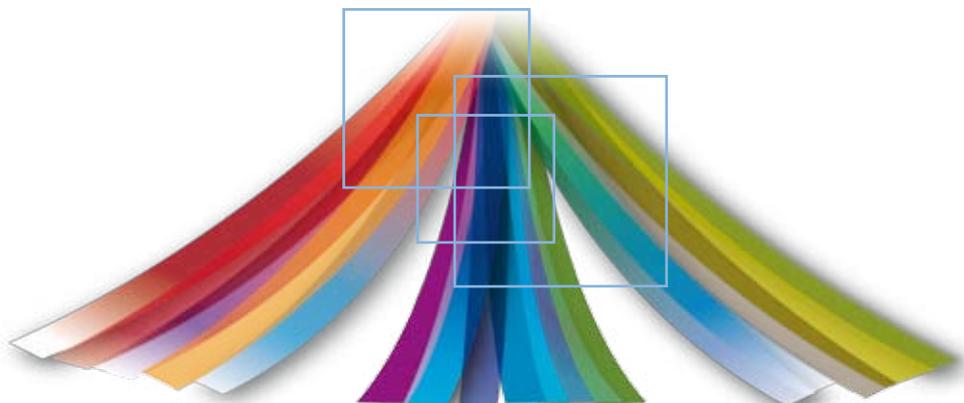


# GLOBAL JOBS PACT POLICY BRIEFS



International  
Labour  
Organization



## THE ROLE OF EMPLOYMENT SERVICES IN SUPPORTING THE LABOUR MARKET

### 1. Executive summary

The provision of effective employment services is central to a well functioning labour market. These services may be provided through government institutions as a component of Ministries of Labour, through private employment agencies and/or, through not-for-profit and non-governmental organizations.

The major role of Public Employment Services (PES) is to cushion labour market transitions for workers and enterprises by 1) providing good information about the labour market; 2) providing job search assistance and placement services; 3) administering unemployment insurance benefits; and 4) administering a variety of labour market programmes.

Private Employment Agencies (PrEA) also play an important role in the labour market by providing an alternative means of job matching as their core service and engaging in training and up-skilling to meet employers' needs. International labour standards, viz. Convention 88 and Convention 191

provide normative guidance on both public employment services, and private employment agencies, respectively.

In most countries, employment services are also offered through not-for-profit and non-government organizations. These groups often specialize in providing services to the more vulnerable jobseekers who often require more intensified assistance in order to achieve employability. They also offer job matching services in addition to seminars and workshops on job search skills and, in some cases provide other services to jobseekers to facilitate their entry into the labour market. Such services may include providing free day care while they attend job interviews, specialized equipment required for particular jobs or to accommodate a disability, or even providing suitable clothing for a job interview.

Particularly during the crisis there has been growing evidence that close collaboration between all of these entities results in the most positive results.

### 2. Description of the policy challenges

While many countries are now beginning to see signs of economic recovery, it is projected that high levels of unemployment may continue and therefore, the demands and expectations placed on employment services will continue to be an issue.

However, as countries begin to move from a period of crisis to a phase of economic recovery, their focus is shifting to ways of tackling fiscal deficits and government debt. Pub-

lic employment services, already straining under significant increases in demand for their services, are grappling with how to find sufficient resources in an environment of increasing government financial restraint.

As they explore ways to provide relevant, cost effective and efficient services to a range of job seekers including youth, displaced older workers, women and the disabled, PES are exploring how to make the best use of information and

*The Global Jobs Pact policy brief series is intended to inform readers of the relevance of the ILO's technical areas of work in addressing economic downturns as well as assisting in sustainable economic recoveries. Each brief is an invitation to the reader to contact the ILO for additional information and support.*

*More briefs can be found and downloaded at <http://www.ilo.org/jobspact>*



communication technology and, how to create synergies amongst the various stakeholders engaged in the provision of employment services.

Just as public employment services responded to the financial crisis by modifying existing labour market services rather than introducing completely new measures, once again their responses can be categorized as preventing job loss, replacing lost income, and helping job seekers to im-

prove their employability through the strategic use of well designed labour market programmes.

Developing countries offer a particular challenge as they have often had limited fiscal and policy space to respond to the crisis. Employment services are often under-developed, making labour market adjustment to the economic downturn a greater challenge than had such services been in place or less weak than they often are.

### 3. Policy options to address the challenges

#### *Averting or minimizing job loss*

Losing a job is more than just losing a source of income; it can also lead to a loss of identity, self-esteem and self-worth. Lengthy periods of unemployment can also result in the erosion of both technical skills and general work habits, making re-entry into the labour market more difficult. Public employment services have responded by quickly introducing or enhancing measures to prevent as many redundancies as possible. There have been two general approaches to this: rapid response teams, and short time work arrangements.

These processes and how they work are outlined in a recently updated ILO publication<sup>1</sup> and two policy briefs.<sup>2</sup>

While rapid response teams and short-time work schemes can be implemented as stand-alone measures, many public employment services offer them as a combined package, first establishing a short-time work arrangement within an enterprise to stem the redundancies, and then setting up the joint consultative team to handle activities to assist redundant workers and help to plan measures that will return the business to full production, as described in the example of Box 1.

#### *Provision of income support*

One of the first concerns of workers who are faced with job loss is the resulting loss of income. Few job seekers are

#### **Box 1. Mobility centres in the Netherlands**

In 2007, an automotive company announced that it would lay off approximately 1,600 employees. The workers and employer were encouraged to negotiate a social plan that would include the development of a mobility centre to identify the workers that would become redundant, register them as job-seekers and provide them with the normal employment services offered to all jobseekers by the public employment services. Potential job vacancies were identified through normal vacancy notices posted by employers, and through the public employment service's knowledge of local vacancies and job opportunities. The current skills of the potentially redundant workers were assessed and skills development actions were recommended to ease the process of the worker's transfer from the current employer to a new job.

Within 18 months after the announcement, 80 per cent of the workers had been successfully transferred to a new enterprise or had acquired a new marketable occupation. Since the introduction of the mobility centre approach in 2008, a total of 950 projects have been established. By the end of October 2009, 10,000 employees were successfully able to make the transition from work to work, avoiding having to claim any unemployment benefit. An additional 80,000 workers were able to move to new jobs within three months of beginning to draw unemployment benefits.

<sup>1</sup> G. B. Hansen: *A guide to worker displacement: some tools for reducing the impact on workers, communities and enterprises*, Geneva, ILO, 2009.

<sup>2</sup> J.C. Messenger: *Work Sharing: A strategy to preserve jobs during the global jobs crisis*, (Geneva, ILO, 2009, TRAVAIL Policy Brief No.1).

J. C. Messenger: S. Rodriguez: *New developments in work sharing in middle-income countries*, (Geneva, ILO, 2010, TRAVAIL Policy Brief No. 2).



able to concentrate on an effective job search strategy while dealing with basic concerns related to financial insecurity. Therefore, one of the top priorities for public employment services is to ensure that some form of income support is available to eligible job seekers as quickly as possible.

In order to fulfil this commitment, many public employment services have increased their staff, introduced longer hours of service and streamlined application procedures for unemployment insurance benefits. Some countries have also re-examined eligibility criteria for these benefits, so that a greater number of unemployed workers are able to collect benefits for extended periods. While some measures, such as increased numbers of staff and hours of operation are seen as only temporary, others such as streamlining procedures may remain as permanent modifications.

### ***Employability improvement***

As job matching services become more automated and thus less labour intensive, improving the employability of job seekers, with the aim of job placement, has become the primary task of public employment centres. This is typically achieved through career counselling, the provision of accurate and timely labour market information to assist job seekers make sound career choices, providing job seekers with access to information on skills training courses, and the application of wage subsidy programmes, particularly when dealing with harder to place job seekers.

The demand for these enhanced employment services has increased dramatically as a result of the economic crisis, and the range of job seekers requiring such services has expanded. For example, many mid-career and older workers now seek assistance in planning or training for a new career. Public employment services are currently responding to these increased demands of job seekers and enterprises by applying combinations of the techniques which worked well in previous economic and structural downturns. They are also building upon existing synergies with other stakeholders who provide employment services such as private employment agencies, not-for-profit and non-governmental organizations. PES are increasingly looking at ways to share information and combine training initiatives with private employment agencies in order to better achieve economies of scale. In many countries PES are also outsourcing many of the special employment services for the more vulnerable job seekers such as youth making the transition from education to the labour market, women who seek to re-enter the labour market after a period of absence and, disabled workers seeking ways to be included in the labour force.

The ILO, in partnership with the World Association of Public Employment Services (WAPES) and with the International Confederation of Private Employment Agencies (CIETT), provides assistance to member States by sharing examples of best practices through the development of relevant research and reference materials, advocacy in promoting Conventions 88 on Public Employment Services and Convention 181 on Private Employment Agencies and, through the direct provision of technical support and policy advice.

### ***Impact of employment services***

Evaluation research across industrialized countries suggests that job search assistance appears to consistently provide satisfactory results. Job search assistance provides the lowest cost interventions, with generally the largest relative payoffs, and appears to be effective for most groups of unemployed persons (Fay, 1996). Clearly, once the initial costs have been covered for the development of Internet-based job seeker databases and other typical services of electronic labour exchanges, the provision of basic job matching services is both low cost and requires little direct intervention by staff.

During the current economic crisis, public employment service officials have encouraged job seekers to take advantage of these self-service options. There has also been an increased interest in less developed countries to develop or enhance their job matching services using information technology.

However, when there are fewer jobs available, only the most employable workers are able to find new jobs through these sources alone. As the need for more in-depth services such as career counselling, skills development and assistance in acquiring special equipment to meet job requirements increases, so do the costs of job placement.

The time spent in providing services to each individual job seeker increases during periods of high unemployment because of the need to provide more in-depth information on labour market conditions, alternative career paths, and sources of skills development which might be available. This also has implications for the speed or the cost of providing services, depending on whether the public employment service is able to hire additional employment staff. There are, however, limits to what a public employment service can achieve when the central problem is one of inadequate effective demand in the economy.



## 4. Conclusions and recommendations

Well-established public employment services can be pivotal institutions in meeting employment challenges created by unexpected economic downturns and in times of economic growth. Closer collaboration between public employment services and private employment agencies, non-governmental organizations and private enterprises has proven to be highly effective.

In times of crisis, building upon existing programmes and services, enhancing them with additional financial resources and easing eligibility criteria, is more efficient and effective than designing new programmes.

Public employment services must therefore constantly assess their performance, looking for areas where they can improve and ensure that they remain responsive to changing labour market conditions. A key factor in this will always be the availability of reliable labour market information.

It is also evident that countries with well established em-

ployment services at the start of the recent financial crisis were much better able to rapidly respond to the challenges within the labour market. Therefore, it is increasingly important that attention be focused on assisting less developed countries to build their capacity to offer improved employment services.

In times of relatively good economic conditions, the most cost-effective solution to unemployment is access to job vacancies provided through Internet-based labour exchanges, combined with income support while the job seeker moves from one job to another. In times of economic crisis, when jobs are scarce, a combination of targeted skills training and job search assistance following the training can produce the best and most lasting results. Many countries operate a policy that links public employment expenditure with the duration of unemployment. Thus low-cost counselling and job search assistance are offered to the short-term unemployed, but more intense and costly measures are provided for the long-term unemployed.

## 5. Further reading and resources

- ILO: *Review of the core elements of the Global Employment Agenda*, Governing Body, 286 th Session, Geneva, Mar. 2003, GB.286/ESP/1(Rev.)
- ILO: *Declaration on Social Justice for a Fair Globalization*, Governing Body, 303rd Session, Geneva, Nov2008), GB.303/SG/DECL/2
- ILO: C88, *The Employment Service Convention*, 1948, available at: <http://www.ilo.org/ilolex/cgi-lex/convde.pl?C088>
- ILO: C181, *Private Employment Agencies Convention*, 1997, available at: <http://www.ilo.org/ilolex/cgi-lex/pdconv.pl?host=status01&textbase=iloeng&document=186&chapter=1&query=%23status%3D01&highlight=on&querytype=bool&context=0>
- ILO: R188, *Private Employment Agencies Recommendation*, 1997 <http://www.ilo.org/ilolex/cgi-lex/convde.pl?R188> ILO: Recovering from the crisis: a Global Jobs Pact, Geneva, 2009
- ILO: *Guidelines for establishing emergency public employment services*, Skills & Employability Department, Geneva, ILO, 2003.
- ILO: *Guide to Private Employment Agencies: Regulation, monitoring and enforcement*, Skills & Employability Department, Geneva, ILO, 2007.
- Thuy, P.; Hansen, E.; Price, D. 2001. *The public employment service in a changing labour market* (Skills & Employability Department, Geneva, ILO)
- World Association of Public Employment Services (WAPES) <http://www.wapes.org>
- International Confederation of Private Employment Agencies (CIETT) <http://www.ciett.org>