

# **The Promotion of Self-Employment as a Labour Market Adjustment Policy in Model C Employment Centres**

**George Edward (Ted) Treller**

Whyte Reynolds International, Inc.

Vernon, British Columbia,

Canada V1B 2G9

Phone: 604-545-4445 Fax: 604-545-1532

## **Abstract**

Rapid irreversible changes are transforming the social, political and economic fabric of Russia's diverse communities and regions. Increasingly the nation and its citizens are vulnerable within this process and their futures uncertain. As large state enterprises restructure or close, the crush of rising unemployment is straining already over-taxed resources.

On a formal basis the “responsibility” for the unemployed rests on the shoulders of the Federal Employment Service (FES) and their regional and local centers. In 1995, under the terms of a World Bank loan to the FES, a Model Employment Center Project was funded. This project’s objective was to assist in the opening and functioning of 15 new style employment offices. Part of this mandate, especially in Model C Offices (communities experiencing severe economic hardship and chronic unemployment) included a focus on the use of developmental programming to support entrepreneurial and small enterprise support. The following paper arose out of this assignment.

Utilizing the context of the City of Saransk Mordovian Republic and the Saransk Centre of Employment the following paper introduces and assesses the role of small enterprise development and self-employment as labour market adjustment policies. The paper examines the socio-economic and development conditions within the City of Saransk and explores the incidence of self-employment within that context; reviews the legislative and policy environment in respect of the promotion of self-employment; evaluates the Employment Center’s efforts in facilitating and effecting the process; and, presents potential changes and improvements that could be made to further facilitate these efforts.

## **1.0 Project Background and Definition**

A Model C Office is a designation applied by the National Peoples Employment Service (FES) to those employment centres operating within devastated communities or regions of the Russian Federation. This designation is a function of the level and character

of unemployment within the community. It applies in instances where unemployment is regarded as problematic, not only in terms of its absolute magnitude and persistent growth, but also in terms of the limited outlook for any substantive improvement. While by definition the social and economic circumstances are particularly difficult within these communities, the FES has afforded Model C Employment Centres considerable latitude in the introduction of innovative employment development or labour adjustment measures that might aid in ameliorating difficulties.

Utilizing the context of the Saransk Centre of Employment, a designated Model C Office, this assignment has been structured to assess and evaluate the potential of utilizing the promotion of self-employment as a labour market adjustment policy. It comprises five essential tasks:

1. an overview of the socio-economic and development conditions within the City of Saransk and an exploration of the incidence of self-employment within that context;
2. a review of the legislative and policy environment in respect of the promotion of self-employment, the program implementation process as administered by the Centre of Employment and the record of activity;
3. an evaluation of current Employment Centre efforts in facilitating and effecting self-employment;
4. an exploration of potential changes and improvements that could be made to further facilitate the self-employment process within the context of the Centre of Employment; and
5. a general assessment of this adjustment measure within the context of Model C Offices.

## **2.0 Process and Qualifications**

This project took place in the City of Saransk, Mordovian Republic over the period October 18, 1995 to November 13, 1995. It was completed as part of a broader effort to develop improved organizational and operational systems within the local Employment Centre. The process of research involved a series of interviews with Employment Centre managers and staff; employers; union officials; Civic, Republic and Federal officials; youth and the unemployed. The investigation also included a review of available reports, legislation, policies and data. As a comparative some discussions were held with Employment Centre officials from the nearby community of Ruzaevka.

Several methodological difficulties were experienced in the project. Inasmuch as the investigation was intended to provide a basis for subsequent recommendations to other Model C Centres, the difficulties incurred pose some limitations to the analysis and subsequent recommendations. They should be viewed within that context.

1. given the limitations of time and the fact that this project was a subset of a larger effort, the investigative process was necessarily limited;
2. on several of the issues there was an apparent absence of quality data and therefore observations were needed to be drawn from anecdotal material; and,
3. given the cross cultural nature of the assignment, the need to utilize translation services for much of the research and information collection exercise, and despite the effort to explain concepts as fully as possible, there were several instances of communication difficulties that arose. This was particularly problematic in instances where anecdotal material was the only source of information.

## **3.0 An Introduction to Saransk, the Development Environment and the Incidence of Self-Employment**

### **3.1 Demographic and Economic Overview**

The City of Saransk is the capital of the Mordovian Republic. It is located approximately 600 kilometers southeast of Moscow. Over 36.4% of the Republic's population or 348,800 citizens currently reside within the community. As with many cities in Russia the population is gradually declining as out-migration outpaces in-migration and death rates outpace birth rates.

To September 30, 1995 the registered work force totaled 209,500 or 59 percent of the population. Eighty percent of workers are members of trade unions. Of the total of registered workers near 70,000 or 33.4 per cent are engaged in part time positions or on non-paid vacations. In many cases those reported as working have been working without pay. By way of example, many of the teachers in the state schools have not been paid for over three months yet they continue to work. The City's official unemployment rate is 6.3 per cent, or near three times that of the average in all of Russia. This rate has witnessed successive increases since 1992. Starting at 1.9% in 1992 it increased to 4.1% in 1993, to 5.8% in 1994, and to 6.3% in 1995. Near 14,000 individuals, 52 per cent of whom are women, are currently in receipt of Unemployment Benefits (UB).

Locally there are in excess of 3,500 registered employers, fifty three of whom employ in excess of 500 employees each. The largest employer with 23,000 employees, down from 30,000 eight years ago, manufactures lighting appliances and bulbs. Other major employers are engaged in a variety of activities including rubber and rubber products, medical supplies, TV sets, automotive parts, and electronic switching equipment. Combined with local construction and building materials companies, the goods producing sector represents over 80 per cent of local employment. Of this total over 20 percent is tied to traditional defense production enterprises. For all practical purposes all of the larger local employers are state enterprises. As in many other regions

the transition or conversion process within Saransk is taking a devastating toll on these larger state enterprises with general production declines of 26 per cent recorded in 1993 and an additional 36 per cent recorded in 1994. While information is limited, it has been suggested that the magnitude of inter-industry debt is also creating significant difficulties, the impact of which has drawn even the stronger enterprises to the brink of collapse.

## **3.2 The Development Environment**

The reality of the present socio-economic situation would suggest that for most state enterprises, particularly those tied to defense production, the prospects for re-development are limited. Yet, in the face of this there is a high level of expectation by the local populace and local Administration that present circumstances will be reversed by new state expenditures into these struggling enterprises. Not surprisingly limited strategic planning around such issues as economic diversification and community development are evident though some efforts have apparently been undertaken. Regardless, within this framework it is difficult to discern any sense of alternative developmental direction that might form the basis of a proactive response to current difficulties.

There is some evidence of employment subsidies to enterprises via land tax concessions at the Civic level and via credits (grants or subsidized loans) at the Republic FES level. In these instances support is offered in exchange for the creation of jobs for targeted individuals (women, youth, and people with disabilities). In all cases these subsidies are directed at the larger more established enterprises. With limited available funding not much take up has occurred. By way of example, at the FES level only four enterprise participants have received authorized credits in the Republic this past year, two of which were in Saransk.

The Saransk Centre of Employment is regarded as a significant player in the local development scene. In a formal sense a developmental role is mandated to every employment centre within the framework of FES regulations. However, for the Saransk Centre of Employment this developmental role has evolved into a more integral position. This evolution is likely the consequence of the community's current economic difficulties, the expectations conveyed on the Centre and its staff to assist the community to cope, and the high level of community credibility the Centre and its staff have established. While this situation encumbers the Centre with high expectations from the community at large, the positive implication of this position is that it affords the Centre considerable latitude in defining and facilitating new directions in respect of employment development.

## **3.3 The Incidence of Self- Employment**

It is very difficult to estimate the absolute numbers of individuals that might be categorized as self-employed. While the City reports 3,500 business registrations of all sizes, in fact there are many reasons that individuals might pursue the process of self-employment without registering their businesses. Some of the more common reasons

include a desire to maintain the security of ongoing salaried employment or Unemployment Benefits; a desire to maintain an active work record to protect the participant's pension program; an attempt to avoid an onerous tax system inherent with business registration; and, an urge to keep out of notice of the local criminal community. Regardless there is strong anecdotal evidence to suggest that a large and growing number of Saransk citizens are not only exploring the potential of self-employment but engaging in the process. This interest is almost universally motivated by financial need.

As a proxy of ongoing interest within the community and Republic generally, the Employment Centre is continuing to witness a significant growth in the numbers of individuals applying for and seeking information on self-employment assistance.

## **4.0 A Review of the Federal and Local Legislative and Policy Environment Respecting the Promotion of Self-Employment, the Local Implementation Process and the Record of Activity**

### **4.1 Employment Service Policy and the Promotion of Self-Employment**

FES Order Number 37 issued in 1993 stated that a considerable role existed for the Employment Service in promoting small enterprise development. However in defining this role the FES was very careful in phrasing its commitment. Specifically the text of support emphasizes a very cautious approach. Several quotes taken from the Methodological Handbook, Work Procedures of the Employment Centre (January 6, 1994) are illustrative of this caution:

*“The process of investing in small business is, however a highly specialized one, in which the Employment Service staff are not yet experienced.”*

*“We would like to stress again, that the financing of small businesses is a risky activity; . . .”*

*“The experience from other countries suggests that if unemployment benefits are paid in the form of a lump sum, there is a high risk that clients' businesses will then fail and the State has to pay further subsistence support in order to avoid destitution (particularly if the client has children).”*

Shortly after the introduction of Order Number 37 the Saransk Centre of Employment, introduced as one of its stated policies the objective to:

*“...support those who are eager to start their own business and self-employment...”*

Supplementary to this objective, the Ministry of Labour and Employment asserted in its 1995 Program of Employment for the Mordovian Republic that

*“... special attention will be paid to the ... arrangement of training in the basics of business ...”*

## **4.2 Local Operational Responsibilities, Client Eligibility and the Process of Application**

Pursuant to the FES Order Number 37, self-employment support is available from the Centre of Employment for any individual eligible for Unemployment Benefits. Support includes access to training, counselling and receipt of a single lump-sum payment equal to 12 months of unemployment benefits. Successful applicants also have their business registration fees paid for them.

Within the Saransk Centre of Employment operational responsibility for the self-employment program is vested with the Assistant Director, with other staff and Department Heads, most commonly the Heads of the Departments of Training and Social Assistance, sharing occasionally in other aspects of program delivery. Of course each Department Head has his/her role as members of the Employment Council.

The process of application includes the preparation and submission of a business plan by the client to the Centre of Employment. Some counselling assistance is available in the preparation of the business plan. The business plan format follows that identified and described within current FES legislation. As stipulated it adequately addresses most relevant issues of the proposed venture including a description of the project and proponent, relevant capital, materials and operating costs, the market plan and a risk assessment. The business plan submitted by the applicant is subsequently referred to the Employment Centre Council for ratification or rejection. The process is not one of self-selection. The Council is comprised of 15 or so members representative of the Employment Centre, including all Department Heads, the local Trade Union and representation from the Republic's Ministry of Labour and Employment (FES). There are no employers nor businesses represented on this Council. Given ratification by the Council the client, after completion of the final documentation, receives his/her financial package.

Prior to 1995 strategic targeting of activities was not part of program delivery nor the evaluation process. Beginning in 1995 pursuant to a recommendation by the Mordovian Ministry of Labour and Employment, “trade” activities were deemed ineligible. No other targeting measures such as gender or net economic value are presently applied.

### **4.3 Activity Levels to September 30, 1995**

By years end 1994, applications for self-employment support were submitted by 200 eligible clients . Fourteen or roughly 7.0 percent were approved. Applications represented 1.63 percent of the total of the unemployed and approvals represented 0.11 percent of the total of the unemployed. All of the approved businesses in 1994 were engaged in “trade” activities - kiosks, small shops, wholesaling. No applicants requested nor participated in training. While apparently all businesses are still operating, no regular contacts have been maintained by the client or the Centre.

By years end 1995, applications for self employment are expected to total in the order of 200 to 250 eligible submissions. Project approvals are also expected to be up with expectations that as many as 30 enterprises will be supported this year. To September 30, 1995 eight applications had been approved representing 7.0 billion in rouble expenditures or 0.15% of the total paid in unemployment benefits. Those plans approved (4 male and 4 female) were all production related endeavors including the tailoring and manufacture of clothes, the manufacture of kitchen furniture, wallboard/drywalling, and interior/exterior repairs. Once again none of the applicants participated in any formal training programs. All businesses are operational.

Of note, in nearby Ruzaevka an agricultural community of 81,000, the Employment Centre reports approving 47 self-employment applications to date versus 22 in Saransk. As with Saransk, all of these activities are currently operational.

FES regulations require that during the first year of operation the Employment Centre is obliged to maintain some level of contact with the client so as to ensure that the approved funds have been utilized in a manner compatible with the application (business plan). Thus some cursory level contact has been maintained with clients approved in 1995 with the added thought that expansions to these enterprises may lead to new job vacancies. While there is no obligation by the entrepreneur to hire from the Centre it is thought that there might be some willingness to consider this arrangement. Of course many of these enterprises are still in their infancy and are not considering adding staff at this time. Further, in some particular instances there is a concerted plan not to add staff as this may draw the attention of the criminal community.

Two other observations of note.

Firstly, in Saransk self-employment or basic business training is available through the House of Science and Techniques. The Employment Centre, where requested, will contract for or buy a seat in this program on behalf of an interested client. The program offered extends from one to three months. To date only two Employment Centre clients, both women, have availed themselves of the program - in both instances neither participant followed through on starting their own business.

Secondly, there have been two fundamental reasons for Council rejections of applications. In the first instance and by far the most common, the application or business plan is deemed to be incomplete or otherwise unsatisfactory - the thinking being that if the client is unable to adequately prepare a business plan on his/her own they obviously are not psychologically capable of operating the proposed business - and in the second instance, rejection is due to a deemed lack of adequate financial viability.

## **5.0 Some Critical Observations and Evaluations of Local Efforts**

### **5.1 Best Practices**

Given a brief review of the Saransk Centre of Employment's self-employment development efforts to date, several observations can be made. On a positive basis, or in terms of Best Practices, the following observations were found to be particularly notable:

1. At the FES and centre level there is a formal commitment to the program and its success. In part the commitment reflects the view that those choosing self-employment are similar to those finding jobs. That is, a client who manages to achieve success in self-employment is one less seeking unemployment benefits. This commitment further recognizes the contribution of small enterprise development to employment creation.
2. There is some level of awareness by those in receipt of Unemployment Benefits on the merits of self-employment that is in and of itself sufficient to generate the applications of more than 200 clients per year. While by Western standards the numbers of applications is still quite low, given the difficult circumstances inherent in starting and operating a business within the City of Saransk, this level of interest is encouraging.
3. Unlike the experience in industrialized countries where the norm on survivability is 55 to 75 percent, in Saransk there is a 100 per cent survivability of businesses that were started pursuant to the Centre's self-employment option.
4. The Centre's self-employment focus has become increasingly strategic. The targeting of businesses has yielded some positive results in respect of supporting those providing a more significant socio-economic benefit to the community vs. the "trade" sector and further does not seem to have adversely impacted on either the numbers of applications, the quality of proposals, nor the numbers of approvals.
5. The Centre of Employment has established a system of evaluation or approval that encourages training and business planning as essential pre-requisites to success.

## **5.2 Program and Delivery Limitations**

While many of the Centre's efforts to promote self employment have been quite positive, in the review of current efforts four areas of concern are notable:

1. There is a certain level of caution that exists relative to the promotion of self-employment. This is perhaps best reflected by the relatively small number of approved applications in absolute and comparative numbers (7% of the total submitted) and the unusually high success rate of participants (100%), all of whom have chosen not to take part in any formalized training. The reasons for this caution might be tied to any of a number of factors not the least of which include a reflection of the FES hesitancy inherent in Order Number 37 or, perhaps, an honest concern for the welfare of the applicant in terms of income security and personal safety. On a practical basis this caution, regardless of the motivation, may continue to manifest itself in a number of ways that might ultimately persist in maintaining lower than expected participation rates (approved applications) and in doing so indirectly discourage the numbers of potential new applicants that would normally be expected to seriously consider this option given the community's current economic situation.
2. The system of lump-sum payments coupled with the absence of post approval counselling serves to distance clients from the Centre.
3. Given a predominant reason for Council rejections of client applications being the absence of a complete or satisfactory business plan would suggest some inadequacy of client preparation in the fundamentals of business planning. While counselling is offered to the client by the centre, it seems not to have had a significant impact, in part it would seem because many of the potential applicants do not fully avail themselves of this service. On the other hand, if the demands on centre staff for business counselling assistance were to increase measurably there is some doubt given the already stretched resources of the Centre that these increased demands could be met.
4. While formal training in basic business practices is also offered as a means of support for those interested in pursuing self-employment none of the approved clients to date have attended any of these sessions. This would tend to cast some doubt on the adequacy or appropriateness of the training being offered.

## **6.0 Some Thoughts on Improving the Effectiveness of the Saransk Centre of Employment in Promoting Self-Employment**

Inherent in the responsibility to the unemployed specifically and the community in general, the Saransk Centre of Employment has a pro-active role to play in facilitating and/or otherwise contributing to the process of employment development. There are of

course many ways by which the Centre has already assumed this responsibility, not the least of which are its youth and employer outreach efforts. As well in some notable examples, such as the mass layoff response team and the public works programs, some efforts to partner the delivery of selected services or programs have been utilized. The promotion of self-employment should be another important element in this process. The record to date has been positive though there are opportunities by which this record might be further enhanced. At a time when the incidence of unemployment is particularly acute, there is a need for the Centre of Employment to capitalize upon whatever proven strategies there might be that would allow it to assist the unemployed to better cope with the challenges they face.

There are a spectrum of potential improvements that could be introduced to further increase the positive impact of the Centre's existing efforts in respect of the promotion of self-employment. Some improvements could be effected readily with very little in the way of new resource allocations while others might require significantly more resources and time. Most importantly any changes made should be incremental.

As noted several enhancements in program delivery could be made quite readily. They include the following:

1. the practice of Self-Employment should be included within the list of professions compiled and utilized by the Employment Centre's Career Counselling Section. This would assist the unemployed to explore the operational and individual responsibilities implicit in choosing this option. Appropriate information and materials should be collected. Good resource materials are available quite readily from established small business programs located within the structure of the FES or through various international initiatives, e.g. the Canada-Russia Community Futures Project, US AID (Morozov Project) and so forth;
2. a conscious effort should be made to increase client awareness of the Employment Centre's self-employment program, its objectives and targets. This could be accomplished with an information announcement within the reception display area, newspaper editorials, presentations at schools or presentations at other forums such as the quarterly Job Fairs; and, finally
3. as part of the Employment Centre's yearly planning process, the definition and articulation of a pro-active self-employment strategy should be included. This strategy should set out targets not only for the types of activities but also the numbers of successful contracts with a conscious effort to build upon previous successes and correct program shortcomings.

Beyond these initial efforts, the Saransk Centre of Employment might look to further refine its self-employment program by exploring and introducing measures that will not only increase the numbers of applications and the numbers of contract approvals but, more importantly, continue to maintain a high probability of success for those

participating. This next level of support will need to focus on improving the business skills and capacity of the participants

4. a formal system of pre-approval business counselling should be introduced. Within a focus group or classroom setting extending over a five day period the program could be designed to assist individuals with self-selection by introducing to them and supporting them in their efforts to evaluate and plan their business ideas. Attendance at such a program should be a pre-condition of application.

Beyond these early first efforts to improve program delivery there is much that could be done in a more aggressive or pro-active manner to facilitate the process of self-employment. However, as above, given the competition for scarce funds the commitment of resources to the process should be commensurate with the expected returns vis a vis those of alternative measures. In the matter of Saransk it is important to note that not only has the work load at the employment centre tripled over the past four years, but the Centre currently utilizes over 80 percent of its payroll tax collections to satisfy existing operational demands. The balance is used to subsidize other employment centres in the region (20%). The Federal Government (Moscow) currently subsidizes the Region in the order of five times the nominal regional remittance. This is not likely to increase. However a proposed rise in the payroll tax to 3% is expected to become law in the new year. Given that the increase in tax is not offset by a further erosion of collection performance (78%) it is likely that some level of additional funding may become available

More aggressive developmental efforts might consider the following:

5. the recruitment and appointment of a small business specialist whose responsibility would include not only program promotion, but ongoing counselling and support. The specialist might further assist existing entrepreneurs to structure business and/or investment proposals and identify opportunities for further development;
6. the appointment of a Self-Employment Advisory Committee to the Employment Centre. This Committee would be responsible for assisting the Centre in developing a strategic plan and targets for self-employment, for reviewing and approving client applications, and for generally assisting in the promotion and marketing of the program within the community. This Committee should include broad representation from the public sector, not the least of which might include representation from the Civic Administration (Social Protection and Industry) the Republic (FES) and the University (Economics/Business Faculties), and include as well representation from committed employers, local banks, private enterprises and Trade Unions; and,
7. the investigation and, where warranted, the introduction of more innovative measures of entrepreneurial support that offer some further partnering or leveraging of local resources within structures that emphasize self-sustainability. By way of example some consideration might be afforded the

introduction of a Social Business Centre which would work in co-operation with the local Centre of Employment to further facilitate the promotion of self-employment and the expansion of existing small enterprises. Such a centre could provide assistance in the identification and evaluation of business opportunities, the preparation of business/investment proposals, the coordination and/or delivery of entrepreneurial training programs and, in selected cases, financial assistance (debt and/or equity) to worthwhile private sector initiatives.

## **7.0 The Promotion of Self-Employment as a Labour Market Adjustment Policy within the Context of Model C Employment Centres**

The recent experience of many industrialized countries and some recent successes in other economies in transition (Poland and Hungary) suggest that there is a positive developmental role that can be played through the active promotion of self-employment and entrepreneurship as a means to deal with the unemployment crisis. Though preliminary, some positive results have also been gained with similar efforts within the Saransk Centre of Employment. Given the increasing numbers of the unemployed and the particular difficulties this condition poses within a community, and given the increasing citizen interest in pursuing the process of self-employment, it is important that the promotion of self-employment as a labour market adjustment policy be viewed not only as a developmental program that has merit but one in which further emphasis and support must be afforded.

Unfortunately when it comes to proactive programming, communities in crisis characteristically suffer the phenomena known as crowding out. In terms of employment programming, crowding out occurs as the impact of funding and resource cutbacks is compounded by a rapid rise in unemployment. In these instances development programming is crowded out as increasingly scarce funds and resources are directed toward satisfying the growing demands for unemployment benefits and material assistance. Certainly this scenario is indicative of the situation in a Model C Centre. Crowding out further aggravates local difficulties by increasingly emphasizing a process that deals with the symptoms (unemployment) rather than the problem (job creation). In the modeling process it must be remembered that the employment services of many industrialized countries usually operate within regional and national economies where both well-developed capital markets and well-developed private sectors are available to support programming efforts and thus the impact of crowding out might be less noticeable. By way of example, in Canada the cutback in employment funding is requiring Employment Centres to leverage the efforts and resources of other community partners (private and not-for profit sectors) in employment programming. Similar abbreviated methodologies transposed to Russia, and particularly within Model C communities, might well lack the diversity of effort commensurate with the Employment Centre's responsibility and

commitment to the community. In this context, programming resources and efforts must not be eroded - though admittedly certain efficiencies might need to be encouraged and more innovative approaches adopted.

Improved programming requires an inherent commitment and belief in the aims and purpose of the program by those responsible for its delivery. The a priori assumption is that there is a sufficient level of understanding of the concept itself and the apparent benefits and/or disbenefits in its application. This does not appear to be the commitment evidenced in FES Order Number 37 as stated within the Methodological Handbook, Work Procedures of the Employment Centre (January 6, 1994). If the promotion and support for self-employment at the local level is to be viewed as a realistic response to the specter of unemployment, it should be presented in a manner that might better suggest the merits of delivery rather than emphasizing the perceived costs of risk and failure. An interesting counterargument to the specter of failing small enterprises obliging the State to “. . . *pay further subsistence in order to avoid destitution . . .* “ is the observation that the avoidance of payroll taxes to the Employment Centres is predominantly the consequence of the larger state enterprises' inability to meet these demands and, in fact, most of the smaller enterprises comply quite readily with their tax obligations.

There are of course many positive elements in the current system of delivery not the least of which includes the payment of benefits by way of a lump sum. Considering the inadequacies in local capital markets the utilization of a system of lump-sum payments critically serves client interests in respect of needed start-up capital.

On a national basis, attempts to further promote self-employment within Model C Centres will first require a greater focus on building the technical and financial capacities of applicants. Practical, as opposed to academic, entrepreneurial education and training is essential. It need not encompass long and laborious periods of classroom time. In fact some of the best practical entrepreneurial training rarely extends beyond two or three weeks in duration. Prospective entrepreneurs also need assistance and skills in identifying and evaluating business opportunities; preparing business and investor plans; marketing and market planning. Despite the advantages of lump-sum payments in respect of securing some valuable start-up funds, to further build program impact some effort will need to be expended in identifying and leveraging additional sources of funding that might be directed (debt/equity) toward further stimulating and supporting fledgling enterprises. On a longer term basis the promotion of self-employment should look to the dual goals of broader community partnerships and sustainability.

Despite the fact that the Federal Employment Service has only been in existence for the past four years a wealth of experience and information exists within the service relative to the promotion of self-employment. Many innovative programming efforts have been introduced by various Employment Centres within varying economic circumstances, e.g. distance learning programs, entrepreneurial training programs, Social Business Centres, Techno-Parks, small-enterprise incubators, and the like. This information needs to be centrally collected, collated and shared. There is much that can be learned from the

experience of other Employment Centres and some effort needs to be expended in sharing these experiences.

In conclusion, the further promotion of self-employment is not proposed here as a panacea to unemployment, in fact it seldom meets the needs of more than five percent of the registered unemployed in any of the settings in which it is fully utilized. Rather, self-employment is presented here as not only one of several practical and essential alternatives in the spectrum of available labour market adjustment policies but also one that needs further national, regional and local emphasis.