

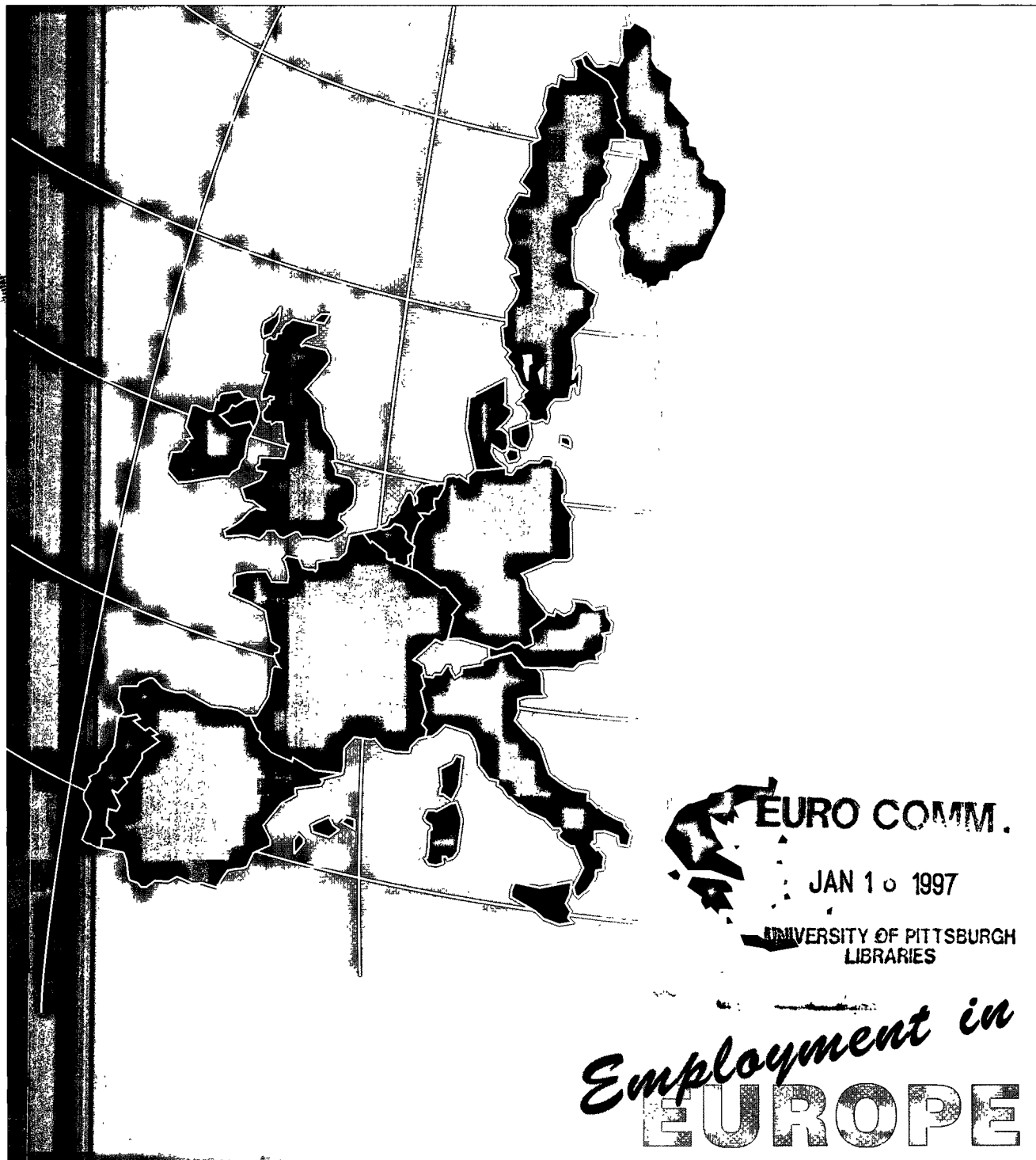
EMPLOYMENT OBSERVATORY

Trends

26

Changes in employment, analyses, evaluations
Series produced from the SYSDEM network

Annual Report



EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR EMPLOYMENT
INDUSTRIAL RELATIONS
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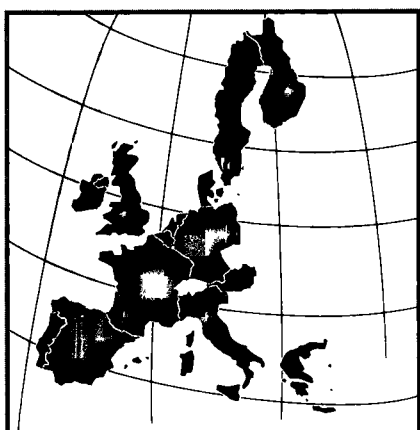
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EMPLOYMENT OBSERVATORY Trends



The Bulletin of the European
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New Roles of Public and Private Employment Services in Improving Labour Market Performance: An Overview of Recent Trends and Reforms

Introduction

The organisation of employment services is currently undergoing fundamental change at the national and international level. Most EU Member States have experienced some degree of reform of public employment service (PES) provision, as well as a liberalisation in the regulation of private employment agencies. These developments were motivated principally by the criticisms levied against public provision and the general trend towards deregulation, commercialisation and decentralisation. The nature and market share of public and private employment services varies greatly between different Member States. This overview explores these differences as well as the main reform trends, their impact on the nature of active labour market policy, and the efficiency and effectiveness of placement services.

In preparation for this Bulletin, the SYSDem correspondents were asked to submit a short article covering a baseline description of the employment service system in their Member State, an overview of recent reforms of both public and private provision, and observations about the significance and outcomes of these developments in the context of national employment priorities. The correspondents were also asked to highlight examples of good practice. Where possible, data were supplied on public and private provision. Despite the generally poor statistical coverage of employment service activities the data provide a useful overview of the current situation (Statistical Supplement, p.21).

This overview also draws on recent literature on the topic of Employment Service reforms. In particular it refers to material published by the OECD as part of its Jobs Strategy, which provides a comprehensive review of PESs. Other recent work compares trends in the development of employment service provision across Europe (Walwei, 1994) and focuses on the main reform trends. References to this work appear in the bibliography. These comparative studies and

Table 1: Public Employment Service Data

Countries	Public Employment Service Since	Financing (Taxes (T) or Contributions (C))	Dual Provision (Unemployment Benefit and Job Centre)	Duty to Report Vacancies
Austria	1918	C	yes	no
Belgium	1935	T	no	yes
Denmark	1969*	T	no	no
Finland	1960*	T*	no*	yes*
France	1945	T	no	yes
Germany	1927	C	yes	no
Greece	1970*	C*	yes*	no*
Ireland	1909*	T	no	no
Italy	1949*	T*	yes*	no*
Luxembourg	1945	T	yes	yes
Netherlands	1940	T	no	no
Portugal	1966	C*	no	no
Spain	1943	T	yes	yes
Sweden	1902	T	no	yes
UK	1906	T	yes	no

* Information updated by SYSDem correspondent

Source: Walwei, Ulrich (1994) *Reform der Arbeitsvermittlung in OECD Ländern: Modernisierung öffentlicher Dienste und Zulassung privater Anbieter*

other key national sources are also referenced in the national reports.

Overview of Current Situation

The provision of public employment services in the EU Member States differs in a number of aspects, relating to the relevant regulation, organisation, financing, market share, target groups, and nature of services provided. Tables 1 and 2 outline a number of comparative key characteristics of PESs, including date of establishment, method of financing, responsibility for the payment of unemployment benefit and the requirement for employers to notify vacancies, as well as the availability of alternative provision.

The tables highlight, in particular, the very recent nature of dual systems of employment service provision in many Member States. Data provided in the statistical supplement highlight the differences in the density of the PES network, which obviously raises issues of access to placement and other PES provision. However, the data also show that when taking into account the size of the

working population covered by each office, differences between Member States become less apparent. Staffing levels in the PES offices vary dramatically between Member States. This can be an indication of the range of services offered (particularly whether the office also acts as an agency for unemployment benefits) and the operational area of the office, but it can also have an impact on the quality of services offered and the level of client orientation.

Table 1 shows in which countries the PES offices have a dual responsibility for the administration of unemployment benefit, but tasks differ with regard to the level of involvement in the design and administration of active labour market policy, and the nature of placement, guidance and counselling services.

In all but a few Member States, the PES only handle a minority of the total supply of vacancies. This even applies to the countries where the PES retains a placement monopoly (Greece, Italy and Luxembourg). The Member State contributions show that most recruitment takes place through 'unofficial channels', ie through friends and relatives, selection

from lists generated by selection panels and ad hoc applications. The low level of market share of the PES partly results from the fact that they tend to service the most difficult to place and disadvantaged clients, and indeed have the image among employers of offering few skilled, well qualified job-seekers. Another common concern among employers in many Member States is the lack of effective contact and co-operation between themselves and PES staff.

Despite the inadequate supply of data on the nature and activities of private employment services, it is possible to say that, on the whole, such agencies have only captured a very low and limited market share and segment. The most extensive provision of private employment services can be found in countries such as the UK where these services have a long tradition. In many countries the provision of placement services was only liberalised in the 1990s (see table 2) with the sector thus still in its infancy. In most cases deregulation coincided with the recession and rising levels of unemployment. While this provided an increasing reservoir of potential clients seeking work, the sector was also facing low levels of recruitment. There are, however, some areas where private placement provision has been growing in most Member States (in many of them this form of provision was already available prior to the wholesale liberalisation of placement service provision): private agencies handle a significant share of placements of highly skilled and executive staff (head-hunting), as well as artists. Temporary employment agencies have equally thrived in a number of Member States, fuelled by the increasing drive towards labour market flexibilisation. The latter form of provision remains illegal in only two EU Member States: Greece and Italy.

Overview of Recent Reforms

Recent reforms of Employment Service provision in the EU-15 were motivated by a number of factors, such as the weight of criticisms levied against the bureaucracy and perceived ineffectiveness of the PES in the light of the changing needs of the labour market. In the context of persistent unemployment, and the problems of integrating long-term unemployed people into the labour market, all countries

are concerned about refocussing their employment services towards the most disadvantaged job seekers. Countries differ in how far this concern has taken them. In the Netherlands, for example, PES activities are now concentrated specifically on disadvantaged groups. The majority of countries link these reforms to an express wish to emphasise active labour market policies, but not all. Some countries in fact show an increase in expenditure on passive labour market measures at the expense of active measures, which is obviously due partly to the rising number of benefit claimants. The problems are newer for Sweden and Finland where problems of unemployment were experienced later than in other EU countries. In Sweden's case, the longer history of active labour market policies poses a different challenge for policy reorientation than for the other EU countries.

Reform trends are also influenced by the scope and nature of the existing PES provision, and the main orientation of national employment policies. There is a distinction between countries where a PES is comprehensively established (Ireland, UK, the Netherlands, Denmark, Sweden, Finland, Germany, Austria, France, Luxembourg, Belgium) and countries where the existing PES is less well established and effective (Italy, Spain, Portugal, Greece). Not all of the latter countries have access to integrated computer systems. Some PES reforms have been undertaken in parallel with other major reforms, such as in the Spanish case, where the provision of vocational training has been radically restructured.

Reform has also led to varying degrees of decentralisation, or clarification of already decentralised roles and responsibilities. Decentralisation is generally designed to ensure improved accessibility and tailoring of measures and provisions to local labour market needs. However, policy motivations behind decentralisation differ. In Belgium, for example, decentralisation took place as part of the general federalisation process. In Austria, on the other hand, decentralisation was the result of the wide-ranging reform of the structure and administration of the Labour Market Service. It entailed a closer involvement of the social partners at the local level and a devolution of responsibility for policy

formulation, with the central administration now merely responsible for the provision of broad policy guidelines. Other countries which have witnessed a certain degree of decentralisation are Denmark, Italy, Luxembourg, Finland, and the Netherlands. Various forms of local partnerships such as those introduced in Ireland, France and the Netherlands have been designed to provide a better integration of services and avoid the duplication of efforts.

Another common trend in many of the reform processes has been the effort to increase levels of customer orientation. This is to be achieved through closer links with local businesses and the achievement of greater responsiveness to their needs. In Luxembourg, for example, a number of PES offices develop common training plans with enterprises. The provision of the resulting dedicated training virtually ensures the trainees post-qualification employment. In the case of the placement of special needs groups, the PES increasingly co-operates with other agencies who have a closer knowledge of the needs of the client group and local employers willing and able to take them on. Part of increasing customer orientation is the improvement of the service provided by, and the image of, local PES offices. In many countries this has involved in particular an improvement in facilities, and the availability of self-service vacancy information (ie France, Austria, Germany, Finland).

As mentioned above, most Member States have witnessed some degree of liberalisation of the provision of private employment services, (Sweden, Finland, the Netherlands, Spain, Germany, Austria) and the legalisation of certain types of private, or non-profit making private employment services; the exception was Luxembourg where the monopoly was reinforced in recent reforms. The PES retained its monopoly in Greece and Italy. Provision in the private sector ranges from temporary work agencies, which were legalised in most Member States for some time, and recruitment consultancies to placement and outplacement firms. Legislative provision differs as to the degree of regulation covering the activities of such firms and the general ease of business formation. In some countries, business formation in the sector has remained limited, due partly to the weight

of regulations covering the establishment of companies (eg Austria). While some concerns have been raised about the abuse of the position of unemployed workers, operators in this area are generally considered to be respectable. A more important issue is the level of competition or co-operation between public and private providers. This area remains rather unexplored, but current evidence seems to indicate that there is only a limited degree of competition between public and private sector providers because of the nature of the client groups served. The public sector remain to a large extent 'specialised' in the placement of disadvantaged groups, while the private sector tends to service executive, managerial and highly specialised staff. A number of country contributions highlight the fact that one of the most beneficial effects of liberalisation has been its knock-on effect on the improvement of public sector provision. However, improvements in this area can only be achieved with greater budgetary commitments.

Activities of the public employment services are generally free for job seekers and employers and are financed from general taxation; in some cases this is specified within the social security budget, in others it is reserved for the PES. The exceptions are where ESF resources are used for vocational training (in Spain, Greece, the Netherlands), and where training levies are utilised (Spain). In Sweden, a type of services focusing on vocational retraining of employees, the Working Life Services, are completely based on fees from employers. Other countries also now divide their budgets into expenditure on statutory duties and spending on other services.

Finally, there has also been more attention devoted to the setting of performance indicators and the evaluation of their achievement, as well as the assessment of measures in terms of their effectiveness and efficiency.

In its own assessment of the effectiveness of active labour market policies, the OECD emphasises the role of the PES office network as one important determinant of policy effectiveness. The density, coverage and resource intensity, the qualifications of its staff in the front-line offices and the effectiveness of their brokerage services are cited as key contributory factors (OECD, 1996). The OECD

Table 2: Private Employment Service Data

Countries	Temporary Work (via Agency)	Non-profit Private Employment Service	For-profit Private Employment Service	Private Placement Only for Special Client Groups
Austria	yes	yes (1994)	yes (1994)*	no*
Belgium	yes	yes	no	yes
Denmark	yes	yes	yes	yes*
Finland	yes*	yes*	yes (1994)*	no*
France	yes	yes	no	yes
Germany	yes	yes (1994)	yes (1994)	no
Greece	no*	no*	no*	no*
Ireland	yes	yes	yes	no
Italy	no*	yes*	no*	yes*
Luxembourg	yes	no	no	no
Netherlands	yes	yes (1991)	yes (1991)	no
Portugal	yes	yes (1993)	yes	no
Spain	yes*	yes	yes	no
Sweden	yes	yes	yes (1993)	no
UK	yes	yes	yes	no

* Information updated by SYSDM correspondent

Source: Walwei, Ulrich (1994) *Reform der Arbeitsvermittlung in OECD Ländern: Modernisierung öffentlicher Dienste und Zulassung privater Anbieter*

research into PES is based on in-depth reviews in 12 of its member countries focusing on the performance of the PES and the interactions between passive income support and active labour market policies (full references are given in the bibliography). The conclusions of this research, however, are set against a number of contextual factors such as: the policy infrastructure which is in place to implement and monitor active labour market policies; the ways in which active and passive labour market policies are financed; the degree of flexibility within the labour market eg job security provision and; the way in which unemployment and related welfare benefits are designed and implemented. The OECD concludes that in fulfilling its brokerage function, applying work tests, and seeking to place the most disadvantaged job seekers, the effectiveness of the PES depends crucially on the inflow of vacancy notifications. This is a factor which is even more important in a slack labour market when the needs increase but the number of notifications tends to decrease. Independent, tripartite and decentralised decision-making structures were found to affect PES efficiency in a number of ways (positively and negatively), and further steps were suggested as a means of increasing more efficient brokerage methods in the public sector such as

competing or co-operating with private temporary work agencies.

Conclusion

Recent debates have highlighted the role of the PES in facilitating the operation of the labour market and meeting the needs of employers and job seekers. One of the key issues behind reform efforts has been greater emphasis in PES provision given to unemployed people, especially the long-term unemployed. This is very clear in some of the historical accounts of the development of PESs, where national labour market circumstances have re-directed PES priorities to the urgent matter of meeting the needs of increasing numbers of unemployed people.

What is also becoming apparent is the extent to which the PES is perceived at national level as central to the success of active labour market policies. PES reforms are often closely linked to national priorities to switch from passive to active labour market policies.

Another focus of reforms has been the liberalisation of the provision of private employment agencies, or private, non-profit making agencies, in many cases for the first time breaking the PES monopoly in the area of placement services. Evidence so far points to a prominent degree of market segregation with private agen-

cies in general offering services to a small, highly skilled segment of the labour market. It appears that public and private providers complement rather than compete with each other. A number of Member States point to the beneficial effect liberalisation has had on the quality and customer orientation of the PES. One concern with the improvement of services at this level lay at the root of the establishment of self-service facilities and one-stop-shop offices. Other reforms have focused on the gathering of better intelligence on local labour markets and the improvement and co-ordination of training provision to suit the needs of employers.

Another important preoccupation of reforms and new development trends has been the participation of employers' associations and trade unions in the planning and delivery of employment services (in their own right, or as key partners in PES or private services). These developments have gone hand in hand with a decentralisation of provision and the development of local partnerships to ensure the most effective provision of placement services. The decentralisation of budgets, making local managers more

autonomous, is a key part of the debates concerning the provision of a more locally operated and targeted employment service. These debates also involve discussions over which sources of finance can be earmarked to finance this provision, for example, local taxes, national social security budgets, etc. The use of European Social Fund resources is also a key issue in the development of service provision in some Member States.

In many cases the reforms are too recent and it is not possible to assess the impact of changes on the operation of local labour markets and unemployed individuals, but changes clearly reflect national (and European) labour market concerns with the battle against long-term unemployment.

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International Labour Standards and Employment Services

An Article by Peter Duiker, ILO, Labour Administration Branch (1996)

The International Labour Organisation has, virtually since its establishment in 1919, favoured the maintenance of a free public employment service. ILO Convention No 88, concerning the organisation of the employment service, identifies special responsibilities for this public institution in the interests of the best possible organisation of the labour market. The Convention obliged all signatory nations to provide a free public employment service, which is considered to be an important instrument, not only for the prevention of abuses, but also for the achievement of full employment and for making optimal use of productive resources. This Convention dates from 1948. In the immediate post-World War II period several other international labour standards were set. While maintaining the main function of labour protection, these also aimed at shaping the conditions for long-term growth. In this respect, Convention No 88 has to be seen in conjunction with another instrument, ie Convention No 96 concerning fee-charging employment agencies. The latter Convention clearly favours the abolition of private employment agencies. Both conventions are still in force. However, it would seem that pursuing a monopoly situation in the provision of employment services is no longer compatible with the objectives of labour protection and of effective labour market policies. It is therefore likely that, during the International Labour Conference in June 1997, the ILO will make substantial revisions to Convention No 96.

The reasons for the proposed revision of Convention No 96 are basically to be found in the development of labour markets, in which the demand by enterprises has led to the growth of private employment agencies. During the International Labour Conference of 1994, the ILO organised a first broad discussion on the role of private employment agencies in the functioning of labour markets. This became a very frank, even at times confrontational, exchange of views on the contributions of these agencies to employment promotion and on the need for worker protection against abuses committed by these services. The Employers' representatives attributed the growth of private employment agencies to their efficiency in finding market niches and providing value added services which are being appreciated by enterprises as well as job seekers. This is particularly the case in times of increased sectoral and industrial specialisation. The rapid response mechanisms of private employment agencies are their main asset. On the other hand, the Workers' representatives expressed their strong concern about the negative impact of private employment agencies on industrial relations and on the protection of workers. While some governments have established effective guidelines for stable industrial relations and sound practices, their experiences with these agencies are, in most cases, negative. This

negative impact is evident in many aspects of collective bargaining where temporary work agencies are being used to weaken the bargaining power of trade unions and to prevent trade union recognition.

During the ILO conference of 1994, many delegates expressed that they considered Convention No 96 as outdated, not only because it fails to recognise the role of the private sector, but also because it provides inadequate protection against abuse. The Employers' representatives emphasised the need for complementarity between private and public employment services. In order to promote sound industrial relations, the Workers' members considered it necessary to establish and maintain standards to govern the conduct of private employment agencies. Taking these considerations into account, representatives from governments as well as from workers' and employers' organisations reached a consensus on how to organise labour market services in order to promote economic growth and full, productive employment while providing labour protection. It was felt that Convention No 88, on the public employment services still constitutes an adequate framework for promoting growth and social justice. But it was recognised that Convention No 96 was no longer an effective instrument for that same purpose. This is not only because of its restrictive, monopolistic character, but also because it ignores the many and increasingly diversified activities undertaken by different types of private employment agencies. These can comprise any natural or legal person, independent of the public administration, which provides services like:

- matching demand and supply without the agency becoming a party to the employment relationship;
- recruiting workers, who are employees of the agency, with a view to making these workers available to a natural or legal third party user who assigns and supervises their tasks; and/or
- training, provision of information or any other employment related services that are provided without seeking to match specific supply and demand.

The history of the ILO Conventions concerning fee-charging employment agencies and their revisions, shows how difficult it is to meet the needs of employers and workers, including job-seekers, under monopoly conditions. The challenge is to find ways of providing a total labour market service to the public. The form which complementarity between public and private employment agencies will take, depends on a large number of factors. In a final analysis, the outcome will have to be judged not only in terms of cost-effectiveness and efficiency, but also on the basis of labour protection, equity and social justice.



Belgium

Employment Services

Introduction

Since the institutional reform laws of August 1980 and August 1988, which led to the division of Belgium into regions, responsibility for employment policy has been devolved to the regional level, and vocational training now lies within the remit of the different communities (ie Flemish, French and German speaking). Public employment services were also restructured in this context and the placement of job seekers and the promotion of employment and vocational training are now provided by three different bodies, each responsible for the Flemish and Walloon regions and the Brussels conurbation. The Office National de l'Emploi [ONEM] (National Employment Office) has retained responsibility for decisions regarding the eligibility and granting of unemployment benefit and other special benefits related to targeted employment initiatives throughout the country.

Overview of reforms

The most fundamental reform of the Belgian system of Public Employment Service (PES) dates back to the mid to late 1980s when the devolution of some responsibilities to the regional level took place to take account of the needs of the different linguistic communities in Belgium. This reform was not the result of changing priorities in labour market policy but an accommodation of the Belgian federalisation process.

In order to exercise their new powers over job placement, and employment and vocational training policy, each region set up a constitutional body to discharge these responsibilities. The Flemish Employment Office was initially established in 1984 and acquired its present structure in 1989, following the *Flemish Executive Decree of 21 December 1988*. It is now known as the *Vlaamse Dienst voor Arbeidsmiddelen en Beroepsopleiding* (VDAB) (Flemish Employment and Vocational Training Office).

The Office régional bruxellois de l'Emploi (ORBEM) (Brussels Regional Employment Office) and l'Office

communautaire et régional de la formation professionnelle et de l'emploi (FOREM) (Community and Regional Vocational Training and Employment Office), responsible respectively for the Brussels and Walloon regions were established in 1989 following the Royal Decree of 16 November 1988 and the Decree by the Walloon Regional Council of 16 December 1988.

Nature and Responsibilities of the Public Employment Services

The services of the PES are available free of charge to both job seekers and employers, and are funded by the training budgets of the regions. VDAB, FOREM and ORBEM perform very similar tasks for their own community, ie all are responsible for the recruitment and placement of workers, the retraining of job seekers and the provision of vocational training, particularly to those individuals affected by economic restructuring and redundancies. The vocational training provided, and the nature and implementation of a number of employment policies, differ between the three bodies. In Brussels, for example, vocational training is the responsibility of either the Flemish community or the Institut Bruxellois Francophone pour la Formation Professionnelle (French Speaking Brussels Institute for Vocational Training). The different requirements of the two linguistic communities are highlighted by a draft co-operation agreement recently adopted with the Flemish community by the Brussels Government which aims to set up a Dutch speaking Brussels Committee for Employment and Vocational Training. This Committee would be responsible for co-ordinating employment policy conducted in Brussels by the Flemish community.

FOREM, ORBEM and VDAB are all administered by a management committee consisting of an equal number of representatives from social partner organisations. In order to respond more effectively to the needs of the local labour market, FOREM and VDAB are decentralising into sub-regional employ-

ment services and ORBEM has set up five information offices. Each office has a database of companies, vacancies and job seekers. These databases carry out a process of automatic pre-selection. All sub-regional offices have access to the data and each office is also a member of the European Human Resource Network, EURES, specifically aimed at promoting co-operation between employment services in the Member States of the European Union.

The PES does not have a monopoly on placement services, although in Flanders, following the Flemish Executive Decree of 21 December 1988, employers employing a minimum of 20 workers over the past year must inform their local sub-regional employment office of all their vacancies advertised in the press either by the employer themselves or by a recruitment agency.

Anyone can register as a job seeker, which means that the PES deals with both unemployed workers and workers seeking to change jobs. As far as unemployed people are concerned, registration with the PES is a compulsory requirement for those wishing to receive unemployment benefit.

The supply and demand for employment are matched via the placement bureau and the sub-regional employment service. Where a skills mismatch occurs, vacancy and job seekers' details are transferred to other placement bureaux and sub-regional employment offices and, in severe cases, between the three Offices (ORBEM, FOREM and VDAB).

The three regional Offices have special responsibility for assisting difficult to place individuals who face discrimination in the labour market because of their age, mental or physical disability or ethnic origin. Although these activities of the PES theoretically cover all segments of the market, in reality they mainly focus on the placement of disadvantaged workers in low skilled, manual jobs. Such placements are made through specific approaches to employers and employer organisations.

Services offered by the PES include 'Jobphones' which enable job seekers to

find out about vacancies by telephone. They also allow employers to express an interest in a particular candidate through a 'Jobphone Manager'. Another service is the 'Job Club' which is aimed at long-term unemployed individuals. In addition, FOREM has a Company Relations Department which aims to encourage the take-up of active labour market policies. It informs companies of public subsidies available for employment and/or vocational training provision, eg recruitment subsidies and reductions in employer social security contributions are also granted for young people, the long-term unemployed and the low skilled.

VDAB and ORBEM have also developed an outplacement service. Outplacement can be defined as a set of services and advice that employers offer in the case of redundancies, which are designed to enable individuals to find alternative employment as quickly as possible.

Private Employment Services

Non-profit private employment agencies are allowed to operate subject to ministerial approval, which is granted (or not) based on the opinion of FOREM, ORBEM and VDAB. The PES therefore exercises some control over the establishment of private sector provision and retains a supervisory function post-approval.

Private sector activity currently appears to be concentrated in the market for temporary placements. A number of private employment agencies form part of the UPEDI (Professional Union of Temporary Employment Companies). This organisation represents around 50 temping agencies, who together achieve 90% of the total turnover achieved by the private sector. According to the UPEDI the number of temporary workers employed in Belgium per day is 34,816 (average 1994 figures).

Conclusion

The recent reform of the three PESs as described above forms part of the federalisation process which Belgium is currently undergoing and is not a consequence of national employment priorities. Once fully regionalised, the role of the PESs will not change, but they will be able to respond more closely to the economic realities of the particular region and community they serve.

An assessment of the market share of private employment services in comparison to the PES, and other methods of placement, is made difficult due to the lack of data on the personnel needs of companies, the replacement ratios of outgoing staff and the activities of private placement services. There are clearly certain areas where public and private employment services are in competition, for example in the supply of temporary workers to companies. However, insufficient data makes it difficult to assess to what extent services in this area are complementary or in competition.

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Sweden

Employment Services

Introduction

The public employment service (PES) offices in Sweden are part of the National Labour Market Administration (*Arbetsmarknadsverket*), along with the National Labour Market Board (*Arbetsmarknadsstyrelsen*), the County Labour Boards (*Länsarbetsnämnder*), the employability institutes (*Arbetsmarknadsinstitut*) and the Working Life Services (*Arbetslivstjänster*).

Employability institutes are centres for in-depth counselling and extensive vocational guidance and training. They are independent of the regular PES offices, but work closely with them. Around 60% of their beneficiaries are disadvantaged in the labour market and the remainder need in-depth counselling to assist them entering labour market. The consultancy programme, Working Life Services, enables employers or social insurance offices to buy vocational re-training for their employees.

Labour market programmes are administered by the National Labour Market Administration. The National Labour Market Board decides on the allocation of the budget for programmes in different counties and most projects within the programmes are decided at the county level.

The scope of employment services

The vast majority of unemployed people register with the PES. A validation study, by Statistics Sweden (1993), showed that more than 90% of those who were reported as unemployed in the labour force surveys in August-October 1992 were registered with the PES. Registration is mandatory for unemployed people who are eligible for, and want to claim, any of the two types of unemployment benefit. *Income-related unemployment insurance* is administered by the unemployment insurance funds, which are monitored by the National Labour Market Board. The *flat-rate unemployment benefit* is administered by the National Labour Market Board and the County Labour Boards. In 1995, 68% of registered unemployed people received the income-related un-

employment insurance and 7% received the flat-rate unemployment benefit.

Since people eligible for unemployment benefits must register with the PES, and be available for work or for participation in a labour market programme, PES offices also have a controlling function. They may refer to the administering body if they have reason to believe that a claimant is not entitled to unemployment benefit.

In 1995, of those employed people who were looking for another job, around one third had contacted the PES. There was a somewhat higher figure for people who were new entrants to the labour market.

Also in 1995, of all those newly hired, around 13% received information about their new job from the PES, about 25% contacted the new employer directly, 30% received information from friends or relatives and around 8% were informed by advertisements. Approximately 16% of all those newly hired were approached directly by the employer.

In the same year, about 22% of those people who had moved to a job after a period of unemployment received information about their new job from the PES. The percentages for the other sources of job information were in most cases somewhat lower than the figures for all those newly hired.

People who are disadvantaged in the labour market, young and elderly people, immigrants and long-term unemployed people constitute priority groups in Swedish labour market policy.

The role of the PES

The use of active labour market measures in Sweden has a long history and the PES has an extremely important role within them, making decisions about placements in almost all the labour market programmes.

Since the recession of the early 1990s, the number of people on labour market programmes has reached unprecedented levels. In 1994 and 1995, the number of people participating in programmes was about 4.5 to 5.5% of the labour force

(excluding programmes for disadvantaged workers). Given the open unemployment rate of about 8% in this period, 12-13% of the labour force were either on programmes or unemployed. For 1996, no marked changes in these matters are projected. The combination of high unemployment and large numbers of people on labour market programmes is new, both for Sweden and the rest of the world.

In *Sweden's Multi-Annual Employment Programme* (1995), the Government stresses that active labour market policy should be viewed primarily as professional education and training for reorientation. It is emphasised that the PES constitutes the foundation for labour market policy and that its primary task is to ensure that vacancies are rapidly and properly filled and that job seekers find employment quickly.

Private services

Between 1936 and 1992, for-profit private employment services were not permitted, with a few exceptions, eg services for artists and certain, already established, private employment services that could annually renew their legal permit (upto 1968). The provision of private employment services on a non-profit basis has always been allowed (but the extent has been minor). In 1992, the establishment of temping agencies was legalised, although temporary employees could be hired for a maximum period of only four months. In 1993, for-profit private employment offices were permitted and the four-month rule concerning temping agencies was abolished. The only fees allowed are those paid by employers.

Few private employment services have so far been established, mainly because relaxation of the rules occurred during the most severe recession since the 1930s. In 1995, private services had an estimated total market share of 0.4%. They had the same estimated share of the market for people who were newly hired as well as for people who were unemployed prior to new jobs. It is expected that the market share of private services

will increase when there is growth in the demand for labour. There are very few firms that concentrate exclusively on recruitment to permanent positions, although such services are also provided by the larger temping agencies.

At present, data on temping agencies and other private employment services are scarce. However, it is estimated that on average between 5,000 and 6,000 people were employed in temping agencies in 1995. During the second part of 1995, the growth rate of such agencies was projected to be high, at about 60-100%. It is anticipated that new domestic and international firms will contribute to this growth.

Temping agencies are generally concentrated in the bigger cities. They deal mainly with white-collar jobs, including secretarial and telephony work, although there does appear to be expansion into jobs in administration and those requiring computer skills. In addition, there are large firms interested in sub-contracting for the PES within municipalities or larger regions.

Public and private co-operation

As far as co-operation between public and private employment services is concerned, there are reports from the private services of mixed experiences in their contacts with the PES and other parts of the National Labour Administration (most often the County Labour Boards). For example, there seem to be differences between individual PESs concerning the willingness to co-operate with temping firms and private employment services.

During the last two decades, institutions owned jointly by employers' associations and unions or by the unions only, have started to provide assistance in job search for union members who have become unemployed as a result of redundancies. This type of free employment service is particularly important for the white collar unions in the private sector. However, it is often performed in co-operation with the PES and, in a few cases, in co-operation with temping agencies.

There is extensive co-operation between the central unions and the National Labour Market Administration. One recent example is the 1995 agreement *Increased Co-operation Between the*

Trade Union Organisations and the Swedish Labour Market Administration, (Utökad samverkan mellan de fackliga organisationerna och arbetsmarknadsverket).

This agreement specifies that the parties involved will co-operate more in providing unemployed union members with information appropriate for a successful job-search. For example, one scheme allows unemployed people who are on so-called Employment Development Programmes (*arbetslivsutvecklingsprojekt, ALU*), to act as 'lay employment officers'. They keep in touch with other unemployed union members, help to motivate them in their job-search and provide them with relevant information. The LO union, for blue-collar workers, is particularly keen on this approach.

One of the functions of the Swedish Employment Security Council (*Trygghetsrådet*), directed towards white-collar employees in the private sector is the so-called *clearing activity*, where around 100 administrative officials (placed in all regions of Sweden) work to contact people who have recently been laid-off and try to help them find new jobs in different ways. Evaluations show that these projects are quite successful and it is expected that such co-operation between the social partners will increase.

Future Development

In 1993, the Government established the Committee on Swedish Labour Market Policy (*Arbetsmarknadspolitiska kommittén*) with a broad mandate to study the role of labour market policy, its scope, focus and limitations. The Committee's final report in March 1996 emphasises that the goals for labour market policy should be limited to keeping vacancy periods short, decreasing long-term unemployment and preventing long periods without regular work. This means that the PES should concentrate on its original tasks - to fill vacancies and assist people who are long-term unemployed or at risk of becoming so. The report also points out that, in the future, it would be preferable to reduce the range of active labour market measures.

In the efficiency evaluation study of the PES by Althin and Behrenz (1995), large differences between the individual PES offices are found. The conclusions and policy recommendations in the study

are that the factors behind these differences should be thoroughly analysed and that substantial possibilities of rationalisation and alterations in the allocation of resources within the PES system are likely to enhance efficiency. The authors find it likely that a system of ambulating PES positions would increase regional efficiency.

Within labour market policy, delegation of budget and decision making has been introduced, particularly in trial projects run by municipalities. The aim of such projects is to produce a more efficient placement service, through co-operation between municipalities, social insurance offices and the PES, and to respond to unemployed people's individual needs.

In the *Employment Bills* (June 1996), in the field of labour market programmes, it is proposed that labour market policy be reoriented. The municipalities will be given a stronger role and the use of labour market programme funds will be made more flexible. The employment offices will be reinforced and central resources cut back. Clear, concrete, individual plans of action are to be drawn up in collaboration between the employment office and the job-seeker.

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Spain

Employment Services

Introduction

Up until 1995, the public employment service (PES) for both employed and unemployed people was the monopoly of the Instituto Nacional de Empleo (INEM) (National Institute for Employment) which is a public autonomous agency dependent on the Ministry of Labour and Social Security. INEM is also responsible for unemployment benefits and the provision of vocational training (since 1993, for unemployed people only).

This monopoly position in employment services did not imply in any way that all vacancies were filled through INEM. Even though all placements were required by law to be registered with INEM, it was estimated that less than 10% of total placements were handled by

the Institute directly. The remainder of placements (although registered with INEM) were made outside of the PES. The estimate of 10% could be even lower (although not significantly) because some placements, most notably of permanent workers, would probably not be registered with INEM. There are no studies regarding the kind of placements handled by either INEM or outside of the PES.

The reform of the public employment service (PES) was seen to be an essential requirement for the operation of the labour market. Created in 1978, the PES inherited a substantial part of the bureaucracy of the old Francoist vocational training office and has always found it difficult to achieve a clear role in the labour market.

With the increase in unemployment in the early 1980s, it had to devote substantial human resources to manage unemployment benefits. The entry of Spain into the European Community also meant that Spain received substantial funding from the Structural Funds.

When the Vocational Training Plan was passed in 1986, it was natural for INEM to be appointed as manager. Over the next few years, INEM was the main beneficiary of resources from the European Social Fund, which, together with the vocational training tax levied on all firms, financed the huge amount of vocational training courses provided in Spain during that period.

There has always been a feeling that this training was very wasteful, especially in the initial years. INEM seemed

to be too big and inflexible to handle all of these funds correctly and effectively. Thus, unemployment compensation and vocational training have tended to be INEM's main tasks during the 1980s and early 1990s.

As a result, INEM's role as employment service suffered. This branch is the least developed area of its responsibilities. At the same time, despite the potential advantages of the 'one-stop-shop' implied by the same agency handling unemployment benefits, vocational training and job placements, these three facets were always managed very separately and computer integration was never achieved.

At present, the weight of vocational training within INEM has been greatly reduced for two reasons: since 1993, training for those in employment has been transferred to a foundation managed by the social partners (and financed through part of the vocational training levy); in addition, vocational training for unemployed people has been increasingly decentralised to the regions.

At the same time, through computerisation, the management of unemployment compensation has increased its effectiveness. This has shortened the delay in the processing of the benefit and has reduced the number of staff necessary to operate the system.

Thus, the current reform, which has not been highly publicised, perhaps because of INEM's poor image, is a very important and timely event. INEM claims that it now has an integrated computerised system, whereby all three aspects, vocational training, unemployment benefits and job placement, are monitored for every person in the same system.

Overview of recent reforms

In 1995, building on the labour market reform introduced in Spain in 1994, INEM's monopoly was broken with the introduction of private, non-profit making agencies as well as the creation of 'Integrated Employment Services' known as SIPEs.

The new placement agencies have to follow strict regulations and have to be approved by INEM's General Council, with which they are required to sign a co-operation agreement. The General Council is made up of social partners and government representatives. The new

agencies have no restrictions on the groups of people and firms for whom they can cater. Any vacancy and any jobseeker, whether currently employed or unemployed, may be matched by the agencies.

Only one agency started to operate in 1995, the Catalanian Employment Service, promoted by the regional government of Catalonia. As of January 1996, 24 other agencies started to operate. Two others are still negotiating with INEM. The agencies already in operation, can be grouped as follows: three of them have a nationwide scope, five of them are regional, and the rest are either provincial or local. Professional associations and non-government organisations have also set up their own agencies. It is still too early to gain any impression of the significance and success of these agencies, although it seems that although they could be relevant at specific local or sectoral levels, their role is likely to be rather limited.

As for the SIPEs, they are not really job broking institutions, but an instrument of active labour market policy, the objective of which is to increase the 'employability' of unemployed people. At present, 25 SIPEs are operating, most of which have been created by local governments, primarily in the Barcelona and Madrid provinces.

As a result of the labour market reform, efforts have been made to reform INEM's activities as a PES as there is general agreement that, in the past, its operation has been rather ineffective. The liberalisation of placement services, albeit limited, also implies that those with a higher propensity for gaining employment in the first place, will be catered for by the private agencies, thus calling for a redefinition of INEM's role.

Therefore, in May 1995, INEM signed a 'Programme-Contract', which established the basis for a new role for the Spanish PES, and which is to last until the end of 1997. The general aim of this Contract is to increase the employability of groups experiencing the most difficulty in finding jobs. More precisely, the declared objectives of the Contract are the following:

- to increase the share of INEM job placements to 15% by 1997;

- of the placements managed by INEM, some 40% should correspond to long-term unemployed people and 20% to people older than 45;
- of those vacancies handled by INEM, the successful placement rate should be 98%, with a maximum response delay of four days;
- to approach more than 1 million firms in order to support the intermediary role of INEM.

In addition, and in order to meet these objectives, an effort to computerise the system, whereby job seekers can access job vacancies and training posts through the use of a smart card, will be launched. This is as well as complementary actions such as the optimisation of the employment office network, a new human resource organisation which is to increase the weight of employment promotion from 36% in 1995 to 43% by 1997, and will decentralise INEM's activities, by increasing the proportion of staff in employment offices, as opposed to the central and provincial headquarters, from 54% in 1995 to 73% in 1997. A new budgetary structure has been set up which allows for the monitoring and evaluation of the effectiveness of the different programmes as well as a reduction in unemployment compensation expenditure, in favour of active policies. The share of the latter in the total budget is planned to increase from 12% in 1994 to over 15% by 1997.

Conclusion

The situation at present, however, is in a state of flux. There has been a change in government orientation after 13 years. Currently, little is publicly known about the intentions of the new government regarding INEM and employment policies in general. It is therefore unclear whether the 'Programme-Contract' will be reformed. One of the points mentioned in the agreement between the ruling party and the Catalanian nationalist group (an agreement needed to achieve Parliamentary majority) referred to the transfer of employment services to Catalonia, and maybe to other regions as well. If this is carried out, it will imply a new redefinition of placement agencies, the result of which is completely unpredictable.

Given the situation as described in the preceding points, it is clear that INEM cannot be taken as an example of best-practice in job placement policies. In addition, the 1995 reform is too recent to be able to establish any conclusion regarding its effectiveness. The current situation also implies, that the reform may not as yet be finalised.

As a monopoly situation in the public employment service (PES) existed until 1995, there is little to say regarding the public/private mix. What appears to be certain is that monopoly has not been the equivalent of effectiveness. Workers and firms have managed to find themselves employment outside of INEM much more so than through it, probably through informal channels. As an employment service, INEM has not worked, indeed, some would say that it has been a complete disaster. The substantial role required by unemployment compensation and vocational training is probably behind this poor image.

One important problem has been the lack of an integrated computerised system which would allow monitoring of a job seeker from the moment they ap-

proach the employment office up until the moment that a suitable placement is achieved, including the relationship with unemployment benefit and the participation in vocational training schemes. This appears to be on the way to being solved and this should facilitate INEM's job-broking role.

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Austria

Employment Services

Introduction

The reform of the Austrian public employment service (PES) came into force on 1st July 1994. The Labour Market Service Act (*Arbeitsmarktservice-Gesetz*) provided for the establishment of an independent institution, in the form of a public corporation, responsible for labour market administration. The PES was therefore effectively removed from direct ministerial responsibility. At the same time private employment agencies were allowed to enter the placement market for all sections of the labour market, having previously only been available to executives and artists.

The Labour Market Service (*Arbeitsmarktservice - AMS*)

The new AMS is made up of a central administration, and nine Länder as well as 108 regional directorates. The central administration is responsible for setting broad guidelines on targets, and a general framework for intervention. It fulfills a co-ordination and control function, assesses labour market trends and organises labour market research and evaluation. It is also responsible for the training and further education of AMS staff. Länder directorates decide which labour market measures should be used to achieve set targets. It allows them a great

deal of autonomy in determining the main focus of intervention and budgetary allocations. The implementation of labour market policy is the responsibility of regional directorates, following the prescriptions of the central and Länder administrations.

The broad aims of the AMS as defined by law are the maintenance of social standards and the achievement of full employment. This is to be achieved through the provision of measures targeted, in particular, at disadvantaged groups in the labour market (eg older workers, women, long-term unemployed, disabled and young people). Vocational

training and further education measures are to be used to accompany structural change and to assist in the integration of foreign workers. Another task of the AMS is the monitoring and evaluation of activities to ensure their effectiveness and efficiency.

Co-operation with other agencies

To support special need groups such as women, ex-offenders, disabled individuals and drug addicts, the AMS regularly uses external agencies to support its efforts (for counselling and guidance and support services, training provision and employment initiatives). Apart from providing these support services, non-profit organisations carry out training and employment creation projects on behalf of the AMS.

Aims and results of the reform

With the rise in unemployment in the early 1990s the PES was facing increasing criticism regarding its effectiveness and efficiency. Criticism was particularly levied from the employer side and focused on the low level of employer orientation of the placement services. Difficulties with filling vacancies were seen to be an indication of the inadequate nature of the service provided. Other factors, such as increasing levels of unemployment and a lack of sufficient personnel, infrastructural and budgetary adjustments were not taken into consideration. The new model of public employment service provision and the legalisation of private providers was strongly supported by employer organisations and the Österreichischen Volkspartei (ÖVP, 'Austrian Peoples' Party').

In connection with the preparations for structural reform, the Ministry for Labour and Social Affairs commissioned an efficiency analysis of the PES. The Dutch Institute for Policy Research was asked to carry out the study, and its findings recommended all embracing structural reforms. At the centre of these reforms was the decentralisation of decision making, relieving the PES of everything but its core tasks, and the greater involvement of the social partners.

The inefficient operation of the PES was attributed to the fact that the service was overburdened with tasks which were

only marginally related to the labour market, leading to a lack of effort being vested in the core tasks of the PES such as the provision of information, counselling and placement services.

With the introduction of the AMS a number of administrative tasks were re-allocated to other organisations (health insurance bodies, the Ministry for Social Affairs etc). Among the services removed from the remit of the new AMS were the mediation of temporary placements, the licensing of private placement agencies, the administration of bad-weather-allowances for construction workers, payments arising from insolvency proceedings, as well as the surveillance of the illegal employment of foreign workers.

The core tasks of the AMS are the administration of unemployment benefit payments and the design and implementation of active labour market policy measures via the placement of job seekers, training and further education measures for unemployed people, ensuring the registration of vacancies, the development of a good relationship with businesses in the area, and the creation and maintenance of employment through support measures.

The reorganisation has also led to changes in decision-making structures. Central to this change was the greater involvement of the social partners, and the decentralisation of decision-making processes. This implied a dramatic change in decision-making processes. Labour market policy interventions were previously drawn up by the relevant specialised units in the Ministry of Labour and implemented by the Labour offices at the Länder level. The social partners and other interested parties were only involved in the advisory committee on labour market policy and were consulted on a measure by measure basis in areas of their expertise. This system gave more powers to the Ministry and the experts in relevant units. Under the new system the Ministry only issues guidelines for labour market policy which are decided at the national and Länder level of the AMS in which the social partners have co-determination rights.

Another major innovation in the new system is the possibility for loan financing of labour market policy outside of budget constraints which allows for a more anti-cyclical design of labour mar-

ket policy and enables the introduction of new innovative measures.

Private Employment Services

Private recruitment agencies and their consultancy staff are subject to a licencing procedure. The law stipulates that private placement services have to be free of charge for job seekers; fees can only be charged to employers using their services. Since the legislation came into force there have been very few licence applications. In March 1995, 16 agencies were licenced to place managerial personnel; 31 agencies dealt with the placement of artists, and only 5 agencies had applied for a licence to run general placement services on a commercial basis. It is assumed that the onerous licencing conditions have prevented the establishment of a high number of private placement agencies. In 1995, 936 job mediations were carried out by private providers.

Despite the low market share of private employment agencies, there are indications of an increasing proliferation of alternative placement services.

The work of temporary employment agencies was legalised in 1988. In 1994 there were 537 temporary work agencies who hired out 10,500 workers to a variety of companies.

In 1994 the AMS in Oberösterreich formed a non-profit temporary work agency specialising in the placement of long-term unemployed individuals. The organisation has so far arranged placements for 530 unemployed workers. Press reports state that 170 permanent positions have been found.

The legalisation of private placement agencies has not led to competition between public and private providers since they service different segments of the labour market. The AMS caters mainly for unemployed people and employed and unemployed individuals with special labour market needs. Registration with the AMS is compulsory for those wishing to receive unemployment benefit. Private providers mainly service highly skilled and managerial staff already in employment, but seeking to change jobs. Few of the clients of the AMS are in employment. The AMS retains the image of offering too few well qualified job seekers, and companies therefore turn to private providers when seeking skilled staff. A survey of businesses showed that

for a total of 43% of vacancies employers used the AMS. However, this was only the case for 7.5% of vacancies for managerial staff. For skilled staff the percentage was 25%; for unskilled staff 65%. The market penetration of the AMS is around 14.5 - 18.5% whereas for private providers the equivalent figure is 0.3 - 1% and therefore negligible. Crucially, the number of employees who found their job neither through public or private placement services was 80%. Most important is information from relatives or friends (32.2 - 34.9%), ad hoc applications (27 - 28.1%). Of more limited importance are employer (4.2 - 7%) or employee advertising (0.1 - 0.8%).

Conclusion

The effects of the introduction of the AMS are not yet clear and remain to be studied in detail. However, certain trends can already be discerned. Since the removal of the AMS from direct government control, the critics of the service have fallen silent. Even the press is painting a more positive picture of the services provided by the AMS than it previously did. This is partly due to the fact the employer representatives have been given a greater say in the administration of the service. Equally, the AMS is trying to establish itself as a professional service provider.

A key element of the reform was decentralisation, which implied a transfer of responsibilities to the lower level. This boosted the planning and policy design function of the Land level administration. This is mirrored in the involvement of the Land level organisation in the redesign of operational plans for particular programmes. As a result there has been a change in the policy formulation and decision-making processes.

There is also evidence of an emerging divergence in the nature of active labour market policy interventions. A common

trend is the intensification of job placement activities and the improvement of contacts with businesses, at the expense of measures for the reintegration of hard to place individuals such as specific training courses and employment initiatives. This trend was already visible prior to the reform but has picked up momentum since. These developments are partly compensated for by the priorities under ESF which favour the support of measures directed at disadvantaged groups in the labour market.

Innovative labour market measures were previously the remit of independent agencies. The AMS has taken over the financing of such projects. Since the social partners are now more closely involved in decisions concerning the funding of projects, critics feel that there is a risk that funds for training and further education measures will be channelled away from independent providers to their own training institutions.

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Federal Republic of Germany

Employment Services

Introduction

Since 1994 public and private employment services have been operating in a regulated co-existence model (reguliertes Koexistenzmodell). Registration with the public employment service (PES) is a requirement for the receipt of unemployment benefit. There is no duty for employers to notify the PES of any vacancies, and indeed most vacancies are filled neither by the PES nor by private providers.

Overview of recent reforms

Prior to the 1994 reform, the PES (Bundesanstalt für Arbeit) held a monopoly over the provision of placement services. However, in exceptional circumstances, the PES contracted out placement services for particular occupations or groups of individuals, which were seen to be insufficiently catered for by the PES. Approximately 40% of such activities were accounted for by for-profit placements of artists; 60% were non-profit placements of students by private agencies.

In 1994 there was a liberalisation of the provision of placement services. The PES monopoly over placement services was fully lifted by the Law on Employment Promotion (Arbeitsförderungsgesetz) which came into operation in August 1994. Private employment services were legalised to cater for all occupations and client groups, subject to a licence being granted by the PES. Providing certain minimum standards were fulfilled the law legalised the operation of both for-profit and non-profit placement agencies.

Between April and December 1994, 1,825 private agencies were licenced in west Germany. Together with the 285 agencies previously operating on behalf of the PES, this amounts to a total of 2110 licensees operating at the end of 1994. In 1995 another 3000 were added. Despite this apparent boom in the establishment of private providers, the number of placements mediated by such agencies remained comparatively low (355,000).

Since the liberalisation of the placement market, the PES only registered an additional 33,000 successful job mediations.

More significant than the activities of private placement agencies is the operation of temporary employment agencies. Such agencies have been allowed to operate for a number of years and are also subject to a licencing procedure under the control of the PES. At the end of June 1994, 128,600 workers in west, and 10,000 workers in east Germany were employed on a temporary basis in a variety of companies on behalf of such agencies (approximately 0.6% of total insured employment).

Between 1988 and 1994 the number of temporary employees in west Germany increased by 50%. Male temporary workers are mainly engaged in trade and industry, as mechanics, electricians and unskilled manual workers. Female temporary employment is mainly in secretarial and administrative work. The fact that such temporary employment relationships are usually short in duration indicates that agencies seek to maintain a degree of elasticity in their number of employees, so that they can adjust to fluctuations in demand. Temporary employees, on the other hand, often regard employment with a temping agency as a stop-gap. The increase in these forms of employment mirrors the drive of companies towards greater flexibility.

The Public Employment Service

The placement share of the PESs job centres is significant and has been increasing in recent years. In east Germany, job centres were notified of 34% of all vacancies, in the west the respective figure was 38% (IAB Kurzbericht No 9, 1995). Of the vacancies notified, 74% were filled by job centres in west Germany (82% in the new Länder). In the old Länder, the market share of the PES in placements (jobs over 7 days duration) was 27% in 1994.

In 1995, 3,612,000 individuals were registered unemployed with the PES; 71% of those were unemployed claimants. They had to prove themselves to be avail-

able for work as their ability to refuse jobs offered is limited by the regulations governing the receipt of unemployment benefit. In April 1995 there were an additional 1,365,000 employed individuals registered with the PES as seeking work. They represent one quarter of all individuals registered with the PES. Nearly half of all those registered with the PES do so voluntarily.

Job centres have a greater success rate at placing employed job seekers. Figures from 1995 show that only 46% of placements involved unemployed individuals. This is partly due to the fact that employment opportunities are greater for employed job seekers. It is also important to remember that the PES deal with a high proportion of hard to place individuals (30% of registered unemployed are long-term unemployed).

Job centres in east Germany are more involved in labour market adjustment processes than in the west. In 1994, 30% of all registered vacancies were in east Germany and one quarter of successful placements were carried out in the new Länder. One third of placements lasting over 7 days were in east Germany and placements in job creation measures were much more frequent than in the west.

Job centres are to a certain extent 'specialised' in the mediation of difficult to place groups. This has led to an unfavourable image of the service with employers. However, there are also a number of private agencies, usually charitable organisations, that focus on the placement of disadvantaged groups.

The placement of job-seekers is not the only task of the Federal Employment Service and its job centres. They also administer the unemployment benefit system and implement active labour market policy measures. Further education and training are the key elements of active labour market policy, others include re-training, measures to assist the re-integration of marginalised groups in the labour market, as well as German language courses for immigrants of former German origin (Spätaussiedler).

Training measures cover a broad range of client groups and also offer the oppor-

Table 1

New Hiring in East and West German Companies
Method of search and vacancies filled via the following activities, as a % of all new hiring, IV/1995

	Method of search west Germany	Vacancies filled by companies	Method of search east Germany	Vacancies filled by companies
Newspaper advertisement	42	31	23	15
Response to advertisement by jobseekers	7	2	4	1
Job centre	41	11	44	27
Private agency	2	1	2	1
Advertisement at gate	2	1	3	1
Internal advertisement	12	3	11	4
Ad hoc application and list of applicants	29	24	19	15
Via own employees	24	15	30	19

Source: ifo Betriebsumfrage IV/1995

tunity to combine short-time working with training and further education. The PES also support small business formation.

Another area of responsibility is the 'second labour market'. In 1994 job centres placed 96,000 individuals on a variety of employment creation measures. On an annual average there are around 60,000 individuals taking part in such job creation measures in west Germany (this figure declined drastically in 1990 because these measures have largely been concentrated in east Germany. Such measures are generally targeted at the most disadvantaged groups in the labour market (ie long-term unemployed and disabled people as well as older workers). Since 1989 special subsidies are available to employers who take on long-term unemployed people or older workers.

The activities of the PES are primarily financed through contributions to the unemployment insurance system which are paid in equal measure by employers and employees. Additional government funding is available for special measures, and any shortfalls in funding are generally covered by the state. In 1994, 56% of all expenditure was on measures in the old Länder; 64% of which was expenditure on earnings replacement benefits, 30% on active labour market policy measures, 41% for training and further education measures, 11% for vocational rehabilitation measures and 6% short time working allowance. The PES in Germany remains a very centralised system despite moves in 1994 towards a more

decentralised allocation of funding for vocational training measures. The PES is administered by a tripartite body made up of government and employer and trade union representatives.

Conclusion

The role of private employment agencies in the reduction of unemployment is considered to be negligible. Far more important in this respect are job creation and retraining measures aimed at reducing the skills mismatch administered by the PES. However, the liberalisation of the market in placement services is also aimed at improving standards of service provision in the PES. To achieve the latter efforts have been made to achieve a greater client orientation (vis-à-vis companies as well as unemployed individuals). In 1988 job centres began to introduce a vacancy information self-service system to encourage self-help and increase market transparency. This modernisation can be seen to have had some positive effects.

In one of the German Länder (Nordrhein-Westfalen) a START agency has recently been introduced on the basis of the Dutch model (see page 42). This agency provides a variety of job mediation, training and outplacement services and operates on the basis of a tripartite board.

Private agencies are commonly used by employers to replace own initiatives (eg press advertisements) rather than the use of the PES. The level of competition between the PES and private providers is

therefore low since they cover different segments of the labour market. Their client groups are mainly artists, students, executive and managerial personnel and administration and construction workers.

It is still too early to assess the full impact of liberalisation, however, it can be observed that there has not been the expected boom in agency formation. This would indicate a low level of demand for such services, but the difficult labour market situation makes it harder for such private ventures to become established. Private agencies are mainly used for outsourcing, and most successful in this market are those agencies which previously served businesses as temporary work agencies and manpower consultants. However, liberalisation has led to the improvement of public sector services and increased market transparency. The reform of the PES is not yet complete.

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Finland

Employment Services

Introduction

In Finland, the majority of employment services are provided by public employment offices. The network of public employment offices is a branch of the Ministry of Labour. The Ministry supervises the operation of labour market policies, the implementation of which is delegated to 13 regional labour districts and 183 local employment offices.

There are several bodies through which the social partners can influence labour market policies. The Council for Labour Affairs is the highest tripartite body involved in discussing the Ministry's guidelines, action plans and targets for regional and local offices. At the regional level, management decentralisation has given considerable power to tripartite bodies to deal with matters concerning employment services and the management of labour market policy.

Overview of recent reforms

Prior to 1994, public employment services commanded a strictly observed monopoly. However, within this monopoly, the Ministry of Labour was able to grant permits to private organisations - often white-collar trade unions and occupational associations - allowing them to provide job-placement services. At the end of 1993, there were 33 associations licensed to provide employment services. In 1986, a licensing system was introduced to regulate the activities of agencies which handle temporary work. By the late 1980s, this system covered 1% of all employees, mainly in the fields of entertainment, clerical work and construction or installation work.

In 1994 the employment services system experienced a degree of deregulation. The 1994 Employment Services Act abolished the permit procedure for job placement services, which meant that the hiring of labour was no longer regulated and the private provision of employment services was then permitted. To date, the removal of restrictions has had little impact, due partly to the prolonged depression of the labour market.

Responsibilities and Market Share of the Public Employment Service

The tasks of the public employment service (PES) include: placement; vocational guidance; labour market training; vocational retraining; and information services on training and occupational choices. To claim unemployment benefits, unemployed jobseekers are obliged to register with the PES. Although the PES ceased to have responsibility for paying benefits in 1985, it does continue to assess the availability of claimants for work.

In addition, the PES has a vital role in the overall implementation of active labour market policy measures. Most spending on such measures passes directly through the PES in the form of payments to training providers or employment subsidies paid to private or public sector employers. In practice, the PES is more involved in granting employment subsidies and placing unemployed workers into training than it is in matching jobseekers with vacancies. This tendency was strengthened during the recession, as the number of job vacancies fell.

The 1987 Employment Act introduced a requirement on employers to notify vacancies to the PES. Despite the abolition of the PES monopoly of job-placement activity, this requirement remains in force, although it only applies to those vacancies for which external labour is sought, and is not observed in practice since there are no sanctions for non-compliance. The proportion of vacancies notified to the PES was estimated to be about 30% in 1994 (OECD, 1995). This may be an over-estimate, since there were approximately 840,000 new ordinary employment contracts in 1994, but only 140,000 vacancies registered with the PES - ie about 17% of the total were registered. Such low percentages need to be seen in the light of evidence that only about half of all vacancies are openly advertised, the rest being filled by informal methods.

Surveys of employers and employees, in 1993 and 1995, showed that about a third of all recruitment was achieved either through the PES or through news-

paper advertisements, the two most public forms of announcing vacancies. About half of all recruitment was via direct contact with employers, by virtue of being a former employee or a previous applicant.

Since the majority of unemployed people are claiming benefits, a large proportion of them are registered with the PES. However, the PES does not only service the needs of unemployed people. Since it is necessary to be registered with the PES to have the opportunity to go forward to the closed selection of interviewees carried out by employment service staff, more than a quarter of all jobseekers registered with the PES are in employment. Indeed, about 60% of PES-registered vacancies have been filled by registered employed jobseekers and only 30% by unemployed registered people. This is not a precise measure of the role of the PES, however, since a registered jobseeker may fill a registered vacancy through other channels, and a non-registered jobseeker may find a job via the PES open vacancy display.

In recent years, the annual number of PES clients has doubled. In order to serve these larger numbers, the PES has increased the range of self-help and group services. In 1995, there were about 8,000 groups in action - involving about 90,000 clients. PES offices are also now offering employers special recruitment, selection and staff development services, for a fee, alongside the free basic services. A recent innovation in the larger PES offices has been to allocate an individual contact person for major employers.

Pre-selection of a specified number of candidates for interview is included in the free basic services for employers. To speed up the process, it is common for the PES to use a computerised database to select suitable candidates according to the employer's specification. The PES then contacts those selected, asking them to come to a placement interview after which they are referred to the employer for interview. The vacancies which are subject to pre-selection are not usually publicly advertised, which can mean that those vacancies which are openly adver-

tised tend to be of lower quality. In addition, job-seekers may typically wait months between job interviews. These disadvantages, together with the increasing reliance upon self-help services, threaten the continued provision of the pre-selection procedure.

Employers can provide details of vacancies to be openly displayed at PES offices, the details are also entered onto a national database which was introduced in 1991. A renewal of this information system is under way, however, and a new system will be introduced from 1996 to 1998. It will also be possible for employers to announce vacancies on the Internet in 1996. So far, these open displays are used infrequently, since employers prefer to have some pre-selection of the candidates. A more open screening procedure would allow jobseekers to make direct contact with the PES to express an interest in an advertised vacancy. This would, admittedly, demand more staff resources in the employment offices.

There are several other changes which have recently been implemented. One relates to a growing tendency to use separate selection and recruitment procedures for temporary jobs. In 1995, about 25% of all PES-registered vacancies were for temporary jobs (expected to last at most one month); 35% were for jobs of one year or more. In Kouvola, a clearing centre has been established to assist employers who are seeking temporary workers to meet their statutory obligations. This year, some PES offices have extended their services to include a role similar to that of temporary work agencies.

The quality of the PES was assessed in nationwide surveys in spring 1994 and 1995 (Kohtanen 1995; Kohtanen and

Rantahalvari 1994). The surveys examined the perceptions of clients, PES staff and employers. Clients gave their most favourable evaluation to vocational guidance services and to information services, with the friendliness and tactfulness of staff being particularly well-received. Clients regarded the inadequate number of self-service terminals as the most dissatisfying factor. Employers were the most critical customer group, although their evaluation of the services was not especially poor (an average evaluation of 7.9, on a scale from 4 to 10). Indeed, 70% of the employers who had used labour-exchange services were satisfied with them.

Recently, great efforts have been made to enhance the co-operation and information exchange between public employment offices and employers. Labour administration has also been active in increasing co-operation with universities and vocational institutes in order to establish service networks which aim to promote the transition of newly qualified young people into working life. The service networks with the educational institutes represent a type of semi-public service.

Conclusion

There is no clear-cut distinction in the type of work carried out by public and private employment services. This is mainly due to the relatively minor role played by private employment services, to date. PES offices serve all types of client and handle all kinds of vacancies. A private service provider may charge for employment services, except for placement services for which individual clients cannot be charged. The recruitment

and job-placement activities of private agencies handling temporary work are still concentrated in a few fields - entertainment, clerical work, warehousing, health care and teaching. There are a few companies which focus on tailor-made employers' services, such as head-hunting or search for specialists in specific fields. In general, it is anticipated that there will be a growth in the activities of private employment services as the labour market recovers from the recession.

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Statistical Supplement N° 26

Data on Public and Private Employment Services

Where possible, the SYSDM correspondents have supplied data on public and private placement provision, which provides a useful overview of the current situation, despite the generally poor statistical coverage of employment service activities.

Figure A1
Total no. of Public Sector Employment Offices



Figure A2
No. of Public Sector Employment Offices
(per 000 sq. km)

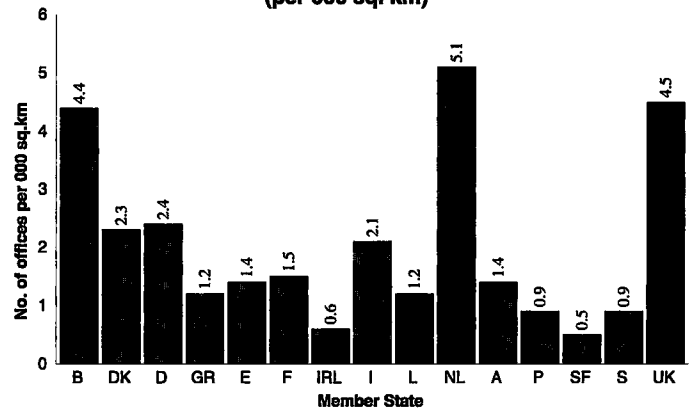


Figure A3
No. of Public Sector Employment Offices
(per 000 working population)

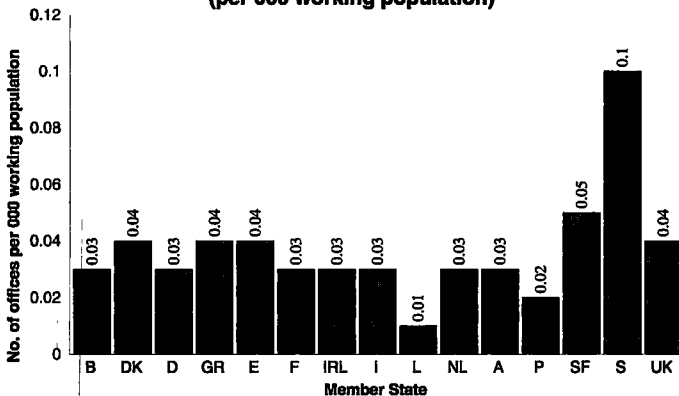


Figure A4
Total No. of Public Sector
Employment Office Staff

* No data available

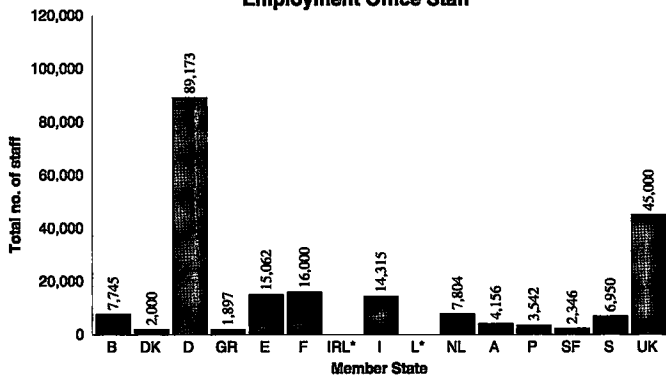


Figure A5
No. of Public Sector Employment Office Staff
(per office)

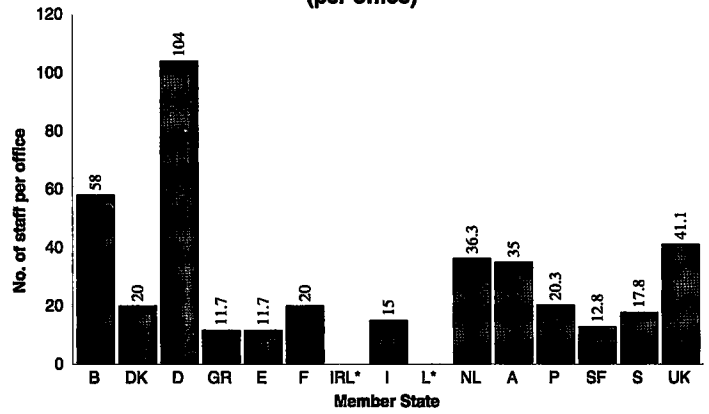


Figure A6
No. of Public Sector Employment Office Staff
(per 000 working population)

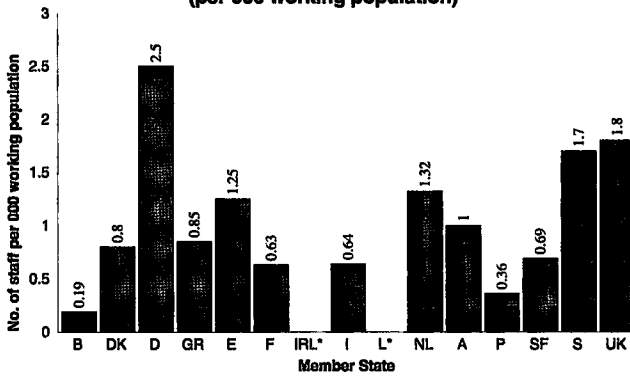


Figure A7
No. of Public Sector Employment Office Staff
(per 000 unemployed)

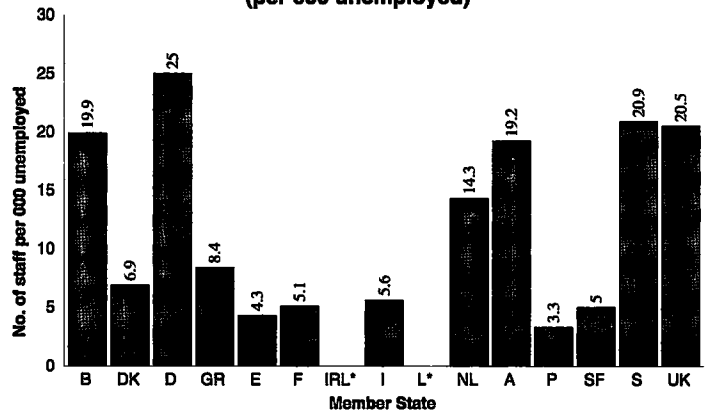


Figure A8
Total No. of Vacancies handled by Public Sector
(000)

* No data available

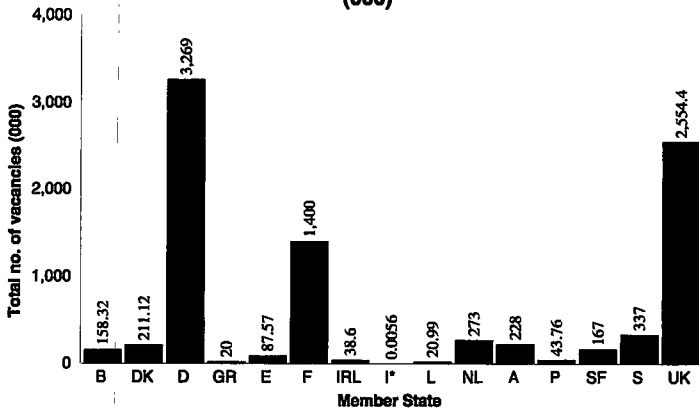


Figure A9
No. of Vacancies handled by Public Sector
(% of all vacancies)

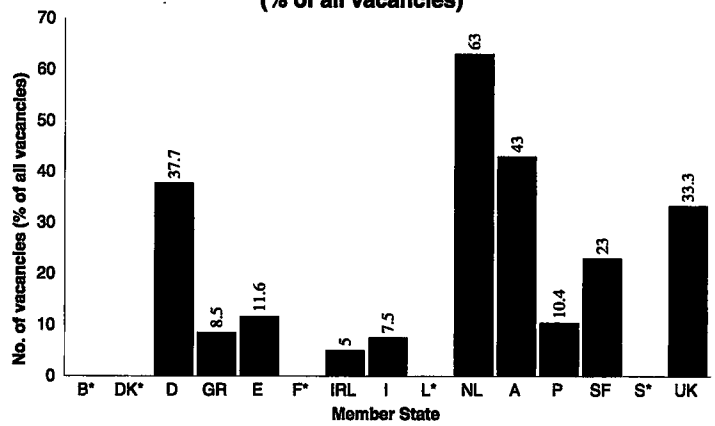


Figure A10
No. of Unemployed People per Vacancy registered
with Public Sector Offices

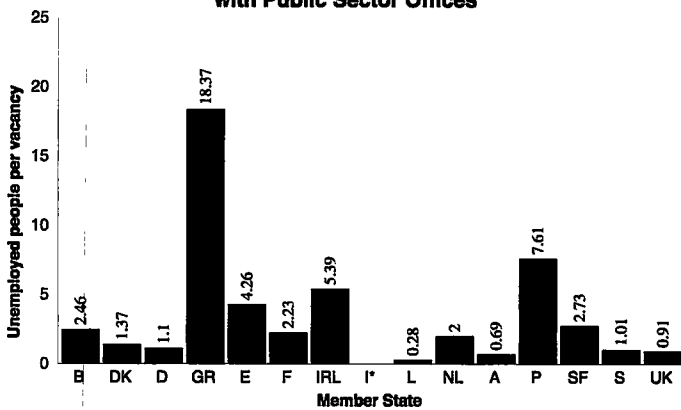


Figure B1
Total No. of Private Sector Employment Offices

* No data available

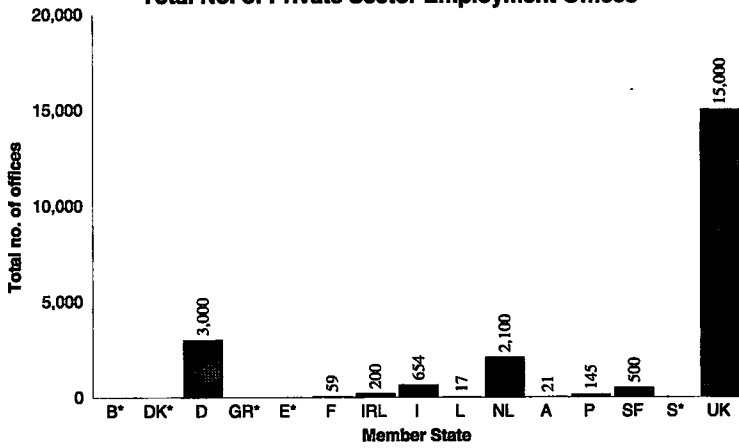


Figure B2
No. of Private Sector Employment Offices (per 000 sq. km)

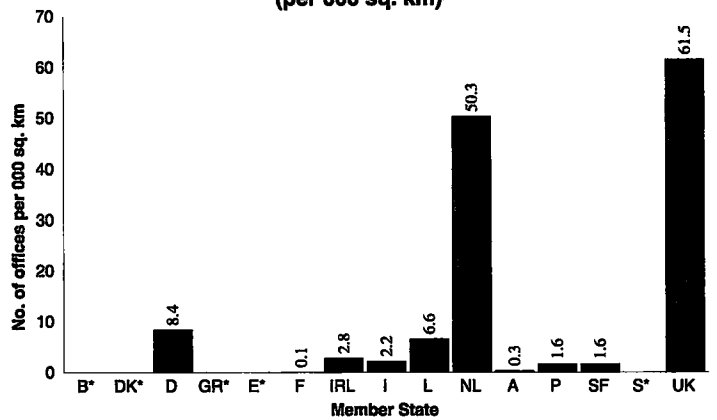


Figure B3
No. of Private Sector Employment Offices (per 000 working population)

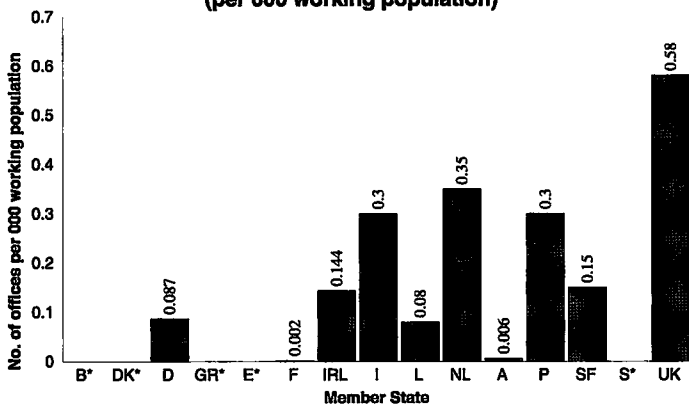


Figure B4
Total No. of Private Sector
Employment Office Staff

* No data available

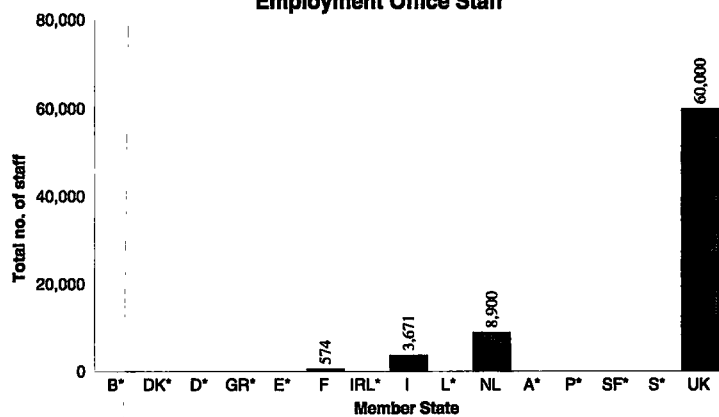


Figure B5
No. of Private Sector Employment Office Staff
(per office)

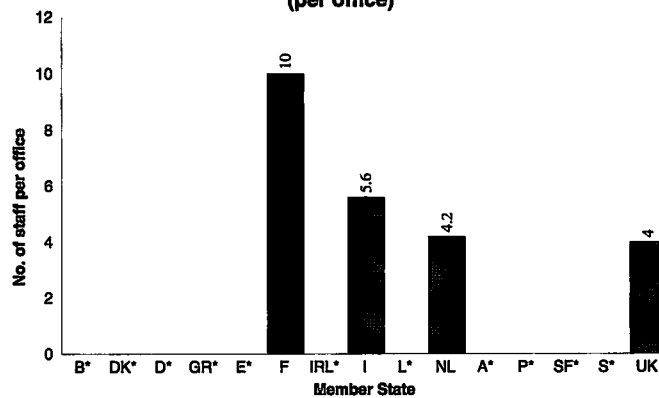


Figure B6
No. of Private Sector Employment Office Staff
(per 000 working population)

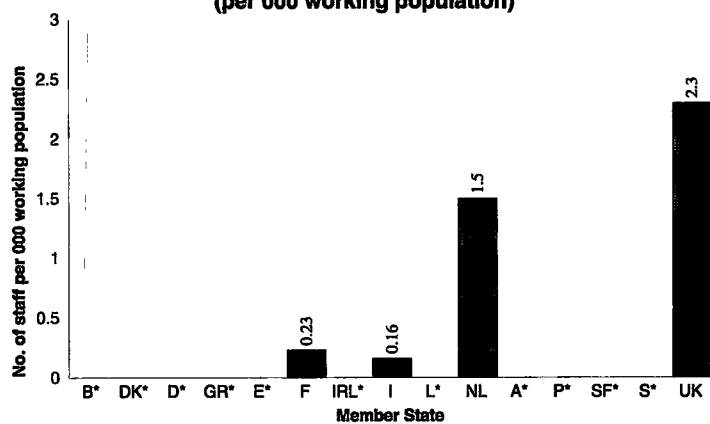
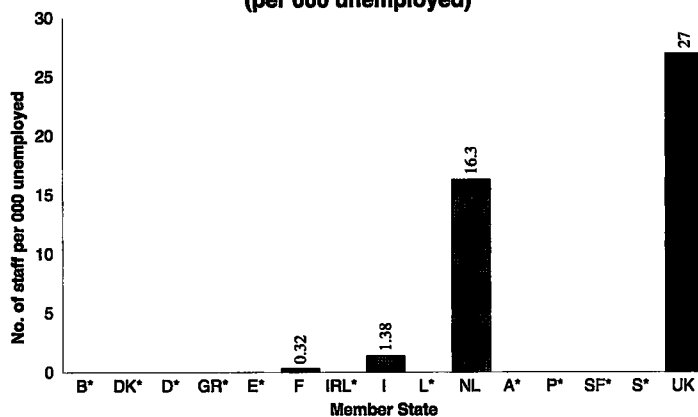


Figure B7
No. of Private Sector Employment Office Staff
(per 000 unemployed)



* No data available

Figure B8
Total No. of Vacancies handled by Private Sector (000)

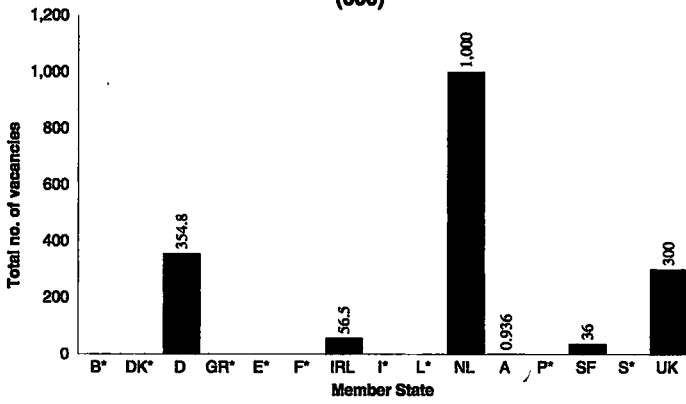


Figure B9
No. of Vacancies handled by Private Sector (% of all vacancies)

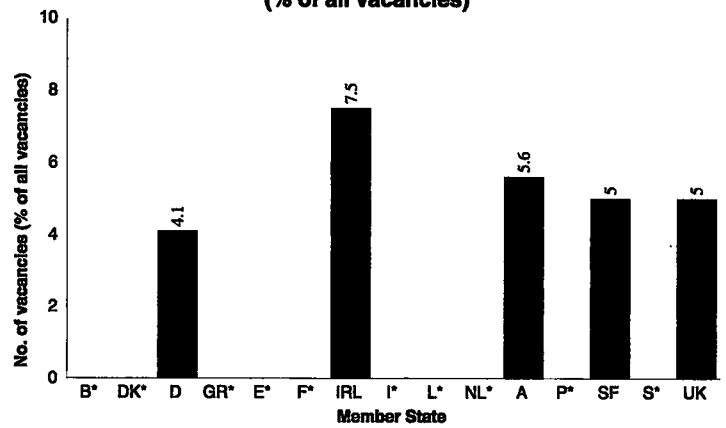
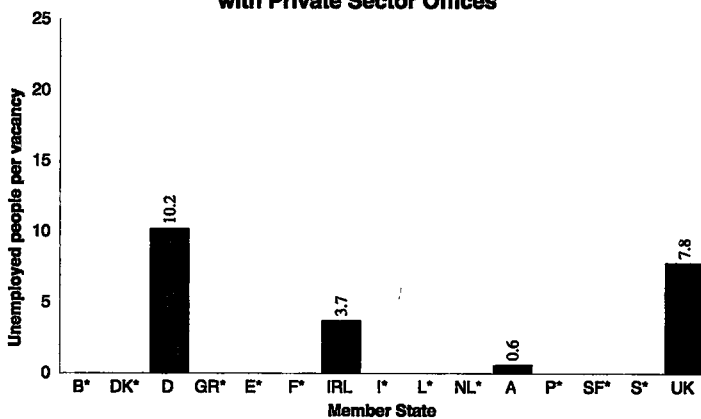


Figure B10
No. of Unemployed People per Vacancy Registered with Private Sector Offices



Commentary

Where possible, the SYSDM correspondents have supplied data on public and private placement provision, which provides a useful overview of the current situation, despite the generally poor statistical coverage of employment service activities. To ensure a certain measure of comparability each correspondent used a common set of headings for the collation of this information. The achievement of comparability proved difficult, because even a basic indicator such as the number of employment offices is ambiguous, due to the complex nature of employment services in a number of Member States. In Belgium, for example, each of the three regions have their own job placement agencies, with local and regional offices within this structure.

In general, the information on public employment services is more reliable than similar information on private employment agencies. In some cases (ie Greece, Italy and Luxembourg) the state still has a monopoly on job placement activities, and private agencies are either prohibited, or restricted to very specialised areas of placement (eg artists). In Member States with a well developed network of private placement services, information on their operation is poorly documented, despite the fact that in virtually all cases they operate in a strictly controlled legislative framework which generates information for monitoring purposes. The problem is that the provision of private employment services is also highly competitive and as a result the provision of information which could be considered commercially sensitive is restricted.

Any data presented here and in the statistical supplement should therefore be treated cautiously in terms of the precise figures. However, the general differences displayed are more reliable and provide some interesting comparisons.

Density of PES network

The number of local offices in the PES in each Member State is shown in Figure A1. The largest office network is in the United Kingdom with around 1,100 separate units spread throughout the country. However, of more interest in terms of comparison between Member States is the geographical spread of those offices and the share of the population they are aiming to serve. Figure A2 expresses the number of local offices per 1000 square kilometers and shows that the Netherlands has the most dense network with 5.1 offices, but closely followed by the UK with 4.5 and Belgium with 4.4. The lowest figures are in the more sparsely populated Member States such as Finland and Ireland. When the size of the population covered by each office is taken into account, differences between the Member States are reduced. Figure A3 shows that in the majority of countries the range is between 0.02 and 0.04 offices per 1000 working population.

Staffing levels

When seeking to achieve a comparative overview of staffing levels in the PES, there is the problem that some countries count employees while others count full-time equivalents. Figure A5 shows that there are substantial differences in the average size of offices, with the smallest in Greece and Spain with just under

12 staff per office, to the highest by far in Germany with over 100 staff per average office. Of course the size of the office will vary a great deal according to factors such as the size of its operational area and the range of services offered. Staffing levels expressed in terms of the working population (Figure A6) and the unemployed (Figure A7) show some variation. For example, the highest ratios are to be found in Germany (2.5), the United Kingdom (1.8), and Sweden (1.7) and the lowest in Belgium (0.19). Of more interest is the relationship with the largest client group of the public employment services, the unemployed, and here there is a range from a low of 3.3 (Portugal) to 25 (Germany).

Market share of the PES

In all but a few Member States the public employment services only handle a minority of the total vacancies in the economy at any one time and this is illustrated in Figure A9. The information is for guidance only and years vary, but they do show that in the Netherlands and Austria a significant proportion of all vacancies are notified, but for the majority of Member States the proportion falls below one third. The number of unemployed per vacancy (Figure A10) is another broad indicator of how the unemployed group is serviced by the PES, with a lower figure (such as in Luxembourg, Austria or the UK) indicating a favourable ratio.

Private Employment Services

The information available on the coverage of private sector employment agencies is much more variable than that on the public sector. This is partly due to some Member States preserving a public monopoly on placement activities, and partly due to the very recent establishment of private sector agencies. In many countries the provision of placement services was only liberalised in the 1990s with the sector thus still being in its infancy, making data all the more difficult to obtain. However, even where there is a more mature service provision, there is a paucity of good data for reasons mentioned above.

Figure B1 gives an indication of the size and coverage of private sector placement services in most Member States. The most extensive provision can be found in the UK where they have a long history, but they are also well established in Germany and the Netherlands. In these Member States their geographical density (Figure B2) is generally higher than that of the public employment offices, although in reality, they are concentrated in the high population areas and are generally not as evenly distributed as the PES offices. Also, although Figure B3 shows that the number of offices per 1000 working population appears high by comparison to the public sector, it should be noted that many of the private sector agencies are highly specialised in certain occupations or sectors.

Information on the staffing levels of private sector agencies is generally poor as Figures B4 through to B7 indicate. It would appear that offices are relatively small with four or five staff at the most and many will be single person operations. Nevertheless, in the Netherlands and the UK the number of staff per 1000

working population and per 1000 unemployed are comparable to those of the PES.

The number of vacancies handled by private sector agencies is extremely difficult to estimate and the data given in Figure B8 should be treated with caution. What the statistics do indicate is that in some Member States the private agencies are key

players, but as figure B9 shows, they tend to handle a much smaller proportion of all vacancies than their public sector counterparts. This may be due, in part, to the nature of services offered by the private agencies which feature, for example, head hunting, temporary work provision etc, services that are not always found in the public sector.



Portugal

Employment Services

Introduction

In Portugal, the public employment service (PES) is provided by the Institute of Employment and Vocational Training (IEFP) and covers the whole of the labour market. As specified by law its aims go beyond the provision of placement services, and include collaboration in the formation, determination and evaluation, as well as the implementation of employment policy. To be able to carry out this function, it is charged with gathering and disseminating information on problems in the labour market (eg skills mismatch, large scale redundancies etc). The ultimate aim of the service is to maximise the effectiveness of active labour market policies in order to achieve full employment. The IEFP implements labour market policy by providing and promoting information and guidance on employment, vocational training and rehabilitation. It also assists in initiatives aimed at creating new jobs and maintaining existing employment. The IEFP takes part in co-ordinating the technical co-operation activities developed with national and transnational organisations in the fields of employment, vocational training and rehabilitation.

The PES is funded from the social security budget and its structure comprises central, regional and local bodies with local 'Employment Centres' providing its local interfaces between job seekers and employers. The social partners are represented on various tripartite bodies at the central and regional management levels.

Overview of Recent Reforms

There have been a number of legislative changes and innovations in the employment services over the last six to seven years. Private employment agencies were legalised in 1989 and job placement by private companies is now allowed within the remit of recruiting Portuguese nationals to work for Portuguese companies or foreign companies working in partnership with Portuguese companies. Forbidden are the placement of Portuguese

workers with foreign companies and the recruitment of workers without right of abode in Portugal. Private employment agencies are increasingly involved in the placement of workers in middle management, who are perceived to be poorly served by the IEFP.

The year 1989 also saw the legalisation of temporary employment agencies, subject to certain regulations. Such agencies are only allowed to operate by permission of the authorities and temporary contracts may only be concluded to substitute absent workers, or in the case of an exceptional or temporary increase in activity. Temporary employment is also allowed if the existence of clearly defined, non-permanent tasks can be verified; where activity is of seasonal character; and where the need for labour is linked to a project of limited duration. Although these companies are allowed to engage in career guidance and training, they largely confine themselves to placement, particularly of low skilled workers, in the service industries. Temporary employment agencies benefit from the fact that the PES does not place workers in temporary employment. All workers placed by the PES sign either open-ended or fixed-term contracts.

Other bodies providing placement services exist, but their nature is much more clandestine. They operate mainly in the industrial and construction sector, providing low-skilled or unskilled labour.

More recently, in 1992 and 1993, the UNIVA ('Entry into Working Life' Units) and Job Clubs were created. These are two semi-private, non-profit making bodies, which receive financial and technical support from the IEFP and whose purpose it is to complement the IEFP's work. They are, effectively, experiments in decentralising spheres of competence which were formerly the preserve of Employment Centres.

The UNIVA help young people to find a first job, attempting to ease their entry into working life. They may be created in schools, vocational training centres, public administrative bodies and socio-professional or other associations.

The objective of Job Clubs is to provide personalised assistance to long-term unemployed people, in particular, to help them move back into training or employment. The IEFP, vocational training centres, the social partners and all non-profit-making institutions, public, private or co-operative, may promote Job Clubs. These Clubs cater mainly for unskilled workers.

Responsibilities and Market Share of the Public Employment Service

In spite of the wide remit of the IEFP outlined in the introduction, its actual market share remains very much restricted to the lower skilled segment of the labour market and secondary and tertiary sectors. Individuals in other segments of the labour market usually find work by other means. Workers in the civil service and employed workers seeking to change jobs mainly use job advertisements in newspapers. Workers in middle management, an increasingly large segment of the labour market, are poorly covered by the PES, their needs being met mainly by recruitment companies.

The number of job appointments made through the PES as a proportion of the national total is very small indeed. In keeping with the recommendations of the Essen and Madrid summits, the PES treat socially excluded groups such as women, young people, the long-term unemployed, disabled people, migrants, ethnic minorities and ex-offenders as a priority. A whole series of measures has been targeted at the long-term unemployed, in particular, ranging from vocational training to careers' guidance and participation in occupational programmes, continuing education and direct posting into jobs.

Problems facing the Public Employment Service

In the IEFP, the priority accorded to the management of the Operational Programme of the First Community Support Framework effectively increased the burden of administrative tasks on the Em-

ployment Centres. This has led to an excessive workload and, consequently, a reduction in the Centres' response capacity in their traditional fields of operation such as career information and guidance.

This combination of factors has gradually led the Centres to adopt a passive rather than a pro-active attitude, limiting themselves to internal operation rather than external action.

The Portuguese PES is faced with a variety of problems. Firstly there is a scarcity of skilled human resources in the service and the progressive ageing of existing staff, the majority of whom are concentrated in the central structure rather than in the Employment Centres.

Secondly there are deficiencies, and a lack of reliability and timeliness in data collection, particularly in the area of vocational training. There is also a shortage of co-ordination, due to the lack of an in-house statistical service which could provide figures on employment, vocational training and occupational programmes.

Thirdly, there are problems with the information system being excessively centralised and difficult to access from the local level. There is currently a need for more local networks and databases

which could provide more reliable and up-to-date information to job seekers and companies.

This situation, linked with the low level of geographical mobility in Portugal, means that the placement activities of the Employment Centres are mainly limited to filling vacancies arising in their own region.

Conclusion

The improvement of the operation of the PES is now at the top of the agenda for policy makers, since it is regarded as one of the major weapons for fighting unemployment and improving skill levels. In the reforms currently in progress, a strategic role is reserved for the Employment Centres. These are to be freed of their heavy burden of administrative duties and it is intended that they become dynamic centres of active employment policies at the local level, adopting a pro-active attitude to achieving this objective.

The planned reform will include, among other things, adequate allocation of human resources, the implementation of plans for the initial and continuing training of civil servants, and the intensi-

fication of placement and careers guidance activities through more effective contacts with employers. There will also be more direct and systematic link-ups with other organisations in the employment field, an improvement of information systems, a personalised response to problems, and scope for local centres to diagnose opportunities and bottlenecks within the fabric of their local industry.

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Ireland

Employment Services

Introduction

In Ireland the concept of a public employment service goes back quite a long time, in fact to pre-independence, as the first labour exchanges were set up under the terms of the 1909 UK Labour Exchanges Act. While these centres were initially instituted to deal solely with placement activities, they were subsequently (in 1911) given responsibility for paying unemployment compensation and this quickly became their dominant function.

Little change subsequently occurred in Ireland until a review of the public placement service was carried out in the late 1960s which led to the setting up in 1968 of a separate State placement agency, the National Manpower Service (NMS) as an executive body within the then Department of Labour. The approach adopted by this new body was very different from that previously associated with the labour exchanges. The priorities were directed very much at facilitating the operation of the labour market and meeting the needs of employers. Vacancies were filled on the basis of the most suitable applicants, irrespective of background. This meant that unemployed people did not receive any priority, indeed their treatment could, at best, be described as passive. This approach did not initially give rise to adverse comment (as this was a period when visions of full employment still prevailed) but it did begin to attract criticism when unemployment rose rapidly from the mid-1970s onwards.

Under the terms of the Labour Services Act, 1987, the National Manpower Service was incorporated into FÁS, the National Employment and Training Authority, and that is still the current position. Apart from the wider intention to rationalise and co-ordinate the manpower activities in general, a significant underlying reason for the change implemented in 1987 related to a perceived need to ensure better links between placement activities and access to training and em-

ployment programmes (which had been greatly expanded in the immediately preceding years). With the current institutional arrangements there is a much greater emphasis on assisting unemployed people, both with regard to facilitating their access to manpower schemes and, where possible, in achieving placements in the open labour market. The actual FÁS placement activities are carried out at 45 different local offices throughout the country. Public placement activities in relation to the hotels and catering sector are carried out by a separate State agency, CERT, which is responsible for training in that sector.

As for private employment agencies these can only operate under licence according to the terms of the Employment Agency Act, 1971. However, this Act is not restrictive, in the sense that it places any undue obstacles to setting up such enterprises, but it does set down conditions relating to premises, the standing of the proprietor, fees chargeable and the supply of basic information to the Department of Enterprise and Employment. Figures available for 1994 indicate that there were 221 licences in existence, even though not all of these enterprises would necessarily be fully active in operational terms. It should be noted that this number includes some larger accountancy and economic consulting firms whose main function is not necessarily placement or recruitment.

Responsibilities and Market Share of the Employment Service

There is little comprehensive or consistent statistical information available on the activities of employment agencies, either public or private. There are figures available for both sectors relating to aspects such as vacancies notified, vacancies filled and numbers of job seekers registering, but these are of limited value as they provide no guidance as to the degree of relative penetration of the total labour market which applies to each group. Neither can they be taken as reli-

able trend indicators because of institutional changes, variations in coverage, etc. The placement division of FÁS recorded a total of 38,600 vacancies notified in 1995 and 12,200 vacancies filled. The number of jobseekers who registered with the service in that year was approximately 100,000.

To date, the most complete picture is that derived from an ESRI study carried out in 1991 for the Department of Enterprise and Employment which involved a survey of the recruitment practices of over 450 commercial enterprises (see bibliography). Information was sought on the means used to recruit employees, the details of which are summarised in Table 1. This shows that the State employment agencies accounted for just over 5% of total recruitment, and private agencies some 7.5%. The largest proportion, 35%, related to 'unsolicited applications', ie, persons applying informally to firms either in person or otherwise. It should be noted however, that this large proportion is mainly attributable to semi-skilled and unskilled workers, more than half of whom tended to use this approach to job search.

The figures indicate that private agencies facilitated a significant proportion of managerial, professional and technical recruitments, nearly 25%; this is an area where the public employment service had very little involvement. The public employment service accounted for 14% of recruitments in the skilled manual sphere, but a very low share, 3%, relating to semi-skilled or unskilled workers. Both types of agencies were involved to a fairly significant degree in recruitment to clerical occupations, even though their combined degree of penetration was still only just over 20%. In the final analyses, results show that the most important means used to recruit workers are through newspaper advertisements, personal contacts and informal means, the last two categories applying particularly to manual workers.

Continued on page 32

Table 1

**Proportion of Employees recruited by Commercial Enterprises
through Different Methods, 1990**

	Managerial, technical	Clerical and other non-manual	Skilled manual	Semi-skilled, unskilled manual	Total
Newspaper advertisements	42.3	24	25.8	23.6	26.9
Personal contact	12.2	17.2	33.7	19.3	19.9
State agencies	1.4	6.4	14.2	2.9	5.2
Private agencies	24.1	15.3	0.6	0.2	7.4
Unsolicited applications	5.7	27.9	21.7	52.3	34.9
Other	14.3	9.1	4.9	1.8	5.8
Total	100	100	100	100	100

Source: ESRI (1991) *A Study of the Employment Possibilities of the Long-term Unemployed*. Report for the Department of Labour (see Bibliography).

Overview of Recent Initiatives

The most notable initiative in recent times relates to the steps taken to set up a Local Employment Service (LES) network in order to meet the needs of long-term unemployed people. This development follows from the recommendations of the Report of the Task Force on Long-Term Unemployment which was published in January 1996 (see bibliography). Most of the recommendations of this Report have been accepted by the Government. While there are many statutory and community bodies playing a role in tackling long-term unemployment, the report recommends that there should be specific and concrete steps taken to ensure effective co-operation and co-ordination *at local or community level* in order to make better use of available resources and to deliver a better and more coherent service to unemployed people.

The report considers the involvement of community interests in the delivery of services to be particularly important if the most disadvantaged people, among the unemployed, are to be reached. These groups can bring a new perspective and understanding of the needs of their localities to bear on manpower services and their delivery. The involvement of employers and trade union interests at local level is also considered to be another crucial factor, as the cultivation of positive relationships between a locally

based employment service and local employers provides the best hope of placing long-term unemployed people in jobs in the open labour market.

There is a recognition that the successful operation of the LES will require a new approach to be adopted by State agencies in delivering such a service. The Government decision to establish the service requires such agencies to work with, and through the local service. FÁS has established a special unit to support the LES, particularly in areas such as the training and development programmes for LES staff.

The LES is being put in place under the auspices of 'Area Based Partnerships' in areas designated as disadvantaged under the Government's Local Development Programme. These Partnerships determine the structure of local management committees for each LES which include representatives of the relevant State agencies, social partners and community based groups. The next step is the drafting of an overall plan for each locality which is submitted to the national authorities in order to draw down special funding. It should be noted, however, that most clients taking part in employment or training schemes will continue to be covered by existing programmes. However, these will have to be adapted to accommodate the new LES system. Plans have now been received from virtually all of the designated localities, and LES

centres have actually been opened in a number of areas. The LES is being put in place to improve the way in which the vocational needs of particular target groups are being met. These groups include the long-term unemployed, those registered unemployed for more than six months, dependant spouses of the unemployed, lone parents and the young unemployed. The aim of the service is to provide a gateway to the full range of options which should be available to enable these target groups to return to employment, such as guidance, training, education and employment supports. The LES is additional in the sense that it will provide a better integration in the delivery of services available at the local level. It provides an improved guidance service which will offer individual planned programmes of progression. The LES is being piloted in 14 areas of high unemployment and will eventually be extended to the whole country.

There are plans to evaluate the service, particularly with regard to the impact on long-term unemployment and value for money.

Conclusion

Until the recent development involving the establishment of the Local Employment network, the issue of the public employment service has not been a matter of debate in Ireland. To some degree this derives from the labour market situ-

ation which has been difficult until relatively recently. Job creation throughout the 1980s and early 1990s was sluggish and in circumstances of excess labour supply the limited number of jobs that did become available were quickly filled, without a need for State intervention to facilitate this process.

The incorporation of the public employment service into the larger FÁS employment and training authority in 1987 tended to render the service less visible. It was also inevitable that this change altered the emphasis more to facilitating unemployed registered applicants to access employment and training schemes and somewhat away from engaging in conventional placement activities (which were in any case becoming

increasingly difficult). It should be mentioned, however, that the operation of the service has been significantly upgraded by the introduction of computerised methods and useful links have also been established with public employment services in other EU countries (through the EURES programmes and other means).

There has, however, been a growing awareness that more needs to be done to assist disadvantaged unemployed people and it was in this context that the LES initiative described earlier emerged.

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Denmark

Employment Services

Introduction

Employment services in Denmark are currently delivered by several agencies including employment service centres, local government, trade union based unemployment insurance administration offices, private companies and professional unions. A significant proportion of vacancies are filled through advertisements and personal contacts. The role of the media has increased recently with local television helping to market job vacancies in co-operation with employment service centres. Whilst there are some obvious differences in responsibilities between the agencies, in practice the agencies complement, and overlap with, each other.

Overview of recent reforms

Recent reforms in 1993 (and revisions in 1994) established a number of new operational principles which are overseen by a National Labour Council and a regional tier of Labour Market Councils.

Employment Service Centres are decentralised state agencies which report to regional Labour Market Councils. The

Centres have broad labour market responsibilities, retaining a certain degree of independence from the controlling hierarchy. In contrast, local government responsibilities are restricted to long-term unemployed people, those in receipt of welfare benefits (the non-insured), people who have taken early retirement, people with disabilities, and other clients receiving assistance from social services.

Employment services were liberalised in earlier reforms (1990) with the result that anyone in principle could provide employment services. No licence is generally required to operate a private employment agency. Even before 1990, unemployment insurance administration offices (affiliated to trade unions) could and did apply to carry out employment services, within their own professional field, under the supervision of the state agency. Twenty-two of these offices are authorised to carry out employment services. Liberalisation prompted some unemployment insurance administration offices to transfer this responsibility to the relevant trade union.

The more recent reforms (1993/1994) specified the detail of activities, clarify-

ing the distinction between the roles and responsibilities of state employment services and local government. The former are obliged to offer the following services.

- employment services
- information, guidance and advice to unemployed people
- individual action plans
- training for work
- special training measures
- job rotation arrangements
- placement in further education
- innovative/development measures

Because local government is obliged by law to target and assist people in receipt of welfare benefits, counselling has to take place to ensure that each individual is aware of the options for further education and training. Ballerup Municipality is an illustration of the effect of these reforms. An existing group of 390 young unemployed people (below 25 years of age) was increased to include 500 unemployed people over 25. All clients have to be assessed, individual action plans drawn-up, and educational programmes or job offers provided.

The significance of the reforms

The new legislation has both modified the institutional arrangements and clarified the roles to be played by the local state employment services and local government. Regional Labour Market Councils and employment services have been given responsibility to assist in the development of active labour market policies.

The emphasis on active rather than passive labour market policies is reinforced in recent labour market reforms and recent policy developments. In January 1994, labour market reforms established a modified legal and institutional framework within which active labour market policies operate. The changes have since been translated into a government policy document (Denmark's Employment Programme, October 1995) which was confirmed, in a slightly modified form, by the state budget in 1996.

These policy developments are too new to have been fully implemented and evaluated. However, reports from the Labour Market Councils suggest that the active approach is leading to success in schemes for unemployed people. The new employment service system is not creating new jobs but placement, education and individually designed training programmes are working well in combination.

The role of the trade unions is significant as they are to some extent taking over the administrative responsibility from the unemployment insurance administration offices affiliated to particular trade unions.

For some occupations, for example nursing, the trade union's role is all embracing and the organisation has been allowed to continue this employment service as a monopoly. This is not always the case; for employment services offered by trade unions representing workers in other sectors, parallel placement agencies also operate.

A number of private agencies operate particularly within the area of temporary placements.

The achievements noted above reflect an improved employment situation. Vulnerable groups have benefited from the growth in employment. Poorer regions are also recording significant reductions in unemployment. The rate of

unemployment has fallen from 14% in late 1993 to 9% in 1996. Older workers have not benefited to the same extent as the labour force overall. The unemployment rate for older workers continued to increase until the end of 1995.

The recent growth in employment has had a positive impact on the local government service by reducing local government expenditure on welfare benefits for long-term unemployed people. The situation has been considerably eased including the potential for conflict between the local state agencies and local government. At the time of liberalisation (1990) and higher unemployment rates, local government was conscious of its obligation to target the most expensive and difficult individual cases, whilst the Employment Service Centres were perceived to benefit from an easier case load. The 1993-1994 reforms may not have fully resolved this conflict but functions and responsibilities have been more clearly defined.

Local government has been able to draw on their improved budgets to top-up economic benefits for those on various leave schemes.

Conclusions

Employment services are provided within a complex system which has recently been the subject of new legislation. The roles of different agencies have been clarified. The outcomes of these changes, although still too new for a full evaluation, will benefit from the favourable employment situation.

These reforms should not be separated from the wider labour market policy aims instituted in 1994. The emphasis on active labour market policy is therefore supported by the more active and targeted approach of the employment service system.

Whilst the initial differentiation of functions between local government and state agencies was not met with enthusiasm by local government (because of its obligations to target the most disadvantaged) there is a rationale, in that local government is able to apply over 20 years social services experience (although larger local government authorities would be reluctant to stop delivering the range of normal employment services).

The frequency of parallel job mediation ie job mediation primarily by trade unions and the affiliated unemployment-insurance funds, varies considerably from one trade union to another. Some concern has been expressed regarding the monitoring of individual unemployed people within this system, since information relies on data from the funds or trade union offices themselves. For temporary (re)placement jobs, a range of private agencies are in operation.

Market mechanisms play a significant role in placement with advertising a main media.

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France

Employment Services

Introduction

In France, the public employment service (PES) includes all institutions and organisations that participate in the design and implementation of employment policy on a regional, and sub-regional level. The PES should therefore not be regarded as a single administration but as the sum total of a variety of services provided by different organisations which, while being dependant on the State, are co-ordinated by regional authorities. In fact, the PES in France is made up of three components; ANPE (National Agency for Employment); the Labour Ministry's decentralised services and the AFPE (Association for the Vocational Training of Adults).

Nature and Responsibilities of the Public Employment Service

In addition to their administrative task of monitoring employment trends, the Labour Ministry's decentralised service units are responsible for co-ordinating the Ministry's actions at the regional and sub-regional level. They act as a link between the labour market administration and local actors in the promotion and follow-up of employment measures, and also manage the financial resources available for such measures.

The ANPE was established in 1967 with the aim of providing advice and guidance to job seekers to enable them to be reintegrated into the labour market. Its services are designed to help individuals to select appropriate training courses and provide advice and job search assistance. It also provides support to employers who take on staff and retrain their employees. The ANPE is therefore one of the most important actors in determining employment policy with regard to the fight against long-term unemployment, improvements in the professional integration of young people, and the retraining of workers made redundant. It is primarily involved in dealing with the lower skilled segment of the labour market but also provides services for skilled personnel.

Under the supervision of the Labour Ministry, the Association for the Vocational Training of Adults (AFPA) intervenes to support public employment and training policies whilst also developing other services such as the provision of studies and advice about human resource developments in private sector enterprises at the national, regional and community level.

In addition to these institutions, there are also the ASSEDICs, and their association UNEDIC, which are not dependent on the state but on the social partners, and which are therefore essentially not part of the public employment service. ASSEDIC is in charge of the administrative and financial management of the unemployment benefit system. Until recently, France was the only country where the organisation responsible for paying benefits (ASSEDIC) was separate from the organisation responsible for the placement of those seeking work (ANPE) - unemployed individuals must register with ANPE before they are able to claim unemployment benefit.

Private Sector Employment Services

Alongside the public employment service, there are two main private sector organisations who provide placement and other employment services:

- APEC (the Association for the Employment of Managerial and Professional Staff)
- Recruitment Agencies: private organisations aiming to recruit professionals for companies, especially large companies. The cost of their services is often prohibitive for SMEs who therefore usually use ANPE or APEC.

APEC is a private, non-profit making association approved by the state. It was created in 1966 by the social partners and is made up of representatives of managerial and professional staff and private companies. Its tasks are to provide information about the labour market situation of such staff, the developments in different professions and continuing vocational training. It also provides advice to pro-

fessionals seeking employment (writing a CV and a covering letter etc) and assists in recruitment by distributing job offers and selecting candidates for companies.

All managerial and professional staff, whether they are seeking work or not, can register with APEC if they wish to access the information and services provided. However, due to the types of services it offers, APEC works mainly with unemployed individuals, although it maintains close contact with professionals in employment. With a view to the increasing unemployment among professional and managerial staff in recent years, APEC has stepped up its activities and increased the number of contact points (particularly in the Paris conurbation).

Recruitment Agencies are often distinguished by their different recruitment methods: recruitment by advertisements or recruitment by direct approach (the latter targets 'top management' and is known as 'head hunting'. A final category of recruitment agencies is those companies which use both of these methods.

The recruitment agency market in France is quite difficult to evaluate as the three trade unions that represent the profession only cover 180 to 200 agencies out of the 1200 existing organisations. Also, due to the recent labour market crisis which widely affected professionals, the recruitment agencies experienced great difficulties with the result that only the most successful agencies managed to survive.

Apart from these organisations, there are some smaller bodies which are less well known but are increasingly represented on the recruitment market. By distributing job offers to their members, mainly in the form of regular bulletins, they actively participate in the recruitment market: they are often alumni associations, for example former pupils of the 'Grandes Ecoles', universities, etc. There are also associations of professionals, such as the French association of engineers and scientists, which provide vacancy information to their members. As unemployment among such skilled personnel has increased, these small organi-

sations have become more and more professional in their approach and delivery of the services they offer.

Placing advertisements in both the general press and the more specialised press is still the method most frequently used to distribute information about job vacancies which target either people in employment who wish to change their jobs or those people seeking a job. However, in recent years, the number of recruitments resulting from advertisements has decreased even though a significant number of graduates still find jobs this way.

Finally, temporary work agencies also participate in the labour market. They have close contact with companies and they match their job offers with job seekers' demands. Although, temporary work agencies are usually used by blue collar workers, managerial and professional staff have equal access to them.

Overview of reforms

The PES, and ANPE in particular has been criticised by its users (notably companies) for being slow, inefficient and highly bureaucratic. The rise in unemployment and specifically long-term unemployment has further highlighted the inadequacies of the current system and the need for reform. Recent reforms in the Public Employment Services are characterised by:

- *Modernisation*

An 'improvement contract' formed the basis of this reform which was signed by the State and ANPE (a similar contract was also signed with AFPA). Organisational changes put into place between 1991 and 1995 as a response to the 'contract' have led to an increasing level of client satisfaction. More time is being devoted to maintaining contacts with individual employers and as such the latter registered a greater professionalism in ANPE staff. They also registered an increased efficiency in dealing with job vacancies. ANPE's proportion of market share has already increased from 20.4% in 1991 to approximately 32% in 1995. By 1998 ANPE is seeking to achieve a market share of 40%.

Job seekers have equally benefitted from an improvement in services such as information about vacancies, placing job seekers in touch with companies, receiv-

ing information about their rights, training options and the local labour market. They have also benefited from the improvement and better adaptation of ANPE premises and the provision of other services such as skill evaluations, training in job search techniques and so on. The second 'improvement contract' recently signed between ANPE and the State concentrates even further on the improvement of services for job seekers.

- *A decentralisation of responsibilities and decisions*

The modernisation of ANPE was accompanied by a large increase in responsibilities for local offices. This meant a greater degree of autonomy given to the directors of local agencies who, in future, will be managing their own budgets. Also, the salaries of ANPE staff are now linked to their individual and collective performances.

- *Improved organisation of employment services*

The separation which has always existed between ANPE and the ASSEDICS mentioned earlier is increasingly viewed as problematic. Therefore, the task of registering people looking for work was transferred to the ASSEDICS to assess whether this simplifies the process for job seekers. So far this experiment has had positive results and the system will be brought into widespread use within the next few months subject to agreement from the partners.

- *Greater complementarity of actions between different partners*

Difficulties of integrating some people into the labour market have resulted in an increased number of partnerships being formed between the different labour market actors. These aim to remove barriers within the market to enable greater flexibility. For example, partnerships between: ANPE and APEC which seek to improve the integration of young graduates and professional and managerial staff into the local labour market using the particular expertise of both organisations; ANPE and companies to improve the recruitment strategies of larger enterprises; ANPE and local actors (local missions, local government), particularly in areas facing labour market problems; ANPE and AFPA to improve the synergy between the two institutions.

APEC has also implemented different partnerships between: APEC and the State, APEC and UNEDIC; APEC and recruitment agencies.

Conclusion

Recent reform of the public employment service sought to respond to criticism, mainly from employers, of its inefficiency and poor administration, particularly with regard to ANPE. The employment crisis contributed to the recognition of serious problems regarding the PES and led to the public authorities carrying out a gradual reform of its organisational structure.

Since the reforms, the first results seem positive: ANPE managed to collect 2 million job vacancies in 1995 compared with 1.6 million in 1994. However, the extent of its success is not yet known because ANPE has experienced a period of great internal upheaval in terms of its organisation and staff. Staff will require a great deal of continuing vocational training if the objectives set down on paper are to be met.

It is felt that emphasis should now focus on developing the relationship with those people looking for work. This will be the subject of a second improvement contract recently signed with the State.

In France the PES is accessible to everyone and the private sector is usually reserved for professionals. However, there are some cases of partnerships between the private and public sector which aim to increase flexibility and facilitate the integration of people into the labour market.

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Greece

Employment Services

Introduction

Public employment services are run by the Organisation for the Employment of the Labour Force (OAED). There are currently (April 1996) 161 offices which have recently been reformed. This figure includes some specialist offices for disabled people, repatriated Greek people, and for liaison with companies.

The new offices undertake the following: Staff in the new offices maintain close contact with employers, assisting job creation and encouraging the take-up of financial incentives especially for the recruitment of particular groups of unemployed people. The aim is to monitor vacancies and match demand with jobseekers. The offices assist, in particular, people who are most disadvantaged in the labour market including young people, giving advice on labour market trends and opportunities, and vocational training/re-training. A central computer storing data on job vacancies and seekers connects the new offices. Private employment services are not allowed to operate by law. The Greek public employment service (PES) is characterised by a very low level of market penetration. Compared with the EU average vacancy coverage rate of 20%, the Greek PES as a whole only covers approximately 8.5% of total vacancies per annum. A number of recent evaluations have pointed out the need to adapt the service to the changing environment.

The Organisation and Responsibilities of the PES

The provision of employment services in Greece has evolved partly to meet the needs of an unemployed workforce and partly to meet the demand for a skilled workforce. The early Vacancies Offices provided services almost exclusively for unemployed people. In 1951, for example, the Vacancies Offices were part of the Social Security Institution which was also responsible for Unemployment Benefit. The role of Vacancies Offices was upgraded in parallel with the develop-

ment of vocational education and training. As skill shortages became apparent, more active intervention in the labour market was required. Thus, eventually in 1982, employment services were separated from insurance/benefit services and Employment Offices were established, operating under the Organisation for the Employment of the Labour Force (OAED). These Offices were intended to improve the match between supply of and the demand for labour with the aim of improving the overall functioning of the labour market. Some offices specialise by targeting the needs of disadvantaged people such as people with disabilities, and/or more highly skilled private sector employees. The promotion of employment through special measures or projects, partially funded by the European Union, play a significant role in the development of employment services in Greece.

The law does not allow the private sector to deliver employment services (with a profit motive). Penalties exist for anyone contravening this law. Nevertheless, some private sector consulting companies do provide placement services primarily to executives and academics. The number of classified advertisements in the press also testify to the existence of similar illegal employment agencies. There are, however, no data about these organisations other than the fact that several have been prosecuted by the OAED and of these, some have ceased operation.

The OAED is responsible overall in Greece for investigating the demand for labour, matching these needs with those people registered as unemployed and providing training to the workforce in order that its skills keep pace with market need. Thus, the main aim of employment services is to monitor labour supply and demand and to intervene where necessary. Success is reflected in the reduction in both frictional and structural unemployment. Employment services also give advice on vocational education, training and retraining opportunities, promote job creation projects, and assist labour to migrate to regions where skills are in short supply.

The main responsibilities of the employment services are:

- interviewing unemployed people and monitoring labour supply
- contacting enterprise and monitoring labour demand
- matching supply and demand
- monitoring archives of data from both employers and unemployed people
- the initiation and implementation of employment projects
- administration

The persistently high level of unemployment in Greece and consequent social problems, have led to Government intervention in job creation. Projects managed by the OAED provide employment subsidies, assistance for self-employment, and training/retraining. There is also a reduction in overtime in both the public and private sectors.

The cause of unemployment is mainly structural. Unemployed people tend to have either the lowest qualifications or out-dated skills. The age groups most at risk of unemployment are 20-24 (those entering the labour market for the first time) and 30-44 (with previous work experience).

The Government is thus pursuing a policy that combines the need to sustain and support private enterprise, and the need to equip the workforce with skills that allow sectoral and geographical mobility.

Monitoring and Evaluation

The Vacancies Offices of OAED work closely with the Vocational Chambers and the Employers' Association in monitoring skill shortages, and the risk of redundancy in order to co-ordinate actions for vocational education, training and re-training.

Vacancies

One of the issues for the OAED is the share of the market that accrues to the employment service network. It is well known that many unemployed people, including those who are attempting to

enter the labour market for the first time and those who subsequently lose their jobs, do not contact the OAED. The OAED's instruments for monitoring labour market developments need to be improved including the registration at sector, regional and local level of the following:

- characteristics of unemployed people including gender, age, educational level, former experience etc
- vacancies by specialisation, and vocational qualifications and experience required

The flow of information on employment opportunities needs to be improved so that the OAED can match labour supply and demand more efficiently. This requires an improvement to baseline data about knowledge and skill requirements for every sector of economic activity at all levels (national, regional, local). The capacity of, and prospects for, the workforce also need to be better understood with regard to both education and training/retraining.

The further use of computers and databases at vacancies offices will also help to improve the ability of education and training initiatives to respond to the needs of the economy. This data should record and update information on existing vacancies, dismissals and future requirements of enterprises.

The content and delivery of education and training needs to be regularly monitored and evaluated so that the systems, and the staff responsible, can develop appropriately. The skills required for a dynamic economy are likely to evolve with changes to theoretical approach, technology, and ways of managing human resources.

Employment services

It is believed that employment services would perform better if the decision making was decentralised, and if services were more closely connected to local labour market structures.

- The organisational structure of employment services at prefectural level and for large urban centres should be discussed in co-operation with all those responsible for administration and the social partners.
- Initiatives aiming to encourage employment at prefectural level should be sensitive to other relevant programmes at local level (local administration and the social partners).
- Decision making within the OAED at community, prefectural and regional level should be strengthened including the executive/co-ordinating role of regional and central divisions of OAED.
- Vocational training projects delivered by the OAED should monitor closely local needs (eg those recorded by local administrations, social partners, other local initiatives).

Finally, the OAED, through the Ministry of Labour, is promoting a regulation to legalise the non-profit employment service activity provided by unions and other agencies.

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Luxembourg

Employment Services

Introduction

In the Grand Duchy of Luxembourg, active and passive employment policy measures are the responsibility of the Administration de l'Emploi (ADEM), (Labour Administration), which is supervised by the Ministry of Employment.

A law of 21 February 1976 determined the way in which ADEM is organised and how it operates. ADEM has to monitor the labour market situation and labour market trends, offset the supply and demand of employment, as well as deal with the recruitment of foreign workers. ADEM is managed by a Director General, and assisted by the Comité national de coordination tripartite (National Committee for Tripartite Co-ordination) and the Commission nationale de l'emploi (National Employment Commission).

The National Committee for Tripartite Co-ordination incorporates the Prime Minister, the Ministers for the Economy, for Finance and for Employment, as well as representatives from both the national employers organisations and the trade unions. This Committee puts forward recommendations for consideration on the economic and social situation, particularly on matters relating to unemployment. These recommendations are determining factors in the choice of Luxembourg's employment policies. The National Employment Commission advises the government on the definition and implementation of employment policies.

Overview of reforms

Two recent recommendations of the Committee for Tripartite Co-ordination laid down a series of measures concerning employment. Two laws (17 June 1994 and 31 July 1995) strengthened these measures.

The first recommendation (8 March 1994) focused on maintaining employment, price stability and the competitiveness of companies. The second opinion (3 May 1995) relating to employment and vocational training, was in keeping with the decisions already taken in 1994 and adapted as necessary to positions emerging from Essen.

The main measures adopted in 1994 led to the reinforcement of ADEM's placement monopoly, and introduced the obligation to communicate all employment vacancies, whether they are from the private or public sector, to ADEM at least three days before notifying the press. Fines for employers who do not adhere to this were also introduced along with the organisation of awareness raising campaigns and information provision for employers. In addition 1994 also saw improved efficiency of the operation of the public employment service with the introduction of high performance IT tools, together with a thorough reorganisation of services aimed at promoting public placement, improving contacts and advice provided to companies. Also planned was the implementation of self-service tools for jobseekers, which enable them to consult relevant vacancy information, the introduction of videotex, the provision of information about job vacancies by fax, and the integration of the EURES system.

In 1995, decisions taken in 1994 were reinforced by a series of measures aimed at a general improvement in the functioning of the labour market and, specifically, at improvements in the operation of the Labour Administration. The information and communication systems between companies and ADEM is to be significantly improved with, for example, the on-line self-service system. The reform of placement services, improvements in the training of staff dealing with placements, and more emphasis given to the role of ADEM's regional agencies, completed the action plan at the infrastructure level. Special emphasis was placed on a greater personalisation of services, and on the recognition and training of those with particular difficulties.

The recent employment service reforms (1994 and 1995) fitted perfectly within the context of national employment priorities. In effect, the emphasis in Luxembourg was on the elimination of problems in the labour market such as the reduction of skill shortages. To achieve this a series of 'micro-measures' aimed at eliminating 'micro problems' in the

labour market were introduced. Instead of putting in place a number of legal instruments, the government and social partners chose to develop a catalogue of about 40 selective measures, each of which contributed to solving one particular problem. The reforms of the organisation and operation of the employment service were in line with this framework. The objective was to reduce unemployment and to improve the balance between supply and demand, by improving the way in which the employment service functions.

Responsibilities of the Public Employment Service

Although, in relation to placement activities, ADEM has a monopoly, it often works in partnership with other public services or with private agencies. For example, in future there will be 'training-employment' initiatives targeted at unemployed individuals according to their level of qualification. Training plans under these new measures are developed with the specific needs of particular companies in mind. This practice is to practically guarantee beneficiaries employment in these companies after qualification. Within the framework of these initiatives, preparatory work, and the implementation and follow-up of these programmes will be carried out on the basis of a partnership between ADEM, the employer, people seeking employment and, if necessary, a researcher.

Initiatives like this have already been implemented targeting engineers and have had immediate success with 95% of candidates finding employment. In future, similar training is to be organised for young graduates in the field of natural sciences or for professions requiring low level qualifications.

Also, a concept of individual sponsorships for people seeking employment is now jointly being considered by those in charge of ADEM and groups of people who may be in a position to take part in such sponsorships. An appeal was launched to public personalities and anyone with relevant qualifications, profes-

sional experience, whose vocation or interest could mean that they could take on one or several unemployed people. This assumes close collaboration between the 'sponsors' and ADEM services, ensuring the training of those job seekers concerned.

Furthermore, training programmes are organised for: long-term unemployed adults with low level qualifications; people wishing to return to the labour market or change their job; and those people experiencing difficulties finding a job which corresponds to their professional needs and their expectations. ADEM has also put in place the necessary structures to carry out a census of people in difficulty, which will lead to more rapid intervention of ADEM's services in these cases. ADEM has also improved the training for high-risk groups (long-term unemployed, young people, low-skilled, women returners). Moreover, the law of 31 July 1995 created a pool of graduate teachers appointed jointly by ADEM and the continual vocational training centres, part of the Ministry for National Education.

Private Employment Services

Public Employment Services (PES) in Luxembourg have a monopoly. Placement is free of charge and companies are obliged to notify ADEM of job vacancies. Private employment agencies, charging fees, are not allowed. However, there are some private agencies, mainly in industry, which offer recruitment advice. Employers pay for their services and there is no charge for the person seeking work. These agencies are not very common and they have to notify their job offers to ADEM. ADEM can also help those people already in employment but who wish to find another. It can also place job seekers with private non-profit agencies or with training organisations within the context of its 'training-placement' activities.

Although there are no recent statistics relating to private employment agencies, the Economic and Social Committee carried out a study in 1990 in which they claimed that Luxembourg had five private employment agencies, plus six agencies for temporary work, and six non-profit making organisations which focused on certain categories of people seeking employment, such as young people or the long-term unemployed.

Conclusion

The recent reforms of public employment services (1994 and 1995) are in line with national employment priorities. As described above, the emphasis in Luxembourg is on finding 'micro' solutions to labour market problems.

Interestingly, the nature of reforms in Luxembourg runs counter to the trend in most other Member States which have experienced a liberalisation of employment services and a subsequent increase of private sector providers, whereas Luxembourg has strengthened the public sector monopoly.

However, there are also common concerns such as the desire to render public placement services more efficient through the use of information technology, and the effective targeting of active labour market policy measures.

Future evaluations of Luxembourg's 'training - employment initiatives' may provide interesting case study material to inform policy learning with regard to targeted employment action since it focuses on the training needs of specific companies and seeks to provide some form of employment guarantee.

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The Netherlands

Employment Services

Introduction

The Netherlands has a dual system of both public and private employment service provision. Registration with the public employment service (PES) is a prerequisite for unemployed individuals who wish to receive unemployment benefit. The PES performs several tasks in the field of employment mediation such as placements in regular employment as well as in jobs subsidised through government initiatives (eg KRA-WEP KRU Banenpool JWG). Other tasks performed by the service include counselling training and the provision of educational measures for disadvantaged job-seekers. The PES is currently responsible for granting permits to private (legalised since 1990) and temporary work agencies (since 1970). The regional directors of the PES are also responsible for granting dismissal permits.

Public Employment Service

The job placement services of the PES are open to all individuals authorised to seek employment in the Netherlands. In 1995 over one million individuals were registered as job-seekers. A large and growing proportion (38%) of these job-seekers are currently in employment. Many of them hold a part-time job or are in temporary employment between two periods of unemployment. In the first half of 1995 the PES registered 146300 vacancies ie 55% of the total number of vacancies in that period according to Statistics Netherlands (Ministerie van Sociale Zaken en Werkgelegenheid 1995a and 1996). Employers are not obliged to register vacancies with the PES. Most employers try to fill vacancies by placing personnel advertisements (30%) open applications and temporary work agencies and the PES (20%). In 1995 13% of all vacancies were filled by the PES. Of all recruitment 9% was carried out via temporary work agencies (Arbeidsvoorziening 1996a).

Overview of recent reforms in the provision of employment services

In 1991 the structure of the Dutch PES was changed considerably. Its adminis-

tration was transferred from a centralized government organization to a tripartite board structure involving government and social partner representatives with strong autonomy being granted to the 28 regional boards. Furthermore the monopoly position of the PES with respect to job-placement services was abolished (Van der Heijden et al 1995).

In 1994 it was decided by the three parties involved that in order to overcome the financial problems of the PES a number of changes were required with regard to the structure of its administration as well as its policy focus. It was decided that the number of regional boards was to be diminished to 18 in 1996 and the position of the management of the national bureau vis-à-vis the regional boards strengthened.

At the same time the remit of the PES was narrowed: the PES is to concentrate more on job-mediation and activities enhancing the employability of disadvantaged groups in the labour market such as counselling guidance and training. Tasks such as the administration of European Social Fund activities and other co-ordination tasks are to be relocated to the Ministry of Social Affairs and Employment and funding transferred accordingly. Other responsibilities such as the overseeing of the 40000 "Melkert-1-jobs" and 20000 "Melkert-2-jobs" are returned to the Ministry who will work in co-operation with the local authorities.

Under the new rules the funding of the PES will be split between statutory tasks such as registration and data collection and a system of tariffs for services which are not usually included in the standard services offered by the PES (e.g. for opportunity-rich job-seekers). There are also to be experiments with forms of contract based financing by the parties involved like municipalities and industrial insurance boards (Van der Heijden et al 1995).

START

In 1977 the former Ministry of Social Affairs introduced START, an employment agency on a non-profit basis with a

tripartite board. This foundation does not receive government subsidy. Services offered by START range from job mediation to acquisition, training, outplacement and a variety of forms of job-contracting (START 1995).

The local START bureaus are usually closely linked to the local PES offices and offer mainly temporary jobs with the explicit aim of helping job-seekers to find a permanent job. For special categories of job-seekers (eg target groups of specific labour market policies) co-operation with the local PES bureaus is often on a project basis working with a variety of other relevant bodies. Since 1 January 1993 START is one of the Dutch organisations running EU co-funded HORIZON projects (START 1995).

In 1994 the statutory relation of START with the Central Board of the PES (CBA) was placed in question and representatives of the Association of Netherlands Municipalities the employers associations and the trade unions (START 1995) were admitted as members of the board structure for the first time.

The relationship between the PES private providers and START continues to be ambiguous. START currently has access to the database of the Employment Service (Dercksen W J and J de Koning 1995). The organisation representing private and temporary work agencies (ABU) has argued that since START performs tasks equal to those performed by the agencies ABU represents START should not be entitled to more favourable tax schemes as is currently the case (ABU 1995).

Temporary work agencies and private placement agencies

The role of temporary work agencies in job mediation has increased in importance over the last decade independently of developments in the PES. In 1990 within the framework of the "Vergoedingsregeling Uitzendbureau" (compensatory measure for temporary work agencies 1990) and the "Kaderegeling Uitzendarbeid" (framework

regulation for Temporary Agency work (1992) some links were established between the PES and the private temporary work agencies. The abolition of the permit system of temporary work agencies is currently under discussion.

Work through temporary work agencies is allowed for a maximum of 6 months although 12 months is tolerated.

In March 1996 the trade unions and the association of temporary work agencies reached an agreement on a covenant for a collective agreement for five years. The covenant strengthens the position of temporary workers offering them possibilities for building up pension entitlements a training fund supported by the employers and the guarantee of a permanent contract after three years' employment with the same agency (Volkskrant 28 March 1996).

Intermediate forms of employment services have increased in importance in recent years. One of the new forms of deployment on a national level is the system of hiring out workers from one company to another ("detachering"). In some cases this is on a "fraternal" basis in other cases the service is provided by a specialised agency often a division of a temporary work agency.

Conclusion

There is a clear trend towards a more market oriented functioning of employment service provision and an emphasis on labour market flexibility. Part of this trend is the perception by government that the core task of the PES should be to assist those facing the greatest hurdles to finding employment. The decision to pursue a more targeted approach was by no means uncontested as a number of government appointed commissions reported providing conflicting recommendations. A crucial change is the greater emphasis being placed on regional partnerships between the PES local authorities social partners and private initiatives although some issues concerning the competitive or co-operative nature of these relationships remain unresolved.

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United Kingdom

Employment Services

Introduction

Employment services in the UK are characterised by a pluralist system where public and private sector provision co-exist and increasingly overlap in their activities.

The provision of public employment services has a long history beginning in the last century, when information on jobs was strongly linked to the payment of unemployment benefits. Although the structure of the present Employment Service (ES) is ostensibly separate from that of the Benefits Agency, it is to some extent linked as the ES is still responsible for part of the administration of unemployment benefits.

The ES currently has around 1,100 local offices organised into districts and regions, employing in total over 45,000 staff. There is no compulsory registration of vacancies and estimates from the ES itself suggest that it is notified of around one third of all vacancies.

However, whilst the ES offers a comprehensive service, its client base is heavily biased towards lower to medium skilled blue collar occupations. It also includes young people seeking job search assistance.

In addition, there is a separate range of Careers Offices, based on local authority areas, that cater for school and college leavers in particular. Recently there have been changes to this system arising from a competitive tendering process whereby the provision of services has been opened up to non-local authority organisations. This has resulted in a wider range of service provision with Careers Service providers now involved with adult careers advice/job search in addition to their traditional role. The delivery of service varies with some providers choosing to locate permanent advisors in each school whilst others have peripatetic advisory staff. All universities and certain other educational institutions have their own careers and job placement services funded from public resources.

The private employment services sector also has a long tradition in the UK with the first agencies in operation before

1920. They are characterised by their diversity, ranging from large national and international concerns with a network of offices, to small individual agencies perhaps serving a small town and a limited range of occupations. There are currently over 15,000 offices throughout the country directly employing some 60,000 staff. However, the proportion of vacancies handled by them is relatively small and estimated at around 5% of all vacancies in the labour market at any one time. The private agencies tend to specialise in certain occupational fields, with secretarial/clerical, hotel and catering, nursing and accountancy being particularly well represented.

Another characteristic of the sector is a predominance of temporary and seasonal posts with many client firms using the private agencies as a flexible source of labour to cover for their permanent staff during temporary shortfalls due to sickness, holidays, etc.

There are various bodies set up to represent private employment services but even the most significant of these, The Federation of Recruitment and Employment Services, can only claim a very small proportion (about 5%) of all agencies as members.

Overview of Recent Reforms

There have been significant recent developments affecting both public and private employment services. In the public sector, the start of this process can be traced back to 1987 when the most significant reform led to the ES becoming an Executive Agency of the Employment Department (now the Department for Education and Employment DfEE). It became semi-autonomous with its own structure for board control and management, although it continued to be ultimately responsible to the DfEE. This reform increased the transparency of the ES's performance as it was linked to a set of annual performance indicators. The *Annual Performance Agreement* details the requirements and commonly contains such throughput measures as the number of interviews carried out under

various employment programmes, or the placement of jobseekers.

More recently there has been an emphasis on the quality of service given to the jobseeker which is recognised as an important measure of performance alongside more traditional indicators. One of the most important policy developments to be introduced in the 1990s is the *Jobseeker's Allowance* (JSA). It was announced in the November 1993 budget, and will be introduced in October 1996. It will involve the first major attempt to reform the UK benefits system since 1994, and will bring in a new single benefit replacing the previous unemployment benefit and income support payments. The JSA will have one set of rules and claimants will be required to sign a *Jobseeker's Agreement* as a condition of receiving benefit. This agreement will set out each claimant's plan to find work at the start of the claim, and claimants will be expected to do what they have agreed. In order to reinforce incentives for the unemployed to take appropriate steps to get back into work, benefit may be disallowed for certain periods of time if jobseekers do not fulfil their basic labour market conditions for the receipt of benefit, and actively seek work. The non means-tested part of the allowance will be available for six months, instead of the 12 months of the former unemployment benefit.

Alongside the *Jobseeker's Allowance*, the UK government is introducing a package of new incentive measures to encourage the unemployed to take part-time work as a stepping stone into full-time employment. These include a *Back-to-Work bonus*, national insurance holiday and the extension of some benefits (housing and council tax), for a short period of time after the unemployed person has returned to work, to avoid a sudden drop in income through the removal of benefits.

The changes also include a requirement for unemployed people to be available for work for a minimum of 40 hours throughout the week (the current rules require claimants to be available for work from Monday to Saturday). Under the

JSA, claimants will discuss with an adviser their preferred pattern of work across the week, and, provided that it does not limit unreasonably their prospects of securing work, it will be agreed. Once it is agreed, claimants will be expected to be willing to work those hours to receive benefit, even if they would prefer to work fewer hours. People who are offered suitable work of at least 24 hours will be expected to accept it.

With the development of a more customer-orientated organisation, and stricter performance controls that emulated those found in many private sector organisations, the ES effectively broke away from the traditional view of public employment services as an extension of unemployment support. Effectively the ES wanted to appeal to a much wider market, in particular winning the confidence of employers.

Under the current three-year plan for the ES covering the period 1993-96 (Employment Service, 1993), there has been heavy emphasis on helping unemployed people back into jobs in the context of a flexible and efficient labour market. To assist the ES in meeting its objectives, further flexibility was introduced into the management of the agency, much of which has been focused on devolving accountability further down the line.

An evaluation of the ES covering the period 1990-93 (Employment Department, 1994) was generally positive about its achievements. It suggested that the service had become a performance-driven organisation. This success was measured in terms of the agency's impact on the labour market, its effectiveness, efficiency and economy of performance. The quality of the service was judged by client satisfaction.

In the private sector the agencies have operated relatively freely but under the guidelines established by the government, with the 1973 Employment Agencies Act setting the broad provisions of operation (with various subsequent amendments). This legislation required agencies to be licensed and thus subject to the various codes of operation and scrutiny by the state. However, the conditions for operation were not considered onerous and it was no surprise when in 1994 (operative from January 1995) new legislation was introduced that effectively deregulated the sector. Since January 1995 private

employment agencies no longer require a licence to operate, although they are still subject to the standards laid down and monitored by the Department of Trade and Industry (DTI). This means that agencies can still be prohibited from operating if, for example, they are deemed to have contravened the standards of good practice set out in the legislation.

There is little evidence to show that, since the introduction of this legislation, there has been a significant increase in the number of agencies entering the market. This subdued effect may be due to the fact that whilst some of the bureaucracy involved in setting up an employment agency may have been removed, a powerful set of guidelines for the operation of agencies aimed at protecting the client groups still exists. In effect, even before this deregulation measure, there were few obstacles to setting up private employment agencies, with the control elements more focused on their monitoring once they became operational. In reality it appears that few agencies were refused their applications before deregulation and since; there have been only isolated cases of investigation into the operation of agencies (with a view to invoking the new powers of prohibition).

Responsibilities and Market Share of the Public Employment Service

There are few occupational areas or sectors of industry not served by employment agencies in either the public or private sectors (or both). The official view is that the private agencies are complementary to the services of the ES; in practice there is sometimes overlap which might be construed as competition. Basically the only area where the ES does not operate is in head-hunting which is the domain of specialist agencies in the private sector. International recruitment is also largely serviced by the private sector, although the ES is a party to EURES and also offers vacancy notification that it receives from foreign employers. However, a key difference between the public and private sector is that there are no charges for clients (either firms or jobseekers) using the ES. In the private agencies the cost of using their services can be high and is commonly set at a figure of 10% of the first year's salary of the person recruited.

In the case of temporary staff the agency is frequently the employer, charging the client firm a fee based on hours, days or weeks of service. There is also a trend for many agencies employing temporary staff to offer terms and conditions analogous to those found in normal employment situations (eg holiday pay, subsidised meals, etc).

A feature of the public employment service is the prominent location of its employment offices, with user-friendly, self-service displays for jobseekers to browse through. This has recently been enhanced by the development of computerised systems that not only record jobs in local areas, but also allow access to information in other parts of the country. A further development of the system, known as the *Labour Market System* or LMS, is to introduce computerised matching of vacancies to jobseeker in an effort to increase the efficiency of job search.

The private sector has a much larger number of offices (around 15,000 in total) but with less attention to an even spread throughout the country. The rationale for the location of private sector agencies is where the employer business is. There is therefore a concentration of offices in London and the larger towns and cities where competition between agencies for business can be intense. Most of the private agencies specialise in one or a few occupational areas such as secretarial and clerical, or accountancy. As such they can conveniently avoid most of the social provision that a public employment service has to respond to.

It means that private agencies are dealing more with those already in employment but seeking a new job rather than the unemployed jobseeker.

Conclusion

For the public sector, the major pressures for change are likely to come from the government requiring greater productivity within a tight regime of cost control. Of course, the ES has been used to this for many years now and already has the management and organisational structure to cope. Furthermore, the development of the LMS computerised system should enable efficiencies to be gained while at the same time improving the quality of service to jobseekers and employers. Co-operation with the private

sector will continue and it is likely that private agencies will become more involved with the delivery of ES programmes, a situation that the private sector would be receptive to.

Outside the public sector there are already some signs of innovative developments, mostly on a local basis. For example, in one region of Scotland employers in a particular sector, concerned about potential skill shortages, have joined together, in association with local agencies such as the Local Enterprise Companies, to develop their own recruitment agency with details of staff and their relevant skills held on a database.

More generally, there are some tentative steps being taken in the private sec-

tor to establish computerised 'banks' of skills and job vacancies with a view to matching the two and without the need for a physical office location. This reliance on information technology must be the future for the private sector business and to a lesser extent for the public sector as well.

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Italy

Employment Services

Introduction

In Italy, the network of public employment service (PES) offices is decentralised into 19 regional employment offices, 85 provincial offices, 516 district offices and 14 Regional Employment Agencies. The PES offices are part of the Ministry of Labour and Social Security, except in autonomous regions and provinces, where they are managed by regional authorities and are independent of the Ministry.

Regional Employment Agencies were created in 1987, as part of the Ministry of Labour, but with a special status. They provide technical assistance to local and regional offices on active labour market policies and promote employment services and other measures for disadvantaged groups. Local authorities sometimes provide employment services for such groups, particularly counselling and vocational training.

The PES is responsible for: registering recruitment and dismissals, maintaining the list of registered unemployed people, dealing with recruitment grants and assessing eligibility for unemployment and other benefits. This means that the PES has little capacity to provide placement services or to check if registered unemployed people are available for work. However, there are currently over 12,000 officers employed in more than 600 PES offices.

The PES caters mainly for less skilled workers and for the more disadvantaged sections of the labour market. Unemployed people make greater use of the PES for job search than employed people do. In 1991, just 8.5% of employed and 13% of unemployed people used registration with the PES as their sole means of job search. Data show that there has been a sharp decline in the use of PES by both employed and unemployed people. Firms also make little use of the PES. Small firms use local PES offices to fill their low-skilled vacancies, while medium and large firms use the PES only to fulfil their job quota requirements. In 1991, hirings from PES lists formed only 27.7% of total recruitment.

Private employment services

Private employment services operate in specific areas - mainly in head-hunting for highly skilled and management positions, and in outplacement and temporary work supplied by co-operatives. In recent years, private organisations have been supplying technical assistance to public bodies to set up local employment services by agreements with public agencies and social partners. Employment services are also supplied by consortia comprised of private and public organisations, such as local authorities, employer organisations and trade unions. The latest industrial Census, in 1991, showed that 579 private firms operated in the area of 'personnel search, selection and provision,' employing a total of 3,671 workers.

A study undertaken by Censis in 1989 showed that the use of private employment services is greater in Northern Italy, where they are used by approximately 36% of enterprises, compared with less than 17% in Southern Italy.

Recent reforms

In recent legislation, the activities of placement offices were deregulated, but no changes were made to the structure of the Labour Ministry. Since 1995, firms have not needed prior authorisation from their local labour office for new recruitment. Also since 1995, local labour offices can make agreements (*convenzioni*) with local public authorities and the social partners to establish employment services.

These reforms have led to improvements. However, there continues to be confusion of roles between the various public agencies, resulting in duplication of services in some Northern areas and inadequate intervention in most Southern areas.

There have been problems with the implementation of some important innovations, such as the creation of Regional Employment Agencies. The role of such agencies within the Labour Ministry and

Regions is not clear. Furthermore, their resources and their degree of autonomy from the centre are inadequate. In fact, these agencies did not start operating until the early 1990s, some four to five years after they were created.

The tripartite agreements of 1992 and 1993, besides dealing with wage bargaining, set out several labour policy reforms. Included in these reforms were increases in labour market flexibility by liberalising the use of temporary, fixed-term and part-time contracts. In addition, arrangements were introduced for work of public usefulness (*lavori socialmente utili - LSU*) for laid-off and Cassa Integrazione (CIG) workers who are temporarily laid-off, and benefit from income support. There were supply-side active policy measures designed to ease the transition from education to employment. Demand-side measures included a new approach in disadvantaged areas, following the abolition of the special action scheme in the *Mezzogiorno*. Finally, there were measures to improve the operation of the labour market, in particular: to end the public sector monopoly of placement activity; to decentralise further the PES; liberalise recruitment practices; and to revise unemployment benefit schemes.

Almost three years after the last agreement, the only fully implemented step is the new industrial relations system. Few labour market measures were activated, indeed several are still awaiting Parliamentary approval. Given the overall lack of public sector intervention, the social partners are active at the local level, experimenting with new agreements for local development (especially in the South) and for intervention in the labour market.

Co-operation between the public and private sectors

The social partners are strongly involved in the PES. Legislation provides for the creation of advisory tripartite commissions, at the national, regional and local levels, to design and monitor active labour market policies.

Currently, 42 Italian provinces are drawing up Patti Territoriali (territorial pacts) through which the social partners and local authorities can agree greater labour and wage flexibility and capital investments with a financial contribution from central government. However, the length of the procedures and the large number of public bodies involved are delaying these projects.

Other examples of work at the local level are the agreements between industrial confederations in northern regions (such as Emilia-Romagna, Veneto, Lombardia) and in southern regions (Puglia, Calabria, Campania) aimed at enhancing labour and capital mobility. There have been initiatives to facilitate labour mobility by providing information on vacancies and assisting workers to move from southern to northern regions by, for example, subsidising transportation and housing costs.

In some northern areas, where problems are mainly due to the lack of job-matching services, the social partners are creating employment services involving local Employment Offices and authorities aimed at rationalising information on labour market flows, and developing labour exchange and counselling services. Such initiatives represent an important step toward a 'bottom up' approach to employment and development policies which has so far been lacking in Italy.

Finally, Confindustria and national trade unions have created a consortium (Organismo bilaterale nazionale per la formazione) intended to promote the reform of the Italian vocational training system. The consortium's first goal is to develop a picture of the training and professional needs of the Italian production system.

Conclusions

The need to improve the effectiveness of active labour market policies, and especially employment services, is now a key issue. International developments, as well as those in some Italian regions, have emphasised the need for radical reform of the public structure of intervention in the labour market.

Areas for improvement include: ending the public monopoly of placement services; involving private employment agencies in recruitment for temporary

work (within an appropriate regulatory framework); strengthening employment services for the weaker segments of the labour market (especially counselling and job-matching services for those entering the labour market for the first time and those who have lost a job); decentralisation (including a degree of budgetary autonomy at the local level); improved information systems to facilitate monitoring and evaluation of labour market trends and policies; and maintaining collaboration between public and private bodies in the provision of local employment services.

These requirements are now widely accepted. Discussion centres on the means to achieve them, the extent of decentralisation and the relationship between the Labour Ministry and local agencies. It is apparent that the North and South of Italy require different policies. In the North, decentralisation of employment services and other active measures should greatly improve the functioning of local labour markets because the economy is favourable and local authorities are able to manage new tasks. In contrast, underdevelopment in Southern Italy cannot be dealt with through active measures alone. Furthermore, there are concerns that southern local authorities may not have the expertise to develop effective employment services and active labour measures. Support for local authorities is necessary, as well as implementation of lessons from good practice elsewhere.

Two aspects are relevant in this respect (Geroldi, 1995). One is the revision of the tax collection mechanism, whereby local authorities which effectively manage labour policies are to be rewarded with greater budgetary autonomy. However, there is a problem in determining the appropriate distributive mechanisms, so as not to penalise less developed regions.

The second aspect concerns the definition of local and central competencies. One proposal is that local authorities should assume all the competencies they consider best managed at the local level (bottom up subsidiarity). The alternative is that central government (in this case the Ministry of Labour) determines which functions should be decentralised and maintains its central role through the creation of a national tripartite body (the National Employment Agency).

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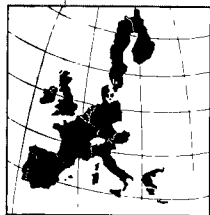
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ABBREVIATIONS USED IN SYSDM

SYSDM		COUNTRY			
		LANGUAGE			
SYSDM	European System of Documentation on Employment				
EU	European Union				
CEC	Commission of the European Communities				
DG	Directorate-General of the CEC				
ETUC	European Trade Union Confederation				
Unice	Union of Industries of the European Communities				
MISEP	Mutual Information System on Employment Policies				
OECD	Organisation for Economic Co-operation and Development				
ILO	International Labour Office				
CEDEFOP	European Centre for the Development of Vocational Training				
GDP	Gross Domestic Product				
GNP	Gross National Product				
PES	Public Employment Service				
SMEs	Small and Medium-sized Enterprises				
		A	Austria	IRL	Ireland
		B	Belgium	I	Italy
		DK	Denmark	L	Luxembourg
		D	Federal Republic of Germany	NL	The Netherlands
		E	Spain	P	Portugal
		F	France	S	Sweden
		GR	Greece	SF	Finland
				UK	United Kingdom
		DA	Danish	GR	Greek
		DE	German	IT	Italian
		EN	English	NL	Dutch
		ES	Spanish	PT	Portuguese
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