



Strengthening public employment services

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Executive Summary

In 2014, G20 Labour and Ministers declared their commitment to delivering comprehensive growth strategies that empower businesses to generate jobs and opportunity. High levels of unemployment and youth unemployment remain key labour market challenges across many countries; therefore action must be taken to promote growth, job creation, and productivity. Public employment services are increasingly important in government efforts to tackle unemployment and boost overall employment outcomes. To strengthen their contributions to this agenda, they require strong capacity and resources to activate job seekers, build connections with employers, and stimulate economic development.

The overall management structure and service delivery arrangements of public employment services vary across G20 countries. Many countries are looking to adapt the intensity of support and prioritisation of services to better match the changing needs of job seekers and employers. Efforts to strengthen public employment services across G20 countries include expanding their reach beyond traditional clients (e.g., beyond benefit claimants); prioritising and targeting services to disadvantaged population groups and places; employing multiple service delivery channels; reaching out to employers to build buy in; and better utilising labour market information and data to improve overall service delivery and performance.

Public employment services can also play an important role in boosting the quantity and quality jobs. This can be achieved through direct mechanisms such as active labour market programmes, including wage subsidies or indirect ways, such as through the effective matching of people to job opportunities. Increasingly, public employment services are key actors in broader economic development opportunities by reaching out to employers and better stimulating good quality employment opportunities. In emerging G20 economies, they can play a key role in reducing informality.

While public employment services face a number of challenges and opportunities, they can leverage the resources of other partners and stakeholders through stronger integration and coordination – particularly at the local level where they can also better target services to specific labour market contexts. **Effective governance mechanisms are required to ensure that public employment services are connected to the range of organisations involved in job creation, economic development and productivity efforts.** Some G20 countries provide flexibility to regional and local PES actors to enable them take a leadership role in tackling unemployment and boosting job creation.

Rationale in the context of the G20

G20 Labour and Employment Ministers have highlighted the importance of promoting and creating quality jobs, as well as tackling the economic and social consequences of unemployment, underemployment, inequality and social exclusion. To this end, G20 countries have introduced a range of measure and growth strategies aimed at reducing youth unemployment, stimulating demand, and raising female participation and employment.

Public employment services (PES) have an important role in contributing to a well-functioning labour market by connecting job-seekers, employers, and other labour market actors. As such, they can make key contributions to tackling unemployment, boosting participation and stimulating job creation. In both advanced and emerging economies, they face a number of challenges and opportunities from digital and technological transformations as well as evolving labour market demands.

Continued austerity measures and reduced public expenditures require more efficient delivery of services without compromising quality. **In emerging economies, the capacity of employment services is often less developed and there is a large informal sector, which limits the impact, nature and scope of services.** To respond to these demands, the delivery of employment services has been broadened in several G20 economies, making partnerships with private and non-profit providers even more important. Overall, public employment services have the potential to play a greater role in building inclusive growth, but they require the right resources and capacities to meet the needs of job seekers and employers.

Structure of employment services and key institutional actors¹

Employment services show considerable diversity in their structure, responsibilities, and roles across G20 countries. The key institutional actors of public employment services at the national, regional, and local level include:

National level: Public employment services can be generally characterised by one of two legal positions at the national level: 1) those that are line departments of the Ministry of Labour or the national equivalent and 2) those that operate as an autonomous agency or administration. In Brazil, South Africa, China, Italy and Russia, for example, public employment services are managed through a line department of the responsible Ministry, while in France and Germany, public employment services are managed by a separate public agency or body.

Countries such as Germany and France, where public employment services are autonomous agencies, have management boards that include social partners. Such boards have their roots in the first labour exchanges in Germany, Austria and Sweden as well as the “Ghent system” of union-based and controlled unemployment insurance funds (Weishaupt, 2011). A number of countries, such as the UK and Japan, also have national advisory structures in place that include social partners, although these are not considered formal management boards. In some cases, national management boards are complemented by a further set of governance boards at the regional and/or local level. **While no overall conclusions can be drawn about what management structure works best, in countries where social partners play an important role in labour markets, engaging them in the work of**

¹ This notes draws on a number of sources, including a joint WAPES-IDB-OECD survey to public employment services and follow-up data collection, the OECD’s forthcoming Employment Outlook, and generous inputs from the ILO.

public employment services is critical – whether through management boards or other types of partnerships (see Thuy, Hansen & Price, 2001 for additional discussion).

Regional level: In addition to these national steering structures, most G20 countries also have a “middle tier” governance level, such as a regional, provincial, or state office which is often responsible for monitoring the implementation of national policies. In some cases, the responsible Ministry or agency has offices operating at this level (e.g. Turkey) while in others, lower tiers of government (e.g. Landers in Germany, Provinces and Territories in Canada and states in the United States) play a significant role in the management of policies and programmes.

Local governance structures: A number of local stakeholders are involved in delivering employment services. In many G20 countries, line offices of the responsible ministry or agency are involved in service delivery at the local level. In some countries, sub-national governments, including municipalities, offer their own programmes similar to but independent from the national public employment service system. Yet in others, the national PES collaborates with sub-national governments to offer employment services at the local level.

Locally, there are also many non-government actors that play a significant role in the delivery of employment services, including private employment services, non-profit organisations, and social enterprises (Finn, 2011). Emerging from “new public management” thinking, there is increasingly a trend towards quasi-market systems, which are seen as a tool for increasing the efficiency and effectiveness of employment services. This includes private employment agencies that operate in both the public and private market as well as agencies specialising in the delivery of publicly-funded employment services. This growth can be linked to a number of changes, including a relaxation of the laws governing private placement and temporary work agencies² and an increased emphasis on market-based mechanisms such as vouchers and subcontracting for delivery of publicly-funded employment services (Finn, 2011).

Service provision and clients served

The main functions of public employment include: job-brokerage; development of labour market information; administration of labour market adjustment programmes; and administration of unemployment benefits. Most G20 countries vary in the extent to which public employment services directly administer unemployment benefits. While many have integrated unemployment benefits and employment services, some countries, such as Argentina, Australia, Italy and Canada have another agency or organisation which administers benefits.

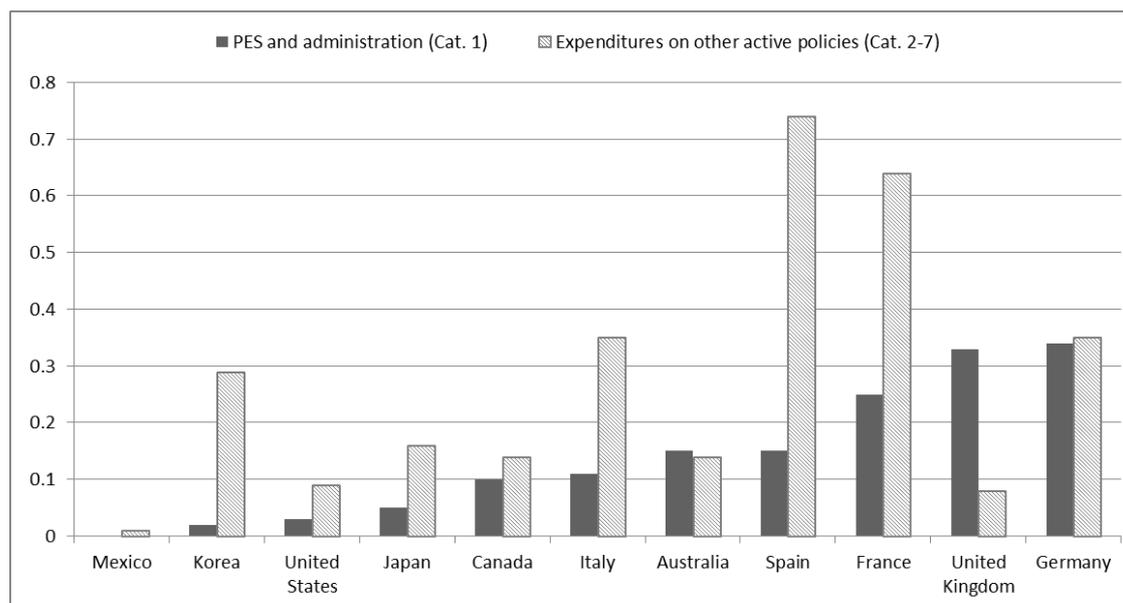
Individuals served by public employment services include (1) those on unemployment benefits; (2) unemployed on other benefits but not receiving unemployment benefits; (3) others not working and not classified as unemployed (e.g., students, inactive); and (4) those already in employment (e.g. the underemployed and those wanting to change or improve their careers). While many PESs operate under a “universal access” framework, the focus on and share of clients that fall into each of these categories varies considerably. Additionally, a number of public employment service, particularly those with a more demand-driven orientation, explicitly identify employers as customers. Targeted services for employers can range from training for incumbent workers to HR management consulting.

² The ILO Private Employment Agencies Convention, 1997 (No. 181) acknowledged the positive role which private employment agencies can play while ensuring mechanisms are in place to protect workers.

Resources and coverage

The budgets available to public employment services vary considerably across G20 countries. Although collecting detailed and comparable data across countries is challenging due to definitional issues and capturing investments made by each governance level, Figure 1 from the OECD labour market policy database gives a sense of the diversity of investments in PES, it ranges from less than .1% of GDP in Mexico to .34% in Germany.

Figure 1. Public expenditure PES and Other ALMP, 2012 or most recent year available (as % of GDP)



Note: Countries are ranked in increasing order of the total expenditure on PES and administration. Data refer to fiscal years 2012/2013 for Canada, Japan, and the United States; 2011 for Australia and Spain; and 2010 for the United Kingdom.

Source: OECD (2013a), "Labour market programmes: expenditure and participants", OECD Employment and Labour Market Statistics (database). DOI: <http://dx.doi.org/10.1787/data-00312-en>.

Another way to get a sense of the capacity of public employment services is to examine their staff to job seeker ratios. However, collecting a comparable standardised measure is difficult. Those public employment services with decentralised structures may not be able to accurately report the number of staff serving job seekers, and distinguishing between administrative and frontline staff is not always evident. Additionally, in systems that segment client services, caseloads can vary drastically across populations. Evidence suggests large variations in the caseloads across G20 countries. Research from within the EU shows that caseloads vary from an average of 170-180 to over 500 clients annually (Manoudi et al., 2014). Some evidence shows that caseloads may be even higher in emerging economies, for example, with approximately 3300 staff serving over 5 million customers in Mexico in 2014.

Strengthening public employment services

The considerable diversity in the institutional arrangements, service delivery structures and overall provision of services demonstrates that there is no one size fits all approach to delivering public employment services. The overall management is dependent on the institutional contexts and cultures of the individual country. One cross-cutting issue for some public employment services –

especially in emerging economies – is overall capacity limitations (e.g., ensuring coverage of rural areas, having adequate numbers of staff per office). Thus, basic institutional development may be the first step needed to strengthen PES in some countries, especially emerging economies. However, there are also a number of other common strategies being used to, strengthen the role of public employment services in tackling unemployment as well as boosting the quantity and quality of jobs.

Strategies for tackling unemployment

PESs play a key role in efforts to reduce unemployment, both by improving labour market transparency and efficiency and by helping integrate disadvantaged populations in the labour market. **While the labour market context and mandate of the PES varies across G20 countries, a number of general strategies for strengthening their role in reducing unemployment are being taken.**

Expanding the reach of services

Many public employment services are seeking to expand their coverage to reach a broader swath of the unemployed (or potentially unemployed in the future). The OECD has identified a number of strategies for expanding the reach of PESs to broader populations, including new benefit entitlements (e.g. assistance benefits for youth living with their parents), offering attractive service offers, and matching of different public databases to identify individuals for a targeted offer of services (e.g. young people not in education, employment or training) (OECD, 2015, forthcoming).

Continuing high rates of youth unemployment have triggered many PESs to develop and/or expand measures for working with young people. Youth guarantees are an EU-wide measure for tackling high rates of unemployment, with PESs playing a key role in many countries. In some countries, such as Italy, implementation of the youth guarantee has led to an overall re-organisation of youth-specific services. Other countries have made other types of adjustments to PES to better serve young people, include strengthening existing services, improving outreach channels, and employing and training front-line staff to work exclusively with clients (Manoudi et al., 2014).

Under the Workforce Innovation and Opportunity Act in the United States, there is a strengthened focus on serving out-of-school youth, with 75% of the budget available for youth services earmarked for this population group. Another approach to addressing youth unemployment can be found in South Africa. The Harambee Youth Employment Accelerator, founded as a partnership between the private sector and the Treasury's Jobs Fund, works with first time job-seekers, providing them with intensive training, including on basic and skills development work readiness programmes, before matching them to a job. Brazil is currently piloting “*Estação Juventude*”, a one-stop shop for job-search assistance and skills development courses for young people (Eichhorst and Rinne, 2014).

In addition to expanding population coverage, services are being targeted to specific places, particularly rural areas, in many emerging economies. Within the Federal Republic of Russia, Mexico, Argentina, and Turkey, a decentralised approach has been adopted where employment services focus on delivering services to jobseekers in large urban areas and use partnership arrangements with other stakeholders to deliver services in smaller remote communities and rural areas. These partners include local governments at the provincial, municipal and county levels, NGOs, and private agencies. In China, the network of public employment services supports rural migrant workers in securing decent jobs in cities. These public employment services centres mainly follow a “Three in One” model, which consists of ensuring training, employment and labour rights for these clients.

In Argentina, the PES establishes partnerships with municipal governments and not-for-profit organisations. Under this arrangement, the Federal Ministry of Labour, Employment and Social Security is responsible for quality control and consistency through provision of training to municipal staff in the regions and the municipalities assume costs related to operating local employment offices. These collaborative arrangements have expanded coverage with 70% of the total population currently having an employment office/unit within close proximity, including rural areas (Bertranou et al., 2013, quoted in ILO, 2015 forthcoming). In South Africa, employment services operate mobile kiosks in outlying and rural areas using two dedicated buses.

Utilising multiple service delivery channels

The channels available to public employment services have changed dramatically over the past 25 years, from traditional face-to-face and mail channels, to the introduction of electronic channels such as websites and e-mail, to the arrival of social media, to the availability of mobile applications and services (WAPES-IDB-OECD, forthcoming). Many are expanding their use of multiple channels for service delivery, both to increase cost-efficiency and to more effectively reach jobseekers and employers. Additionally, the use of new technologies for more back-office functions such as collecting labour market information are also taking on increasing importance.

Developing an effective multi-channel strategy requires a clear understanding of the potential trade-offs between effectiveness, efficiency and satisfaction as well as an understanding of how various channels are positioned alongside one another (WAPES-IDB-OECD, forthcoming). For example, in Sweden, where current reforms to the PES will result in the closure of some local offices, job seekers being asked to use internet-based services such as video meetings, webinars and advanced e-services. For face-to-face support, customers will be able to book an appointment with an advisor who can come to meet them in their community.

The internet has become an increasingly important channel for service delivery (OECD, 2015, forthcoming). Online technologies can be used for standardised procedures such as initial registration and posting job vacancies; personalised interactions between PES staff and clients; for casework counselling functions; and for skills development and training (European Commission, 2014). In a number of G20 countries, the online vacancy databases are the most used vacancy platforms as measured by the proportion of all vacancies in the economy being notified to the PES database (OECD, 2015, forthcoming). In Germany, around 50% of all vacancies are reported to the PES (Bundesagentur für Arbeit, 2015). Jobseekers in Europe also have the option of seeking jobs through the EURES network³, which combines vacancy information from the PES of all EU member states. As part of a larger revamping of its Employment Exchanges, India is developing an online National Career Service Portal which will include a variety of services, from online vacancy listings to training calendars to career counselling.

While developed G20 economies lead the way in integrating online services and tools into their portfolios, **some of the more innovative uses of mobile technologies can be found in non-profit and private providers in emerging economies**. For example, Assured Labor (operating in Mexico and Brazil) uses mobile and voice technology to connect jobseekers and employers.

While online services can be a cost effective way of reaching a broader audience, their use should be monitored carefully. The success of web-based channels is predicated on the level and quality of internet service, and the degree of internet usage and skills of key client groups (WAPES-IDB-OECD, forthcoming). Thus, their potential to reach particular target groups and places can vary. Evidence also

³ <https://ec.europa.eu/eures/page/index>

suggests that face-to-face contact may continue to be the most effective way of delivering certain types of services (OECD, 2015, forthcoming). For example, in the UK, conducting fortnightly job-search review meetings over the telephone, as opposed to in person, resulted in prolonged claims (OECD, 2014a).

Integrating and coordinating services

Many public employment services across the G20 are delivered in “one-stop centres”, where job brokerage, active labour market programmes, and the administration of unemployment benefits are integrated. **In some G20 economies, some services remain fragmented and/or administered through a separate agency/department, and require greater coordination and integration.** Evidence points to the importance of integrating the broad range of employment services into one stop shops as part of a transition for the PES to “intermediation services” between employment, education and training actors, enabling better labour market functioning and quality job placements (Mazza, 2011).

Coordination with other policy makers and agencies working in fields such as education, health, housing and childcare is also needed to provide a more client-oriented approach that addresses the multi-faceted barriers faced by those farthest from the labour market. G20 countries have been exploring new ways of providing such coordinated services, through for example through local employment “brokers” who can signpost unemployed people to different services (both pre- and post-employment) while helping communities to fix long-standing barriers and bottlenecks such as a lack of available childcare.

In Busan, Korea, employment service providers meet four times a year to share information and coordinate efforts and programmes. To help jobseekers determine the best service for them, they have produced a map and brochure which lists all job centres in the city. This initiative seems to be a valuable tool to help jobseekers understand the services available and get in contact with the most appropriate providers to help them find work (OECD, 2013b). In India, the Gujarat State experimented with a public-private partnership model, the Rojgar Sahay Kendra (KSK), which involved setting up employment centres at the local level (where there were previously no services at all) to provide employment services using the state governments' job bank. The KSKs provide a range of employment services, some at a nominal fee and some free of charge.

Providing targeted and intensive services

Profiling tools used during initial registration interviews are often used to help prioritise spending on job-seekers who are already long-term unemployed or are the highest risk of becoming long-term unemployed while also contributing to the development of individualised action plans to tailor services appropriately. The need for the formal categorisation of clients is greatest where caseloads are particularly varied, where the PES systematically refers clients to distinct services or private service providers, or where counselling resources are limited and access needs to be rationed in some way. (OECD, 2015, forthcoming). For example, in Australia, the Job Seeker Classification Instrument uses 18 factors ranging from access to transport, age/gender to income support history. Based on the profile created, jobseekers are allocated to one of four streams with varying intensities of supports.

Those furthest from the labour market may need additional support beyond the basic services and access to job vacancies. Beyond initial profiling to help segment jobseekers into appropriate service streams, intensive counselling is often used for the more disadvantaged jobseekers to identify skills deficiencies, review CVs, provide advice on job-search strategies or interview techniques, refer jobseekers to open vacancies, discuss referrals to ALMP programmes and update and modify

individual action plans. **Research suggests a positive link between the intensity and personalisation of these interviews, and their impact** (OECD, 2015, forthcoming). Intensive counselling can improve the quality of job matches, thereby reducing unemployment recurrence.

In Germany, clients are segmented into six different profiles using a software-guided assessment of their “distance to the labour market” (OECD, 2015, forthcoming). Based on this, intensive services are provided for customers with complex problems, such as drug abuse and homelessness. Specific teams of placement officers work with these populations. Small caseloads (e.g. 65-70 clients per officer) and a relaxation of the procedural regulations for working with clients allows them to use a more intensive and holistic approach. For example, if needed, caseworkers can accompany their client to a non-profit agency to help them find housing.

Box 2. Research on effective counselling approaches

A number of recent studies have focussed on which counselling strategies and caseworker characteristics are associated with positive impacts on employment.

Low client-to-staff ratios. In a recent German experiment 14 local PES offices hired additional caseworkers to lower the staff/client ratios to an average of 1:70 (from the usual 1:80 to 1:250) to improve the quality of placement services. Evaluations of the experiment showed that with lower caseloads PES offices could intensify counselling, monitoring and sanction efforts as well as contacts with local firms, resulting in shorter benefit durations in the participating PES offices. The costs of hiring additional caseworkers were offset by decreased benefit expenditure after a period of about ten months (Hainmueller et al., 2011; and Hofmann et al., 2012). Another Swiss study found that good staff/client ratios and the recruitment of motivated and highly trained personnel were factors that reduce the average duration of unemployment spells and the percentage of jobseekers entering long-term unemployment (Egger and Lenz, 2006).

Work-first strategies. A number of European studies have shown that work-first strategies, where caseworkers concentrate on supporting and guiding clients in their search for work and rapid job placement rather than placement into training measures, improve employment outcomes (Boockmann et al., 2014a; Egger and Lenz, 2006; Frölich et al., 2007; Lagerström, 2011).

Caseworker characteristics. A Swiss study found that a similar social background between caseworkers and jobseekers – as measured by nationality, gender, educational level and a similar age – can have positive impacts on employment and job stability, possibly through channels such as motivation, trust or more-effective communication strategies. Similarity in only one or two personal characteristics did not lead to detectable effects on employment (Behncke et al., 2010a). This may imply the need for a diverse PES workforce, to facilitate the allocation of jobseekers to caseworkers with a similar social background.

Caseworker attitudes. Caseworker attitudes toward their clients may also play an important role. Several studies from Switzerland and Germany found that caseworkers who apply tough rather than softer, more co-operative attitudes towards their clients may be more successful (Behncke et al., 2010b; Frölich et al., 2007; and Boockmann et al., 2014a; the latter find positive impacts for flows off benefit but not for flows into employment).

Contacts with employers. Egger and Lenz (2006) identify contacts with employers by all job counsellors as a major success factor and Frölich et al. (2007) find a positive impacts on employment rates in PES offices where the staff have good relationships with employers and, in particular, know employer needs, rapidly react to vacancies and make targeted use of direct referrals after a careful pre-selection of candidates. The authors also find a clear positive correlation between jobseeker outcomes and PES office co-operation with private placement agencies, which may be complementary to direct employer contacts.

Source: OECD (2015, forthcoming), *Employment Outlook 2015*, OECD Publishing, Paris.

Some G20 countries have specialised offices or service delivery organisations, which serve specific target groups. For example, in Japan, there are special offices targeting persons over age 40 seeking managerial and technical jobs, mothers, people seeking part-time employment, recent graduates, and youth (Duell et al., 2010). As part of its Nationalisation of Malls initiative, Saudi Arabia has service centres inside malls to encourage employers in the retail sector to employ women. These centres offer services related to recruitment, training, transportation and child care support (Al-Nujaidi, 2013). In the United States, there is a growing trend of sector-specific offices. For example, New York City has Sector-Focused Career Centers in the areas of transportation, manufacturing, and healthcare which target jobseekers and employed workers in these industries (Gasper and Henderson, 2014). In Canada, the Targeted Initiative for Older Workers (TIOW) helps unemployed workers, typically aged 55 to 64, return to work. The initiative is cost-shared with the provinces and territories. It provides employment assistance services, such as resume writing and counselling, and improves participants' employability through activities such as skills upgrading and work experience.

Getting the incentives right

In order to ensure that people are motivated to find work, attention needs to be paid to ensuring that the benefits that most G20 countries provide that protect workers against loss of income do not create unintended disincentives to find employment. In most OECD countries, the benefit systems have rules defining the suitability of job offers, requirements to report on the outcomes of independent job-search efforts, the obligation to participate in ALMPs and sanctions for non-compliance with these rules (OECD, 2015, forthcoming). Such rules help to ensure that new entrants to unemployment who are relatively employable choose a new job themselves, and a meta-evaluation by Kluge (2010) found that programmes described as “Services and Sanctions” are particularly effective in yielding positive employment effects.

While self-motivated jobseekers will often look for jobs effectively, other unemployed individuals require job-search assistance and regular monitoring of their independent job-search efforts to ensure that they search actively for work. While the potential benefit of such requirements is clear, there is a risk that too-rigid requirements, with high minimum frequency of job applications required, may generate perverse effects such as employer cynicism about too many solicitations. The United Kingdom has taken a different approach. While not necessarily specifying the number of job-search actions, the individual action plan resembles an employment contract and details work preparation and job-search activities covering the same amount of time as agreed hours for prospective work (OECD, 2015, forthcoming; OECD, 2014a).

A number of studies show that sanctions can substantially shorten benefit claim durations and increase employment take-up by the sanctioned individuals (e.g. Abbring et al., 2005; Boockmann et al., 2014b; Lalive et al., 2005; and Van den Berg et al., 2004). There are, however, also studies suggesting that the positive impact on exit rates and employment may come at the cost of lower quality of post-unemployment employment outcomes with respect to job duration and earnings (Arni et al., 2009) and occupational level and a higher incidence of part-time jobs (Van den Berg and Vikström, 2014). Some studies also explore the wider consequences of sanctions and provide evidence that there may be adverse consequences for child welfare, family hardship, and health outcomes (see e.g. Griggs and Evans, 2010 for an overview). When sanctions are imposed for assistance benefits, some countries therefore have safeguards in the system to prevent families with children or other vulnerable claimants falling below a certain subsistence level (OECD, 2015, forthcoming).

Building employer buy-in

Employer engagement is critical to a well-functioning public employment service. Services to employers include vacancy intake and registration, informing employers about available ALMPs, pre-selecting jobseekers for interviews with employers, offering legal advice, and organising information sessions or job fairs (OECD, 2015, forthcoming). However, evidence from some European countries suggests that many employers are reluctant to use PES to source candidates. Reasons range from a lack of need for the services to negative perceptions about candidates sourced by PES to a belief that PES staff are not necessarily motivated to recommend jobseekers in the best interest of the employer (Larsen and Vesan, 2012). Thus, strengthening PES requires efforts to build both the quantity and quality of employer engagement.

Research in OECD countries identifies two general models for developing relationships with employers: organisational models in which PES counsellors that work with both employers and jobseekers and organisational models in which PES have dedicated employer relationship staff (OECD, 2015, forthcoming). The latter can be further broken down, by whether PES employment services staff specialise in particular sectors or business sizes and whether there are key account managers that deal with particularly large clients (European Commission, 2012a). For example, in France, the PES has formal agreements with large company networks and industry sectors concerning recruitment support (European Commission, 2012b).

Both organisational models have strengths and weaknesses. While generalist staff may be better positioned to match their clients with employment opportunities, there is a risk that their attention becomes heavily focused on jobseekers, to the detriment of employers (OECD, 2015, forthcoming). Likewise, while dedicated staff can offer more specialised support to employers, there is a risk of disconnection between services to employers and jobseekers (European Commission, 2012a).

Regardless of the model, research in the EU suggests a number of relevant cross-cutting principles for strengthening employer engagement (European Commission, 2012a and 2012b). For one, PES staff need to be knowledgeable about employer needs, particularly in the local labour market they are serving. Regular trainings and seminars for frontline staff can be of value. Finding an appropriate combination of different channels for employment contact – from face-to-face to telephone to online services – can be the best way to find a balance between effectiveness and efficiency in serving employers.

Improving the collection and use of data for evaluation and performance management

Improving the collection and use of data and evidence can improve PES services across the board. One key area of data that PES are often charged with collecting is labour market information (LMI). While less of a customer-facing than other PES services, LMI nonetheless represents an important aspect of PES work, both for use in designing their own programmes and policies and as an output used by other stakeholders (employers, education and training providers, researchers, etc.). However, it is important to acknowledge that while timeliness, quality and level of geographic disaggregation are all important aspects of the utility of LMI, limited resources implies a need to find a balance between these three aspects. Additionally “raw” LMI is only useful to a certain degree; analysis and interpretation is a critical part of converting LMI into useful “intelligence” about the labour market and the implications for employers, individuals and government (UKCES, 2014).

In Saudi Arabia, a four-fold diagnostic helps to translate LMI to “information”, allowing for the tailoring of interventions based on the labour market situation in regions. Specifically, four types of region have been identified, as outlined in the box below.

Box 2. Diagnostic in Saudi Arabia

In some countries, local labour market diagnostic tools are helping to create differentiated programmes to help people into the labour market. Four types of region have been identified in Saudi Arabia in order to plan interventions around youth employment. These clusters are identified based on a combination of wage brackets, education levels, unemployment rate, economic opportunities, and “Saudization” of regions.

The high education seekers: Regions with economic opportunities and high wages, but low/medium education levels, below average unemployment and below average numbers of non-Saudis employees.

The core training seekers: Regions with some economic opportunities but low unemployment rates, low wage brackets and low education levels.

The labor opportunities seekers: Regions with high education levels, limited economic opportunities and above average unemployment and low wages.

The combined intervention seekers: Regions with low economic opportunities, high unemployment rates, medium/low education levels and low/average wage brackets and above average non-Saudis.

Source: Al-Nujaidi (2013), Youth employment initiatives and services in Saudi Arabia, http://www.wapes.org/en/system/files/1.2_saudi_arabia_-_abdulkarim_alnujaidi_-en.pdf.

Another example can be found in Michigan, United States. The Workforce Intelligence Network (WIN) is a collaborative effort between seven workforce boards, nine community colleges, and economic development partners to build and share labour market intelligence and help consortium members, particularly community colleges, make better “real time” decisions regarding skill gaps. For example, one local workforce board, SEMCA has used information on emerging industry needs to create a local talent pool for “computerised numerical control and welding”. Each year it also completes a “Region Top Jobs” report, which includes the availability of current and projected opportunities by occupation, with the number of openings, and the rates of pay (OECD, 2014b).

A more general evidence-based approach also calls for the ongoing collection and use of evaluation evidence to improve programme design and interventions. A number of countries, including the United States and the United Kingdom, have instituted “what works” centres to facilitate this process. Increasing attention has also been paid to the evaluation of active labour market policies (see Kluve, 2010; Card et al., 2010 as examples).

Strategies for boosting the quantity and quality of jobs

In addition to tackling unemployment, the PES can play a broader role in contributing to economic growth and in boosting the quantity and quality of jobs. G20 countries are supporting job creation directly, by subsidising jobs in the private and public sectors, and helping firms to recruit; and indirectly, by boosting productivity and economic development more generally through the better matching of skills supply and demand.

Job creation through providing subsidies and recruitment assistance to firms

Active labour market programmes, including targeted wage subsidies, often aim to directly increase job opportunities for the unemployed (OECD, forthcoming 2015). Studies have concluded

that **targeted wage subsidies can have a relatively strong impact on future employment outcomes** for participants, although there can be selection and deadweight effects (OECD, forthcoming 2015). Box 3 summarises some recent OECD findings on the effectiveness of employment subsidies programmes.

Box 3. Employment incentives and job creation: what works for whom (and why)?

The following short descriptions illustrate the variety of ways that these measures influence labour market outcomes:

- Employment incentives and direct job creation measures have a relatively positive impact for some disadvantaged groups, such as low-education single parents and migrants with poor language skills, probably because these **groups benefit from work experience** and/or contact with employers.
- An **incentive programme with weak targeting**, where participating employers can choose candidates and make successive placements in the same work position, may achieve few hirings from disadvantaged groups, and displace stable jobs in competing enterprises. A large-scale subsidy programme targeted on the long-term unemployed is likely to actually increase unemployment, because employers reduce hires of the short-term unemployed and many unemployed do not receive a job offer until they have become long-term unemployed. **Active management**, for example monitoring employers who regularly use incentives to ensure that some participants are retained beyond the subsidy period, helps to limit potential negative effects.
- In countries with a high minimum wage or rigid labour markets, internship schemes with wage cost subsidies may be necessary to provide **youths initial work experience**, especially in areas related to their education and training.
- Compulsory referrals of the long-term unemployed to direct job creation measures have a threat effect, increasing rates of job-finding in the months before participation starts. The scheduling of participation in job creation measures several months ahead, with intensive counselling to promote market work and alternative programmes such as training, helps to maximise the threat effect and minimise programme costs. This argues for **the use of job-creation measures as one element in a mixed programme strategy**.

Source: OECD (2015, forthcoming), *Employment Outlook 2015*, OECD Publishing, Paris.

Public employment programmes are also an important source of job creation that governments can influence. In South Africa, the government is investing in many active labour market programmes outside of the PES, which actively target job creation. One mechanism has been to encourage government programmes to support labour intensive investment projects. The Jobs Fund was launched in June 2011, with approximately 760 million USD (equivalent) being set aside for a three year period (ILO, 2014). The fund serves to co-finance projects by public, private and non-governmental organisations that will significantly contribute to job creation and catalyse innovation and investment. Another programme supports job creation through the provision of public community services – the Community Work Programme, which has been operating since 2007, provides part-time work for people in local communities, for example in fixing community assets like schools, road and parks, and setting up food gardens. Local communities decide on work to be carried out according to their needs.

The PES can also work to create more jobs through facilitating the actual process of hiring, particularly for small- and medium sized enterprises (SMEs) who often lack human resource

departments. The British PES, for example, runs a Small Business Recruitment Service to serve the needs of small businesses with fewer than 50 employees, which encompasses a specialist employer helpline, advice on the local labour market, additional support in advertising vacancies (e.g. wording and design), and post-recruitment support (OECD, 2014a). In Australia, contracted employment service providers actively solicit employers for new job offers or even apply “reverse marketing” techniques (OECD, 2012). Reverse marketing refers to a situation where an individual jobseeker is actively marketed. Such activities may lead to jobs being advertised and recruited for that would not otherwise have existed.

Boosting growth and productivity through matching of the supply and demand of skills

A more indirect way that the PES can help to create jobs is by working with other policy actors to help boost growth and productivity. One way that they can do this is by **more effectively matching skilled people to skilled jobs**. By ensuring that people are in appropriate employment, and their skills are effectively utilised, the PES can promote the productivity of the country as a whole and support business expansion.

Given that skills needs are changing rapidly and people are changing careers frequently in the lifecycle, some argue that the PES can play a greater role in matching skills supply and demand and managing career changes across the lifecycle. However, analysis suggests that the role of the PES, and perceptions of the PES by employers, would need to be significantly upgraded for this to take place in most G20 countries. WAPES-IDB-OECD (forthcoming) identify that the PES could do more in many countries to better match skills supply and demand through the identification of skills needs amongst business, the profiling of the skills of unemployed people, and the provision of better orientation and careers advice.

Further, the role of the PES in matching skills supply and demand is undermined today by the low number of overall vacancies that the PES deals with as compared to the total number of jobs being advertised in the labour market. The share of vacancies in which the PES is involved varies considerably across G20 countries, from 3.8% of all vacancies in Brazil up to 20% in Japan. Where the share of vacancies handled by the PES is small, this may be a capacity issue, but it may also reflect negative perceptions of the PES by employers and a perception that the PES only deals with lower skilled applicants (OECD, forthcoming 2015). A chicken and egg situation can develop where employers perceive that the PES only helps to place lower skilled and harder to employ people, and they are therefore unlikely to advertise more skilled and higher quality vacancies. Larsen and Vesna (2011) identify that the PES can get caught in the low end of the market where lower skilled people fill lower skilled jobs, which is difficult to escape. In order to expand the reach of the PES some G20 countries require employers to notify their vacancies to the PES, but enforcement is limited. In other countries the PES runs vacancy databases that are open to the wider public, promoting these as an alternative to vacancy databases run by the private sector (OECD, forthcoming 2015).

Contributing to broader economic development strategies

In some countries, the PES is also increasingly expected to contribute to broader economic development strategies, at the level of local labour markets. At this level, local PES offices work with other partners to help to boost economic development locally, helping businesses to find the skilled people that they require, while at the same time helping firms with their human resource management. With the rising economic importance of human resources and skills, local PES offices are increasingly being asked to collaborate.

One way in which the local PES offices can contribute is by working with local employers to provide top-up training for unemployed people that is specifically adapted to their needs. In Mexico, the national government has attempted to support this through offering a system of demand-driven modular training which is managed through a system of local partnerships with enterprises (see Box 4).

Box 4. Developing in-service training and job placement for the emerging aerospace industry, Mexico

The BECATE job training programme operated by the National Employment Service (NES) is designed to help unemployed/underemployed workers and new labour market entrants to gain formal employment and increase earnings over time. BECATE offers various modalities of short-term training including a demand-driven modality based on partnerships with local enterprises and sectoral initiatives coordinated by the Council for Productive Sectors Dialogue at state level.

In 2006, the NES contributed to establishing an Aerospace Park in Queretaro by providing targeted job-matching services and in-service training courses to align job candidates' skills with lean-manufacturing systems used by the aerospace industry. The SNE covered part of the cost for training and the employer committed to hire at least 70 per cent of the participants on successful completion of training. The employer also brought in workers from other facilities to deliver training at the workplace. A total of 110 technicians were trained over a period of four months, starting work in the plant in May 2006. Another group of screened candidates started pre-service training delivered by public and private training providers for up-skilling and accreditation. By the end of 2006, a total of 296 technicians were working to employer's standards. The SNE enhanced the employability of job candidates and aided placement in qualified jobs with good future prospects in response to the immediate needs of one of the main employers in the Aerospace Park. The partnership between the SNE and the training and vocational institutions also helped in adapting the training programme curricula to medium- and long-term skill needs in the sector.

Source: Technical note prepared by Z. Avila, ILO Skills Development Academy 2011, 24 October to 4 November 2011, Turin.

Another way to contribute to broader economic development is to take a longer-term approach to skills matching and take into account the sustainability of employment. When a job becomes repeatedly vacant, it may be a signal that the work organisation is not optimal and there is a potential for improving the way skills are used within the firm. Better skills utilisation is a source of higher productivity and thus better quality jobs for the economy as a whole (OECD, 2014c). Although assisting firms in skills utilisation is not part of the standard portfolio of PES services, local PES offices can play a central role in helping firms to identify weaknesses in the management of human resources. Since local PES offices are often the first to be aware of a high turnover problem in a firm, they are also in a position to convey these concerns to other competent bodies. Playing such a role requires effective partnerships with other actors, such as economic development agencies, Chambers of Commerce and training institutions.

Developing the right governance mechanisms

It is relatively common for local PES offices to collaborate locally with other actors including local and regional authorities, representatives from government departments, employer's associations, private enterprises and unions. Governance mechanisms can play a key role in facilitating or impeding such joined-up efforts at the local level. **In September 2014 G20 labour ministers acknowledged that robust cross-sector coordination is required to support job creation, particularly at the local level, and that such joined-up approaches require adaptable and flexible policy management frameworks to be effective.**

The recent WAPES-IDB-OECD study in 71 countries found that the most frequent partners of the PES were local government (72%), other government departments (45%) and employer associations (38%). A number of G20 countries have created local governing boards that involve business, economic development and education professionals to support collaboration and build horizontal accountability (see Box 5).

Box 5. Local boards and associations which help the PES to contribute to broader local economic development

Tri-partite management boards in Germany: While there is a strong tri-partite board managing PES activities at the national level, there are also local tri-partite boards in Germany that have an advisory role, comprising of employers and employee representatives, ministries and municipalities amongst others. The fact that agencies come together in the local boards facilitates operational linkages, and helps to seed other forms of collaboration.

Workforce investment boards in the United States: In the United States, the local workforce investment boards (WIBs) have played a strong role in creating more integrated strategies to address employment and skills within broader economic development strategies locally since 1998. There are over 600 WIBs, at the state and local level, and they are strongly business-led, being both chaired by business and having a majority of business members. There are also designated seats for representatives from labour unions and local educational institutions, with economic development officials sitting on the boards in many states. The local WIBs are typically an extension of a local government unit, which in most cases is the county government and can include more than one government entity.

Four Party Association, Korea: In 2010, a Local Association of the Representatives of Labour, Management, Government and Community had been established in 16 metropolitan cities and in 82 lower levels of local government. The boards include representatives of the labour force, management and the government, but also representatives of the community. These “four-party” associations share the common goal of stimulating skills development and employment locally.

Workforce Planning Boards, Ontario, Canada: In Ontario, Canada there are 25 Workforce Planning Boards who conduct localised research and actively engage organisations and community partners in local labour market projects. Every local workforce planning board publishes detailed reports about its labour market projects, activities and partnerships. Local workforce planning boards champion local workforce development solutions for their communities and help to strategically align the actions of all local stakeholders in the community.

Source: OECD Reviews on Local Job Creation, http://www.oecd-ilibrary.org/employment/oecd-reviews-on-local-job-creation_23112336

Ensuring local PES offices have sufficient flexibility in programme management, while meeting national policy goals

Another key factor in supporting local collaborations between PES and other local stakeholders is sufficient local flexibility in the management of labour market policies and programmes. The OECD defines local policy flexibility as “the possibility to adjust policy at its various design, implementation and delivery stages to make it better adapted to local contexts, actions carried out by other organisations, strategies being pursued, and challenges and opportunities faced” (Giguère and Froy, 2009).

When looking at the leeway that PES offices have to participate in broader initiatives to promote economic growth and local job creation, it is important to differentiate between operational and strategic flexibility. Operational flexibility applies to the delivery of programmes, and refers to the leeway given to individual case officers to decide on the type of policy intervention that should be

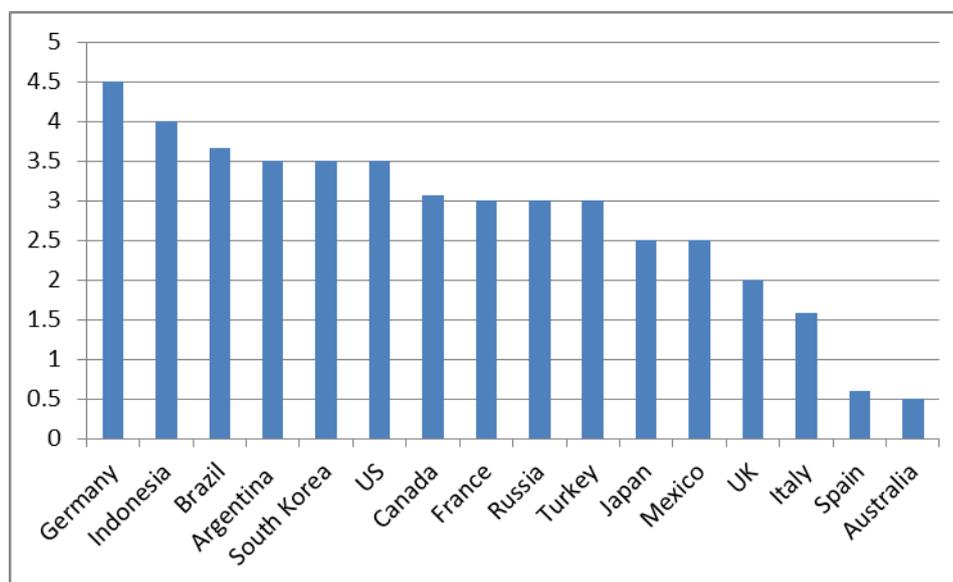
used to serve a particular unemployed client. Strategic flexibility applies when the local employment service takes a leadership role in adjusting programmes and policies to their local labour market and priorities agreed jointly with other stakeholders. The achievement of strategic flexibility may require that national governments provide sufficient latitude when allocating responsibilities in designing policies and programmes; managing budgets; setting performance targets; deciding on eligibility, and outsourcing services (Giguère and Froy, 2009).

Of course, labour market policy is an important instrument in the macroeconomic policy toolkit. Therefore it is important to inject flexibility in a way that enables the PES to continue meeting national policy goals, that ensures efficiency in service delivery and that maintains full accountability. In general countries that award flexibility in one area (for example budget management) balance this out with more strict controls in another (such as having to implement nationally-designed programmes), with different countries achieving this flexibility-control balance in different ways.

In France, Korea, the United Kingdom, and the United States, for example, there is a small percentage of PES budgets ranging between 5 and 15% set aside for local initiatives. In Indonesia, local offices have significant flexibility to design projects and programmes, while budgets are more centrally controlled. In Germany, local offices have a broad budget envelope linked to an approved annual strategic plan designed locally. In some countries flexibility is offered incrementally to those offices that have the most capacity to deliver. For example in Mexico, more flexibility in performance management is offered to local offices that have demonstrated efficiency and that are performing well, although common targets still have to be met. In federal or more decentralised countries, local flexibility can actually vary considerably between regions, as is the case in Canada. In such places approaches to local flexibility can be tested at a smaller scale, and mechanisms to promote learning between regions can ensure these learnings get shared.

While it is difficult to compare different institutional PES systems, Figure 2 below provides an estimation of the degree of flexibility available to local employment offices currently in G20 countries. Local flexibilities in programme design, performance management, budget management, the determining of eligibility, outsourcing and the possibility to collaborate with other stakeholders were assessed to create a composite index which ranges between 0 and 5.

Figure 2. Local flexibility in the management of employment policies and programmes, selected G20 countries 2015



Note: Estimates of flexibility in the management of labour market policy have been prepared by the OECD Secretariat (LEED Programme) drawing on results from the WAPES-IADB-OECD questionnaire (forthcoming), the OECD Reviews on Local Job Creation, and a series of telephone interviews with PES representatives in April 2015. At the time of drafting, information was not available for all G20 countries.

The analysis is for local level offices at the level of OECD smaller regions (NUTS 3 in European nomenclature). This means that the flexibility of the most local service delivery offices (often called “branch offices” operating at the neighbourhood level) are not necessarily taken into account. Similarly, the flexibility at the level of governments of larger regions (such as the provinces in Canada and regions in Italy) are also not considered here.

To construct the flexibility index, local flexibility was explored in five aspects i) programme design, ii) budget management, iii) performance management, iv) eligibility criteria, v) outsourcing and vi) collaboration with other local stakeholders. In each case, one of three scores was awarded for each country on the basis of the degree of flexibility available (1.0 flexibility, 0.5 some flexibility and 0 no flexibility). All aspects of flexibility were given equal weight in the resulting analysis, except for collaboration and outsourcing, which were each given a total possible score of 0.5. Where a country does not use a particular tool in managing local offices (for example performance management by objectives in the case of Italy and outsourcing in the case of both Italy and Brazil), this factor was not included in determining the flexibility score, and a standard normalisation process was used to make the indices for these countries comparable to the other countries.

Results in OECD (2014c) *Job Creation and Local Economic Development* may differ because that analysis used a different scale and a broader set of indicators.

For specific notes for Argentina, Brazil, Canada, Germany, Indonesia, Spain, Turkey, and the UK, please see Annex 1.

Another important condition for the PES to participate in economic development strategies, is the existence of local capacities. The capacities of local PES offices vary widely in G20 countries with many offices having little time to engage with activities outside of their daily client caseloads. At the same time, while PES officials may be skilled at working with individual unemployed people, they may not have the skills required to work with other agencies, build networks, and plan activities strategically with other agencies. In France, where increased flexibility has been awarded to local employment offices in recent years, this has been accompanied by a campaign to promote innovation

(through a special innovation lab), share good practice, and provide extra training for staff (5 days of training per year per agent). The reforms are supporting stronger local partnerships between the PES, businesses and other economic actors.

While some countries are endeavouring to make their systems more locally flexible, in countries with more decentralised PES services, such as Brazil and Indonesia, the opposite issue exists – that of ensuring consistent standards across local offices and sharing good practice across the system so that local officials are no required to “reinvent the wheel” each time they face a problem. In Brazil, for example, while PES rules are set nationally, each state has a separate PES, with a separate identity and organisational structure. There are significant innovations at the level of local municipal offices, particular in cities. In order to retain a national coherent system nevertheless, Brazil has set up a common IT system to coordinate job brokerage and to facilitate national reporting.

Focusing on sustainable and good quality employment outcomes

One area where the PES can have an important role is by **working with employers to ensure that they are fully utilising the skills of the local labour force**, as mentioned earlier. Firstly this means making sure that unemployed people are being connected to decent jobs which will provide sustainable employment. Employers that experience high turnover due to poor quality jobs can be key contributors to labour market churn at the local level – and it represent a poor use of PES resources helping such employers to fill their vacancies. Reforms to performance management in some G20 countries which ensure that the PES focuses on sustainable job outcomes can play an important role here, particularly in local labour markets characterised by a concentration of poor quality jobs. Such actions also have a positive impact on employers who will ultimately become more productive.

In some G20 countries the PES is faced with the challenge of working in a labour market where a high percentage of people are employed in the informal sector. The PES in some G20 countries help people to recognise the skills they have acquired in informal employment, while supporting the transition into formal employment. In Brazil, where around 40% of people work in the informal sector, support is also given to promote formal entrepreneurship in labour intensive sectors (see Box 6).

Box 6. National programme for employment and income generation (PROGER)

Through the operationalisation of the National Programme for Employment and Income Generation (PROGER), the National Employment System provides credit for the expansion of enterprises. PROGER consists of a set of credit lines available for those interested in investing in the growth and modernization of enterprises. It emphasises support for labour intensive sectors and activities prioritised by the governmental development policies, as well as programmes designed to meet investment needs in specific sectors, aiming to increase the supply of jobs and the generation and maintenance of the worker's income. The programme is funded by the Worker Support Fund (Fundo de Amparo ao Trabalhador – FAT) and operated through a variety of credit lines.

Source: Notes provided by ILO Brasilia Office

Migrant workers are among the vulnerable groups that a growing number of G20 countries are increasingly providing targeted services to help them integrate in the labour market and ensure their protection. In Korea, the government has established an employment permit system for migrant workers to promote equality in employment (see Box 7).

Box 7. Korea's Employment Permit System (EPS): Promotion of Equality in Employment for Migrant Workers

To curb overstays and irregular employment of migrant workers, in 2004, Korea introduced the Employment Permit System (EPS), a non-seasonal temporary labour migration programme, which extended equal treatment in labour rights and protection to migrant workers. The EPS is based on bilateral memoranda of understanding at government level and HRD Korea is responsible for its implementation. Local HRD Korea offices collect applications from eligible Korean employers interested in foreign labour, and send them to MOEL for decision-making and issuing of employment permits. Once granted the permit, employers can screen workers from rosters which have been established by public employment organizations in source countries, in cooperation with the overseas HRD Korea office. In total, approximately 381,000 migrants have been employed by roughly 44,000 small and medium enterprises (SMEs) under the EPS as of 2013 (MOEL, 2013). The EPS covers the manufacturing, construction, agriculture, services and fisheries sectors.

Source: Notes provided by ILO

With the growing number of private employment agencies managing temporary work, attention needs to be paid to the quality of work in this sector. Private Employment Agencies Convention, 1997 (No. 181) recognised the role of these agencies in balancing employers needs for flexibility in the management of its workforce with the need to protect workers. Many G20 countries have implemented regulations or strengthened them to regulate private employment agencies and nonstandard forms of employment. However evidence still shows an increase in involuntary part time work and unequal access to benefits and protection at work for temporary and agency workers.

The challenge is how to ensure enforcement of legislation where the capacity to do so is weak, particularly in emerging countries but also in advanced countries where derogations to the law to allow flexibility create opportunities for indecent work. At the international level the International Federation of Private Employment Agencies (CIETT) promotes adherence to its code of ethics among its members and helps to institute self-regulating mechanisms, and in a number of countries, both advanced and emerging, the private employment industry is putting in place self-regulating mechanisms (notes provided by ILO).

Box 8. The role of Private Employment Agencies in ensuring quality work

China has been using the labour dispatch system for a long time, motivated mainly by the desire by firms to avoid labour protection provisions in the law and thus reduce costs. Official figures show that there were 27 million dispatched workers in 2011, although other sources put the figure at 60 million at the end of 2010. In order to curb this practice, government, itself convinced that the main form of labour recruitment should be through normal contracts, introduced through the Labour Contract Law of 2008 a restriction where dispatched labour was only allowed in temporary, auxiliary and substitute jobs. However the law did not clearly define what constituted "temporary, auxiliary and substitute" jobs. Taking advantage of the vagueness of the law, labour dispatch continued unabated. In response, the Ministry of Human Resources and Social Security amended the Labour Contract Law of 2008 and promulgated the Interim Provisions on Labour Dispatch on 1 March 2014. The amendments clarify what constitutes temporary, auxiliary and substitute jobs and restricts the number of dispatched workers that can be used by a user company to no more than 10% of the total workforce. A grace period has been provided for those companies that currently have more than 10% dispatched workers to readjust their workforce. A dispatched worker has to sign a two year contract with the agency. The law reinforces the principle of equal pay for equal work, including access to benefits. The law has increased the licensing requirements for dispatch agencies and also stipulated penalties for non-compliance. However, foreign international companies and agencies are exempted from the application of the amendment.

South Africa has a long history of temporary work agencies and their importance and controversy have

grown over time. It is estimated that the industry provides over a million workers to user companies on a daily basis. Through an intense and protracted process of social dialogue, South Africa has evolved its legislation to include improvements in provisions that regulate the agency work industry and enhance protection to workers. In 2014 the Labour Relations Act was amended and strengthened the provisions that protect agency workers. In addition to reinforcement of joint and several liability between the agency and user enterprise, the amendments limit the duration of work assignments by agency workers below a prescribed salary threshold and subject to some exceptions to three months, otherwise the worker will be deemed as employed on a permanent basis. The newly enacted Employment Services Act of 2014 gives the power to the Public Employment Service to license and regulate the Temporary Employment Service (TES) agencies. The Confederation of Associations in the Private Employment Sector (CAPES) is the umbrella body for private employment agencies established in 2002 and has four member federations. It is affiliated to CIETT through one of its affiliates: the Federation of African Professional Staffing Organizations (APSO). APSO is working to cooperate with PES through establishment of an MOU. Furthermore, the industry is developing a self-regulating mechanism modelled on some advanced countries like the Netherlands to enforce good practices among its members.

In **Turkey** the Private Employment Agencies Regulations promulgated in 19th March 2013, which take into account the provisions of ILO Convention 181 on Private Employment Agencies, provide the regulatory framework for their operations and monitoring by İŞKUR. Accordingly, private employment agencies can execute mediating activities between jobseekers and employers in the country and abroad. Nonetheless; while private employment agencies have been banned from carrying out activities of job placement in public institutions and from organizing temporary employment relations; the latest regulatory preparations are expected to expand the activities of private employment offices. However, natural and legal persons who fulfil the conditions determined in the Regulations by İŞKUR can be given permission for mediating in places where there is no Provincial Directorate of Labour and Employment Agency or Service Centres or there is difficulty of communication, transportation and coordination although İŞKUR services are available. These persons who have to carry out activities by taking permission from İŞKUR are called “agricultural intermediaries” and each of them acts like a private employment agency [*Turkish Employment Agency, 2015*].

Many other countries have recently tightened the law with respect to temporary employment. **Indonesia** amended its regulation governing outsourcing and labour supply in 2012 and tightened restrictions on outsourcing with respect to dispatched labour and outsourcing of functions, introduced reporting requirements to the manpower agency, made it mandatory for service agreements between the outsourcing and supplier/dispatching agencies to be deposited with the manpower agency, and stated that contracts for dispatched workers must contain all statutory requirements and employment benefits. Furthermore, only limited liability companies can be granted license to operate as dispatch agencies. Korea’s 2013 amendment to the Dispatched Workers Protection Act 1998 prohibit dispatch workers from being discriminated on the grounds of their status compared to directly hired workers in the same or similar field, in areas including wages, regular bonuses and performance-based incentives. (Liu, 2014; ILO, 2015; Ashurst, 2013).

Source: Notes provided by ILO

Conclusions

While the organisational structure and service delivery arrangements vary across G20 countries, **strengthened employment services remain a key policy lever to tackle unemployment and boost job creation and economic development**. A number of policies and programmes have been introduced across the G20 to better serve the needs of both job seekers and employers. Targeting programmes to specific populations can lead to better adapted programmes but can also increase the risk of stigmatisation. Therefore, care must be taken in their design.

Employment services are responding to the changing demands of the global economy by expanding the range of services they provide and using technology to provide clients with more effective information to better match individuals to employment opportunities. Ensuring that individuals receive the appropriate amount of personalised and intensive support is an important component of effective activation strategies. The design of the benefit system can also provide

incentives to ensure people find employment and remain attached to the labour market. **Employers are critical partners in any efforts to boost participation and employment.** Furthermore, data and labour market information plays a critical role in programme design and efforts to continuously improve the performance of public employment services.

In addition to tackling unemployment, public employment services can be a key player to boosting job creation and stimulating overall productivity and growth. **Flexible policy management frameworks give public employment services the latitude they need to join up work with other local actors and contribute to broader economic development efforts** as well as to adapt policies to local labour market conditions. Partnerships are a valuable governance tool in efforts to better connect the supply of skills to demand and boost economic development opportunities. In emerging G20 economies, public employment services can play a meaningful role in reducing informality and creating better quality jobs.

ANNEX 1

For Figure 2, please note that:

1. In Brazil, only flexibility within the federally funded PES system is considered. In fact this only constitutes 1/3 of total funding of PES activities, with States having considerable flexibility to create their own systems outside of these core services.
2. The results for Argentina are based on self-assessment as part of the WAPES-IDB-OECD study (2015).
3. In Canada, there are considerable differences in the way that the Public Employment Services are managed in the different provinces and territories. For this note, a population-weighted average is taken from an analysis of flexibility in the largest three provinces (Ontario, Quebec, and British Columbia).
4. Results for Indonesia are based on a survey conducted by the OECD Employment and Skills strategies in South East Asia (ESSSA) in 2008-2009. Information for 2015 to follow.
5. PES services to shorter term unemployed people (under a year) were only taken into consideration in Germany and the UK, with programmes for longer term unemployed being run differently (outsourced to private and not-for profit providers in the UK, and managed by both PES and municipalities in Germany).
6. Results for Spain are currently based on 2009 results presented in Giguère and Froy, 2009. The Spanish PES underwent major reforms starting in 2012, which included, amongst other aspects, allowing for more flexibility at the regional level. However, at the time of this note, further information was not available on to what degree this flexibility is passed down to local actors. Follow-up data collection is currently being undertaken.

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