

PES services to employers in the context of COVID-19 pandemic and post-pandemic management

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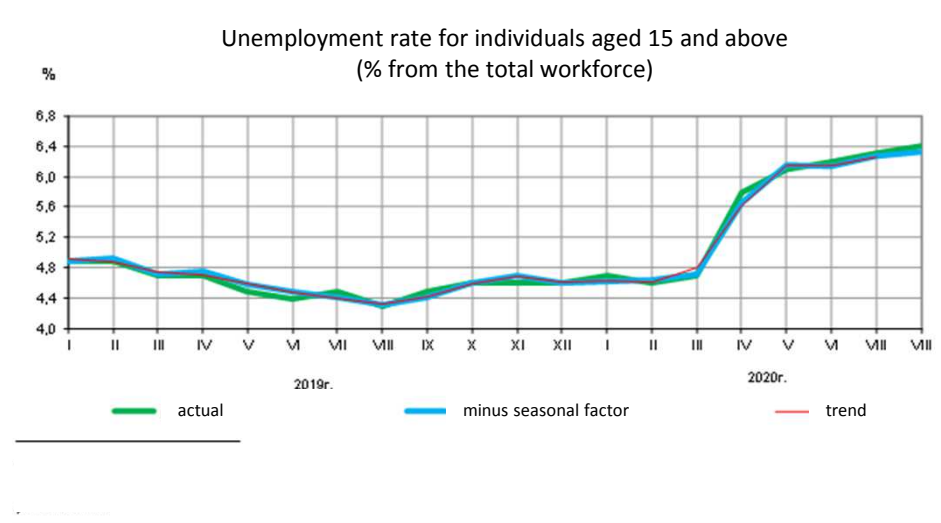
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COVID-19 pandemic and unemployment

Economic context

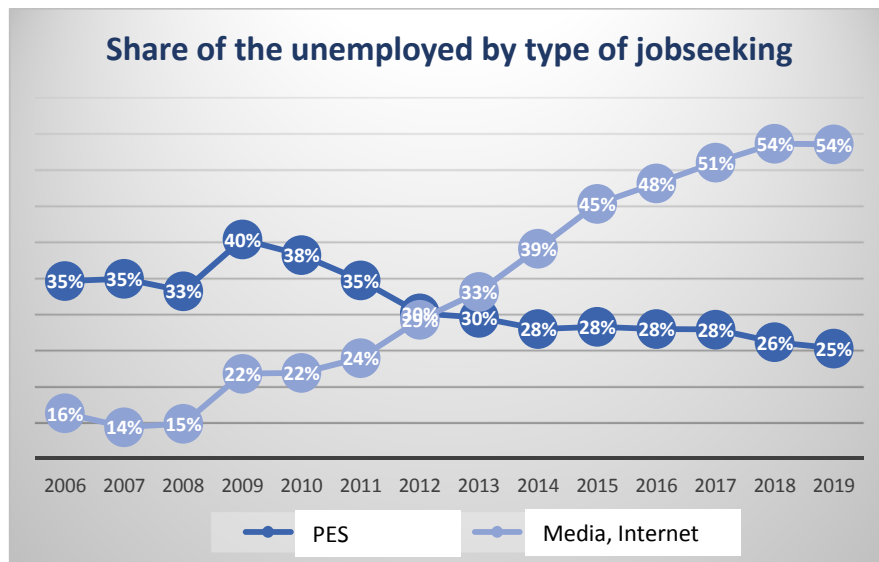
- In Quarter 2, GDP in Russia shrank by 8%
- In accommodation and food services GDP reduction was 56.9%, in culture and fitness – 46%
- By the end of the year GDP is expected to drop by 3.9% (Ministry of Economic Development) to 4.5 – 5.5% (Central Bank of Russia)
- Industrial production index in January – July 2020 vs January – July 2019 – 95.8%

Unemployment



By end of August 2020 the unemployment rate was 6.4% (August 2019 – 4.3%).
Russian regions: max – 30.7%, min – 2.5% - Moscow

COVID-19 pandemic and Public Employment Services



Source: Rosstat

- The share of unemployed seeking jobs through PES has decreased
- Other types of jobseeking channels have come to the fore – media, Internet, family and friends (from 55% to 71%), private employment services (from 3% to 4%), applying directly to employers (c 24% до 37%)

Registered as unemployed with employment services

- **2017** – 0.8 million per month (**20% of the total number of unemployed**)
- Preliminary data for **August 2020: 3.6 million (76% of the total number of unemployed)**

Such an unprecedented surge in the number of applications to PES has not been observed in the last 30 years.

The most probable reason is increased support to the unemployed due to the pandemic:

- Max unemployment benefits have been raised
- Online registration available
- Additional cash transfers to the unemployed and free social services

Public employment services and employers today

PES start seeing employers as agents with obligations to confront unemployment

- Employers pay to the reduced personnel a compensation in the amount of an average wage for up to 4 months (in addition to an employment termination allowance)
- The employers are expected to provide full lists of vacancies:
 - If there are no vacancies, where will the unemployed find jobs? (there is an opinion that provision of data on vacancies should be mandatory)
 - Employers tend to conceal attractive vacancies from PES. However, PES often send the unemployed to employers not to get a job, but to get a notification of rejection. The primary focus for PES seems to be any employment, instead of matching skills with the employer's demands.
- Employers are supposed to:
 - provide a 'zero vacancy' report
 - fulfill quotas for the employment of people with disabilities. The quota system is ineffective and needs to be properly updated or replaced by more effective policies
- Employers are supposed to follow PES regulations and procedures which are bureaucratic ...

The first period of the pandemic:

- Restrictions have been introduced, including "non-working days paid by the employer"
- Emergency state support measures to employers, as a rule, were based on no-layoffs condition for employers
- Restrictions and a decline in demand mostly affected the sectors represented by SMEs
- Delayed impact resulting from the falling production of goods and services and growing unemployment
- Special measures, such as partial unemployment benefits or special PES programs and services for employers were not introduced

Some policy-making assumptions

- PES were poorly prepared to the 2020 crisis.
- Unemployment remains the most significant challenge
- Active employment programs are funded, as a rule, from regional budgets. However, 'richer' regions have fewer problems in the labour market and greater financial capacities. 'Poorer' regions, on the contrary have greater problems and less resources
- The objective was set to develop and implement measures to return the employment level to pre-crisis values
- Public employment policies need to be updated
- There is a need to review the share of the regional and federal funding for ALMPs
- Public employment services need comprehensive modernization



PUBLIC PROGRAMS AND SERVICES IMPLEMENTED BY PES TODAY ON THE WHOLE FIT THE INTERNATIONAL CLASSIFICATION (OECD)



1. **Public employment services and administrative costs.** Facilitating people in job placement, supporting employers in recruiting required staff. Providing information on the labour market situation in a particular region of the Russian Federation. Organizing vacancy fairs and fairs of training jobs. Career guidance. Psychological support to the unemployed. Social adaptation of the unemployed citizens in the labour market.
2. **Training.** Vocational training and additional vocational education of unemployed citizens, including training in another locality.
3. **Employment promotion.** Temporary jobs for underage citizens from 14 to 18 in periods when they are free from school; temporary jobs for the unemployed failing to find a job; temporary jobs for the unemployed citizens aged 18 to 20 having vocational education and seeking their first job.
4. **Sheltered and supported employment, rehabilitation.** Reservation of jobs for people with disabilities (1993). Incentives for creating additional jobs (equipping work places) for people with disabilities. Job quotas for people with disabilities and youth under 18...
5. **Direct job creation.** Organizing paid public works.
6. **Initiatives supporting entrepreneurship.** Facilitating self-employment for the unemployed.
7. **Territorial mobility.** Facilitating unemployed citizens and their families in relocation to another area. Facilitating employers in seeking labour resources..
8. **Income support in case of full or partial unemployment.** Full unemployment benefits.



A PACKAGE OF SERVICES AND PROGRAMS AND THEIR EFFICIENCY ARE ASSESSED DIFFERENTLY BY PES EMPLOYEES



EFFECTIVE PROGRAMS

Fully positive ratings

- Training, retraining and professional development program
- Self-employment program
- Career guidance and psychological support program

MOSTLY POSITIVE RATINGS

- Targeted work with jobseekers
- Employment programs in the scope of public works
- Monitoring of wage payments

CONTRADICTIONARY RATINGS

- 'Relocation' (resettlement) program
- PES informing target groups of their activities

INEFFECTIVE PROGRAMS

- Internship and employment programs for youth aged 18-20
- Temporary employment program

EFFECTIVE AND INEFFECTIVE AREAS

Function	Effective	Questionable
Assistance in seeking a permanent job	✓	
Consulting (legal, professional, etc.)	✓	
Providing the unemployment status	✓	
Re-registration and / or provision of unemployment benefits		✓
Information on vacancies		✓
Assistance in seeking an additional job		✓
Registration at the first contact		✓

Based on the survey of regional PES manages conducted by Research Institute of the Higher School of Economics in 2017.



PUBLIC SERVICES AND PROGRAMS IMPLEMENTED BY PES



PES EMPLOYEES' PROPOSALS BY TYPES OF STAKEHOLDERS:

EMPLOYERS	CUSTOMERS	STAFF
• Job fair • Provision of only 'zero vacancy' reports • Interaction clubs • Compensation of internship costs from the regional budget • Assigned list of employers per 1 inspector, inspectors' specialization • Open-access portal for employers	• Job fair • Early retirement program • Public works program • Open-access portal for individuals	• Professional testing during recruitment • Internal training, professional development of inspectors • Procedural meetings • Motivation of PES employees (return of the status of a civil servant, assessment, cash incentives, respectful treatment by management) • Specialization of inspectors • Introduction of non-reception days / hours for inspectors • Changing the method of evaluating the PES service availability

Based on the survey of regional PES manages conducted by Research Institute of the Higher School of Economic Science in 2017.



CHALLENGES DESCRIBED BY PES PERSONNEL



OUTDATED WAYS OF ORGANIZING WORK AND PROCEDURAL TECHNOLOGIES

- Poor correspondence of the staff job functions to stakeholders' actual needs and actually performed work
- Document flow with manual processing
- Issue of handwritten certificates
- Excessive formalization of all services
- Duplicate reporting (in electronic and paper versions)
- Job search software operates only with a keyboard

INCONSISTENCY OF REGULATIONS

- New regulations are not synchronized with the existing documents
- Contradictions within a single regulatory document

INEFFICIENT PROGRAMS

- Internship program: the age range of participants from 18 to 20 is irrelevant
- The temporary employment program for individuals failing to find a job (vs long-term employment with compensations to employers for wages)

Based on the survey of regional PES manages conducted by Research Institute of the Higher School of Economic Science in 2017.



PUBLIC EMPLOYMENT SERVICE: THE PROBLEM OF EXCESSIVE INTERNAL REGULATION



N n/n	Name of public service / authority	Calculation of the standard of availability	Standard of availability*, %
1.	Organization of vocational guidance for citizens in order to choose an area of activity (occupation), employment, vocational training and additional vocational education	The ratio of the number of citizens who received this public service to the number of citizens who applied to the employment service in order to find a suitable job in the reporting period	60
2.	Vocational training and additional vocational education for unemployed citizens, including training in another locality	The ratio of the number of unemployed citizens who started vocational training and additional vocational education, to the number of unemployed citizens registered in the reporting period	12
3.	Organization of paid public works	The ratio of the number of citizens employed in public works to the number of citizens who applied to the employment service in order to find a suitable job in the reporting period	3
4.	Organization of temporary employment for unemployed citizens experiencing difficulties in finding a job, and unemployed citizens aged 18 to 20 years having secondary vocational education and seeking their first job	The ratio of the number of unemployed citizens of the specified categories employed for temporary work to the number of unemployed citizens registered in the reporting period	2
5.	Organization of temporary employment of minors aged 14 to 18 in their free time from studies	The ratio of the number of minors aged 14 to 18 years, employed for temporary work, to the number of minors aged 14 to 18 years in a constituent entity of the Russian Federation	10
6.	Social adaptation of the unemployed citizens in the labour market	The ratio of the number of unemployed citizens who received this public service to the number of unemployed citizens registered in the reporting period	10
7.	Psychological support of the unemployed citizens	The ratio of the number of unemployed citizens who received this public service to the number of unemployed citizens registered in the reporting period	10
8.	Facilitating self-employment of the unemployed citizens	The ratio of the number of unemployed citizens who received this public service to the number of unemployed citizens registered in the reporting period	3
9.	Assistance to unemployed citizens in relocation and unemployed citizens and members of their families in resettlement to another locality for employment under the direction of PES	The ratio of the number of citizens who received such public services to the number of unemployed citizens registered in the reporting period	0.3



Conclusions

1. On the whole, public services and programs fit the international classification
2. The package of programs and services, particularly regarding support to partially unemployed, training programs, full and partial unemployment benefits, is poorly diversified depending on the risk of full or partial joblessness
3. The regulatory framework for programs and services is in place, but is not always closely related to actual labour market problems. There are signs of overly regulation and contradictions / inconsistencies in regulatory documents. Law enforcement practice highlights problems that reduce the effectiveness of legal norms (job quotas, etc.)
4. The core programs and services were mostly designed in the 1990s. There was no significant expansion and focus on the problems of the 2nd decade of the 21st century.
5. The employers' interest in interacting with PES is decreased due to the low usability and availability of programs and services focused on their needs, and the complexity of complying with PES regulations (everywhere)
6. PES in many ways appear passive instruments in the labour market; they mainly deal with consequences. This is not enough to create a better balance in labour markets

New role of PES for employers

What experts view as important

1. Stepping away from the main purpose of PES as an institute for provision of benefits to the registered unemployed and their job placement within the limited vacancy pool
2. Stepping away from the idea of the employer as an agent with a mandatory responsibility of taking part in the process of employment for the unemployed
3. Transition to the coordinating function in the labour market:
 - Strategic partnerships between PES and key stakeholders: employers and trade unions, educational organizations, investors, economic authorities, etc.
 - Ensuring the effectiveness of such partnerships
 - Updating programs, services, increasing their efficiency
 - Providing high-quality and timely information on the current situation and prospects in the labor markets
 - Support for lifelong learning, including professional counseling
4. This transition will demand a substantial revision of:
 - Legislation, internal regulations
 - System of unemployment benefits, package and scope of active programs
 - Administrative system, including powers of the federation and regions, sources and amounts of funding
 - Quality update of information systems, information collection and analysis, etc.

PES new roles

Labour market expert:

- Knowing and understanding the employers' concerns, their individual features, diversity, regional and sectorial labour market situation

Professional mediator

- Being prepared to personal contacts with employers and employers' associations
- Proactive approach (not waiting for the employers to come, but reaching out to them)
- Having personnel, competences, preparedness to offer programs and services for a joint problem solution for companies (including SMEs), sectors and regions
- Conduct professional clearing (matching the jobseeker's profile and vacancy profiles), choose programs to achieve the jobseeker's compliance with the employer's demands
- Selection of programs and services to meet the employers' needs

Coordinator

- Interaction with employers (e.g., staff reduction in one company, additional recruitment in another one), including those located in different areas / regions
- Interaction with educational organizations. Resolving inconsistencies between existing and required skills and qualifications
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Lucky coincidence: pilot project of the Russian Government, Employment Service 2.0

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The project has been implemented since 2019 with a goal to , create 20 public employment centers in 16 regions.

- A unified technology for the operation of employment centers is being created
- A unified information system is being created on the basis of the Work in Russia Portal

It is planned to establish the system of delivering quality services for individuals and employers. Positive results of the pilot centers are expected by 2024. The project will embrace all employment centers in the country

MODERNIZATION OF EMPLOYMENT SERVICES

NEW TYPE PUBLIC EMPLOYMENT SERVICE

ACTING IN THE INTEREST OF EMPLOYERS

Targeted and quick solutions
in recruiting skilled workers
And keeping costs down

- Individually dedicated HR specialist
- Reliable database of jobseekers
- Primary selection of candidates
- Training in keeping with the employer's needs
- Preparation of the hiring documents (contract, internal order, etc.)
- Consultations on legal, financial and other aspects related to employment
- Analysis of the human resource demands based on the business plan and company's profile, quality matching
- Customer-based communication system, including digital and other remote services

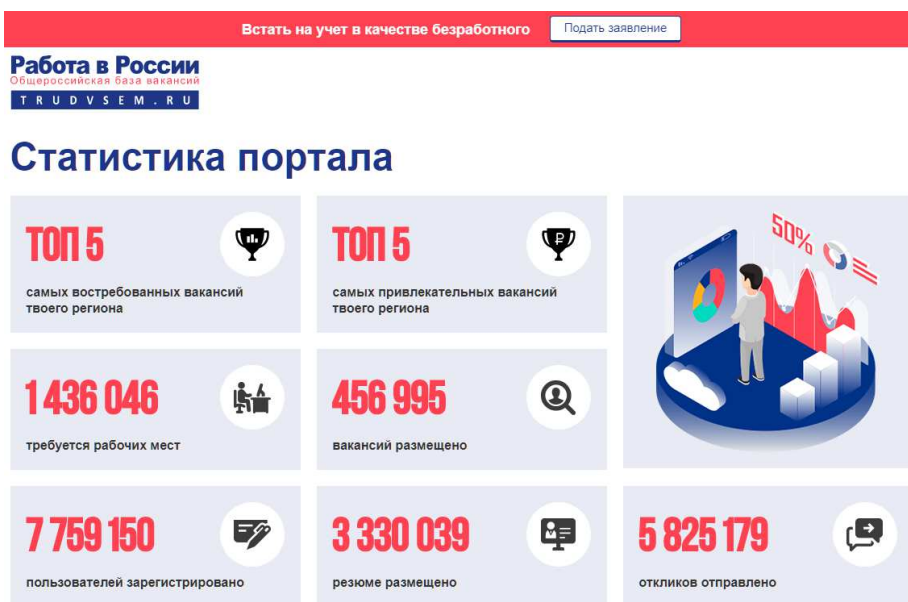


Employers expect PES to:

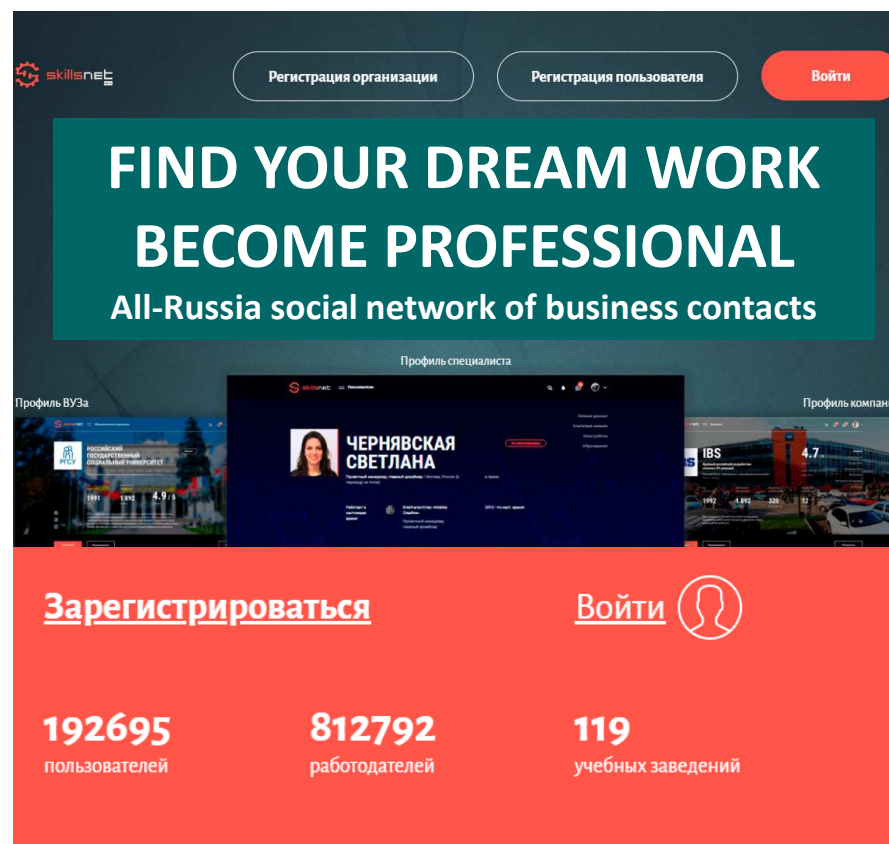
- Provide quality information on the labour market and its prospective development, including the outlook for investors
- Select candidates for positions in short supply (lack of qualified personnel is a problem for many organizations)
- Train the candidate (find a quality training program, including training centers of the enterprises, etc.) at their own expense or share expenses with the employer
- Assist in maintaining sustainability of the enterprise in critical situations, organizing collective layoffs (through out-staffing, supporting employees at risk of layoffs, relocating workers to another employer, etc.), keep the core personnel (providing training, partial unemployment benefits, etc.)
- Partly perform the functions of the HR service in recruitment and training, etc. (for small businesses, own-account workers)
- Understand the problems of the enterprise and select support measures accordingly

PES MODERNIZATION. DIGITAL ACHIEVEMENTS

Upgraded Work in Russia Portal – All-Russia database of vacancies



Specialized social network - Skillsnet – for employers and jobseekers



Looking into the Future. Efficiency of the traditional labour market and social support policies is decreasing with a greater diversity of the labour market. Modernization is needed

LABOUR RELATIONS AND LABOUR POLICY

1. **The idea of the workplace is changing** (you can work anywhere).
2. **Non-standard jobs and non-standard workplaces are becoming the norm** (telework, self-employment, collective entrepreneurship and virtual teams, platform employment, cub-contraction, outsourcing, simultaneous work execution for different customers, volunteering, etc.).
3. **The scope of the employment contract is getting narrow.** The relationship between the employee and the employer, regulated by an employment contract, is supplemented by agreements between the customer and the performer of the work.

Changing labor relations will require new ways of formalizing them. A new balance will need to be established to provide sufficient protection for the employees, allow workers to adapt to technological, organizational and other changes, support the ability of organizations to adapt to the changing markets, and contribute to economic growth

EMPLOYMENT AND CONFRONTING UNEMPLOYMENT

We need comprehensive modernization of employment policies, legal framework and institutions

1. Reassessment of direct legal measures such as priority groups, job quotas, and protection against layoffs that may lead to positive discrimination.
2. A rational combination and interconnection of ALMPs and financial support for the unemployed.
3. Updating the set of ALMPs and their availability regardless of the place of residence and the state of regional budgets, including for the needs of employers.
4. Moving away from unemployment benefits as social assistance and transition to the principle of compensation for lost income during the period of active job search. Elimination of cash payments (except for employment termination allowance) by employers (up to 4 and up to 6 months in the northern regions) in case of staff reduction. Assessment of the pros and cons of switching to unemployment insurance.
5. Forming a new image of the public employment service. Restoring trust of citizens and employers to PES, including skilled workers and professionals. Implementation of the principle of extraterritoriality, possible revision of the powers of the federation and regions. Stepping away from planning standards for services from top to bottom. Local look at job placement with a focus on the actual needs of municipalities. Consistent transition to professional clearing – matching the jobseeker's profile and the vacancy profile, designing an individual plan for going back to work at the request of employers or the labor market (self-employed, freelancers, etc.). High-quality and timely information on the labor markets, job profiles, supply and demand, with a focus on: 1) end users (people, employers, educational organizations, etc.); 2) justification of planned measures, assessment of their effectiveness; 3) experts and analysts of the labor market.

Thank you for your attention!