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SPANISH PRESIDENCY CONFERENCE

PANEL III: APPROACHES BY PUBLIC EMPLOYMENT SERVICES TO ENHANCE PEOPLE'S EMPLOYABILITY AND ADAPTABILITY TO NEW FORMS OF EMPLOYMENT

ANSWERS TO QUESTIONS

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- 1. Is it necessary to redefine the role and methods of operation of Public Employment Services? Or would it be enough to establish a better balance between resources and competencies?**
 - BUSINESSSEUROPE considers Active Labour Market Policies (ALMP) to have a crucial role in helping people cope with rapid change, reduce unemployment spells and ease transitions to new jobs. It is one of the key pillars of the flexicurity approach, which has proved to have positive effects on employment rate. Implementing the principles will be vital in the recovery, to put Europe back on track for sustainable growth and job creation.
 - The content of ALMPs varies from country to country but in all countries Public Employment Services (PES) play an important role. In the recent economic crisis, the importance of efficient PES as part of such policies has become evident.
 - Both for structural reasons and as as the effect of the crisis, the functioning of PES in some Member States could evolve to respond better to changing labour market demands. To this end, it is our view that Member States should concentrate the efforts of their PES on active measures, like job search and career guidance and referral of job seekers to activation programmes, rather than passive measures.
 - There is evidence to back this up. In the USA, the UK, the Netherlands and in Denmark for instance, large falls in benefit claims followed as a consequence of introducing activation measures. In addition, the opportunity costs for human capital investments, especially longer forms of training, are known to be lower in an economic downturn due to the lower number of job openings. In light of the present circumstances, the OECD has also recommended a shift towards greater investment in training, in particular linked to local labour market needs.



- The private employment agencies could play a complementary role to PES through public private-partnerships. This role should be exploited more, notably in view of the pressure on public finances. Local agencies might not have the capacity to serve the full variety of job seekers adequately, in particularly not in times of economic downturns. By contrast, private employment agencies could help address the variety of needs of job seekers and of companies by providing a mix of services. Private-sector actors have also introduced competition into the arena of employment service providers. This should be welcomed as it puts pressure on public agencies to provide higher quality in their services, whilst increasing cost-effectiveness.
- 2. Could it be outsourcing a solution? Would this outsourcing allow released experts to design, analyze and evaluate programs, thus obtaining better results? And if that, what key services should not be outsourced?**
- The PES should of course seek to collaborate with private actors where it would lead to an increased efficiency or quality in the services provided.
 - The use of private subcontractors could for instance enable the provision of more specialised services. It follows as a consequence of the increased demand of high-level skills and competencies of workers that those giving advice to these individuals about their job opportunities also needs to be more specialised. To this end, PES could indeed rely more on private employment agencies since these often have expertise in specific professions. Proffice Life Science that operates in the Scandinavian countries is one example.
 - It is not only in services targeted at specialised, high-skilled workers where the private employment agencies play an important role with their expertise. There are also private actors specialised in the integration of newly arrived immigrants on the labour market, in the rehabilitation back to work for those that have stepped out of the labour market for health reasons, as well as in providing training to upgrade the skills of job seekers.
 - Regardless of who the service provider is, it is obviously important to evaluate the output of publicly funded employment services. Not only do active labour market programmes often manage large sums of taxpayers' money, their task is simply too important for poor outcomes to be acceptable.
- 3. In any case, what tools or programs should be improved or used more effectively to optimize their services? Financial and human resources, new technologies and so on?**
- Labour market training courses are crucial tools to increase employability of workers that have been made redundant. The courses should be designed in such a way that they significantly increase the chances to get a job after completing the training. The point of departure for their design has to be the actual needs of companies and other employers. The PES should therefore put



its ears to the ground and gather information from employers on their current and future needs in order to equip the job seekers with skills and competencies that make them employable on the labour market.

- Unfortunately, a great deal remains to be done when it comes to equipping workers with the right set of skills. A report from the Confederation of British Industry shows that two-fifths of employers had serious concerns about employees' basic literacy and numeracy skills. In addition, 56% of employers are concerned about the poor IT skills of their employees. The consequences for business are hampered productivity and decreased quality of the customer services. For the unemployed missing such basic skills, the route to a job will be even longer.
- The lack of employees with the right set of skills means that we will end up with mismatches and bottlenecks on the European labour markets. Serious mismatches already exist in some Member States, as demonstrated for instance by the large number of vacancies in some countries and at the same time high unemployment. For instance, at the end of 2009, there were almost 950,000 vacancies in Germany, whilst over 3 million people were unemployed.

4. What kind of benefits companies would need, whether large size, or SME? And what resources or instruments or collaboration do Public Employment Services need to make their role more effective?

- Efficient PES are crucial for companies' recruitment processes. Not only are the costs for unfilled vacancies high, leading to reduced productivity and missed opportunities to grow, bad recruitments also cause high costs for companies. PES thus need to deliver quality services that lead to a good match between the profile of the job seeker and the vacancy to be filled.
- In addition to efficient PES, private employment agencies also fill an important need of the companies. This is reflected in the growth of the industry in recent years, with 669,000 jobs created in Europe between 2003-2006, accounting for 7.5% of total job creation. For instance, the private actors that provide temporary staffing services help user companies adapt to fluctuations in demand and access key competencies for specific phases or development projects.
- (It should be noted that temporary staffing creates jobs that otherwise would not have been on the job market. The idea that temporary work agencies hamper permanent employment can therefore be exposed as a myth. Instead, temporary agency work functions as a stepping stone from unemployment to employment and from temporary employment to permanent employment.)



5. Should closer collaboration be refereed with business and social partners to respond to the needs of both employers and job seekers? And would they improve their role as intermediaries, especially in areas with a greater capacity for job creation?

- Social partners are well suited to provide advice to public authorities, including PES on how the functioning of labour markets could be improved. In several countries, social partners take part of the boards of PES.
- As already mentioned, the labour market trainings provided by PES have to be responsive to employers' needs, in order to be efficient in helping the unemployed back to employment. Employers at sectoral, national as well as local level should thus be consulted for the design of training courses. This will ensure that they are up-to-date with labour market demands for skills and competencies.
- Although it is important to adapt labour market training and other services for local conditions, the PES agencies in different regions needs to collaborate increasingly with each other as well as with employers in other regions. Potential obstacles in terms of different IT systems or protectionism of the local job opportunities should be replaced by a smooth communication across regions on vacancies and the profiles of job seekers.

6. Is it needed them to focus more on the preventive approach? How should they guide their actions? Results oriented? Or establish a balance between integration results and those not tangible – results, but with an added social value, instead?

- PES should indeed engage more proactively with private actors. It is reasonable to believe that an exchange of best practices of work methods and a more efficient use of resources when building up databases for instance will lead to better results overall.
- But they should also engage more proactively with other types of actors. Labour market policies in general should build on a close interaction and shared commitment of national labour ministries, social partners, PES, private employment agencies and other labour market intermediaries.

7. Social partners, whose role is critical, are already involved in Public Employment Services and enterprises although in different ways depending on the country. How could they use that role in improving the capacity of adaptability of enterprises and workers?

- As already mentioned, social partners could advice on how the functioning of labour markets could be improved, for instance on how the adaptability of workers and companies could be boosted through the implementation of the flexicurity principles.



- Furthermore, social partners fill an important function vis-à-vis these actors in informing about the consequences on sectoral, national or regional level of demographic challenge, in terms of skill shortages and deficit professions. At European level, we know that the work force has started shrinking due to the demographic change, with an expected loss of 3 million potential workers by 2020.
 - Business is already experiencing serious skill shortages, partly as a result from this. A recent study from Manpower shows that 51% of employers in Poland, 35% in Switzerland and 31% in Italy are having difficulties finding the right talent to fill job vacancies. At the same time, unemployment in Europe is high.
 - This all points to the importance of gathering information on what kind of specific skills as well as generic competencies, such as adaptability, that employers are looking for.
 - When speaking about adaptability of companies, it should also be said that private employment agencies fill an important function in enabling this. For example, temporary staffing services help companies adapt to fluctuations in demand and access key competencies for specific company phases or development projects.
- 8. Should the use of new technologies be increased in order to improve communication with users and provide access to their services?**
- Yes, this is evident. To give one example, in order to succeed in the exercise of gathering information on the skills demand, PES need well-functioning, up-to-date databases and IT systems at their disposal.

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