purpose. For example: Increase employment, decrease youth unemployment, improving job quality, aligne education system with labour market needs, fostering economic growth.
- Objectives are Specific and Measurable, short to medium term focused. For example: increase minimum wage, introducing specific active labour market policies, accrediting new study programmes for future jobs, recognize new qualifications.

2. Analysis of current situation

- Conducting a thorough analysis of the existing conditions, challenges, and obstacles in the current system.
- Sinciere approach in analysis of obtscles is the first step in designing effective labour market reform. For example: too generous system of social benefits, permanent term labour contracts reduce productivity, lack of flexibility for jobs that can be done remotly, education system does not developpe key comptences.
- Usage of LM's expertize, EC's assessment of latest ERP or related document and analyses of other international organizations.
- Identification of areas that require improvement and understanding the root causes of existing issues.

2. Flexibility and adaptability

- Incorporating flexibility into the design to ensure that the reform can adapt to changing circumstances and evolving economic trends.
- Considering the needs of various stakeholders and creating policies that can withstand future challenges
- Involving measures that allow the system to respond effectively to changing conditions, emerging trends, and unforeseen challenges.
- Identification of risks and actions to be taken in case of their realization.
- Utilize data analytics to gather insights into labor market trends, demands, and emerging skill requirements, allowing for more informed and adaptable responses.
- Design measures with built-in flexibility to accommodate changes in the economic landscape based on real-time data and evolving needs.

2. Inclusivity

- Designing policies that are inclusive and considerate of diverse groups within the workforce. This includes addressing issues of gender, race, age, and other factors to ensure equal opportunities for all.
- Fostering partnerships with diverse stakeholders, including community organizations and advocacy groups, can provide valuable insights and collaboration in the design process.
- Ensuring that training and education programs are inclusive and culturally sensitive, along with implementing measures to prevent discrimination and bias in hiring practices.

Stakeholders involvement

- Ensures that the perspectives and interests of all relevant parties are considered.
- Labor market reforms often impact various stakeholders.
- Involving employers, employees, trade unions, government bodies, and the broader community in the design process promotes transparency, equity, and accountability, helping to identify potential obstacles and challenges, refine proposed policies, and foster a sense of ownership among those affected.
- Leads to more inclusive and sustainable policies that address the complex dynamics of the labor market.

2. Impact assessment

- Establishing metrics and mechanisms for measuring the success and impact of the labour market reform:
 - Fiscal impact by estimation of the costs and their budgeting and financing
 - Impact on competitiveness
 - Impact on unemployment and social welfare
 - Impact on environment and climate change
- Impact assessment provides a systematic and evidence-based approach to assessing the effectiveness of implemented policies.
- Policymakers can quantitatively evaluate what is the impact of labour reform measures on economy and society.

2. Setting KPI

- Key Performance Indicators (KPIs) play a crucial role in enhancing the effectiveness of labor market reform by providing measurable benchmarks for success.
- Policymakers set specific, achievable goals and monitor progress towards them.
- For example, KPIs may include metrics related to employment rates, skill development, and economic growth. By regularly assessing these indicators, policymakers can:
 - estimate the impact of reform measures,
 - identify areas for improvement, and
 - make data-driven adjustments to align the reform with its objectives.
- KPIs also facilitate transparency and accountability, ensuring that stakeholders have a clear understanding of the outcomes and helping build trust in the reform process.

3. What does mean „to communicate labour market reform“?

- "To communicate labor market reform" refers to the process of effectively conveying information, intentions, and details about changes or improvements in the labor market to various stakeholders.
- Communication plays a crucial role in ensuring that the objectives, benefits, and implications of labor market reform are clearly understood and accepted by those involved or affected.
- This process involves disseminating information in a transparent, timely, and engaging manner.

3. Key aspects of communicating labor market reform include:

- **Clarity of Message:** Ensuring that the message is clear, concise, and easy to understand. Use plain language to avoid confusion and misinterpretation.
- **Transparency:** Providing honest and open information about the reasons for the reform, its goals, and the expected outcomes. Transparency builds trust among stakeholders.
- **Engagement:** Involving various stakeholders in the communication process. This may include government officials, employers, employees, trade unions, educational institutions, and the general public.
- **Multichannel Approach:** Utilizing various communication channels to reach different audiences effectively. This can include press releases, public speeches, social media, town hall meetings, and informational materials.

3. Key aspects of communicating labor market reform include:

- Addressing Concerns: Acknowledging and addressing concerns or questions that stakeholders may have. This involves actively listening to feedback and providing clarifications as needed.
- Timeliness: Communicating timely updates and progress reports on the reform. Regular updates help maintain interest and keep stakeholders informed about the ongoing changes.
- Benefits Emphasis: Clearly articulating the potential benefits of the reform for different stakeholders. Whether it's job creation, skill development, or economic growth, emphasizing positive outcomes helps garner support.

3. Key aspects of communicating labor market reform include:

- Education and Awareness: Providing educational resources to help stakeholders understand the complexities of the labor market reform. This can include workshops, webinars, and informational materials.
- Consistency: Ensuring consistency in messaging across all communication channels. Consistent messaging helps avoid confusion and ensures a unified understanding of the reform.
- Feedback Mechanisms: Establishing mechanisms for stakeholders to provide feedback and express their opinions. This two-way communication allows for adjustments based on real-time input.

4. Conclusions

- Designing a reform involves a **thoughtful and strategic approach** to crafting policies and initiatives that can bring about **positive change in the labor market**.
- Designing reform requires a deep **understanding of the existing obstacles and challenges**, a **vision for the future**, and a commitment to creating a more effective, inclusive and equitable system.
- Effectively communicating labor market reform is essential for **building support, minimizing resistance, and fostering collaboration** among diverse stakeholders.
- Communication in reform development and implementation helps create a shared understanding of the goals and benefits, **ultimately contributing to the successful implementation of the reform**.

Thank you for your attention.