

PES and EU2020: making the employment guidelines work

Adopted by Heads of PES in Budapest, Hungary on 23-24 June 2011

Public Employment Services (PES) are recognised by the Employment Guidelines 2020¹ as central actors in the improved delivery of the European Employment Strategy. They are in particular expected to play a key role in relation to the implementation of Guideline 7 "Increasing labour market participation" and Guideline 8 "Developing a skilled workforce".

As part of an ongoing process to improve service delivery in line with the objectives of the guidelines, the Heads of the PES network has set up a working group devoted to elaborate a "PES contribution to EU2020" consisting of several elements:

1. A translation of the employment guidelines into operations of the PES and the PES visions 2020.
2. An issues paper for an internal high level open debate on the strategic positioning of PES for the ten years to come.
3. The answer to the EMCO request on elaborating and further enriching the possible role of PES within the 'Making transitions pay'

The following paper relates to the first deliverable and presents some **findings from a PES perspective on how to translate the guidelines into PES operations, what are the key priorities for action, what are the key leverages for implementation and how PES define their added value and role as actor on the labour market.**

Preliminary remarks

It is worth noting that the organisational development, resources and targeting of PES services is a framework, which is mostly in the responsibility of policy designers, giving the directions for PES how to work. The policy implementers – **the European network of PES – however considers this common analysis as an important contribution on how to further improve service delivery, cooperation and exchange between the network members, taking into account the variety of PES in Europe.** So the paper starts by identifying first general trends and then, where appropriate, adding some information about different approaches, stages of development or starting points. On the one side, PES act in different political, economic and social contexts, on the other side, PES themselves are far from being equal in terms of business models, the range of services offered and the state of development on the way from a more administrative authority to a modern service agency. While some PES underline in their contribution that they are in a favourable position to start the Europe-2020 strategy, limiting future efforts mostly on the continuous improvement and adaptation of existing services, approaches and measures experience from other PES illustrates that they are in a period of intensive reshaping and / or building up. Although PES are facing new challenges today, they can start from a solid base. The old guidelines from the Lisbon strategy and the new ones have been worked out into actions and strategies. Results of this can be found in documents such as: PES Mission Statement, December 2006, the contribution of Public Employment Services to Flexicurity, December 2008, Opinion from the Public Employment Services Network to the Employment Committee: How can PES best deliver on the New Skills for New Jobs policy (December 2009)², and the PES paper "The Case for Skill", June 2011".

¹ Part II of the [Europe 2020 Integrated Guidelines](#)

² All documents available on <http://ec.europa.eu/social/main.jsp?catId=105&langId=en>

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1. Challenges – similarities and differences

As effect of the recent crisis European PES see themselves increasingly faced with a twofold challenge: **On the one hand most PES reveal that their future strategies are shaped by longer term considerations:** by the demographic changes, an aging and shrinking workforce, already existing or threatening labour shortages, rapid technological innovation in the context of global competition, requiring a higher skilled and more productive labour force than ever. **On the other hand the crisis has changed the picture, shifting the priorities to urgent short-term challenges,** to avoid long-term unemployment and social exclusion of those hit by the crisis. **Whether more importance is given to the one or the other side depends on the national labour market situation.**

Many PES see a major challenge to reconstitute labour market programmes to ensure that they prevent the rapid rise of unemployment from transitions into long-term unemployment and to youth as primary target group. However, in a few countries, benefiting from a fast and strong recovery longer-term challenges rank first on the agenda: Instead of job retention and short-time working arrangements now talent shortages are considered as main priority, and tasks to be solved are how to best exploit and to adequately train the labour force potential corresponding to the needs of the future labour market.

2. PES priorities for Employment Guideline 7: Increasing Labour Market Participation

Guideline 7: Increasing labour market participation of women and men, reducing structural unemployment and promoting job quality.

This guideline makes specific reference to employment services and notes that: *Employment services play an important role in activation and matching and they should therefore be strengthened with personalised services and active and preventive labour market measures at an early stage. Such services and measures should be open to all, including young people, those threatened by unemployment, and those furthest away from the labour market.*

The main message shared from PES all over Europe is that they have an important role to play in increasing labour market participation. Two principles guide PES in Europe and can be seen as a kind of general mission:

- To have continuously more people at work by better linking demand for and supply of labour,
- To offer tailor-made services for all, but to pay most attention to the client groups with particular needs, i.e. those furthest away from the Labour Market.

In line with this PES give a broad range of indications what they see as their contribution to achieve the employment target set for their country.

- Strengthening personalised services

For most of the PES, developing tailored support for jobseekers is a major priority. They plan to **implement or improve profiling systems**, which provide the means to identify individual needs and direct people to well targeted services, activities and ALMP measures. This

includes a "strong start", a service chain including IT-profiling, a proper interview, an action plan and regular meetings. There is a large consensus to **further develop tools for risk identification** including IT- and self-help tools.

One key question for future debate however is how to balance the tension between cost-efficiency and personalised service approach. Some PES point to the changing customers' behaviour arguing that an increasing service offer via e-channels is not only in line with their expectations, but will also help to reach new clients. Others emphasis the permanent added value of face-to-face services, be it for those in need of more intensive assistance, be it in general to secure more sustainable transitions by enabling their clients "to take their careers into their hands", i.e. to equip them with the career management skills needed to find an adequate job or training, be it to ensure a close monitoring by frequent, short interviews.

- Strengthening PES with (targeted) active and preventive measures at an early stage

The availability of ALMP measures can be considered a precondition for PES to ensure that those harder to place can be offered adequate assistance and/or the training needed to find a job. **There is a widely shared consensus among PES that action should be taken to improve the way in which support is tailored to the individual requirements of clients. Another priority will be to ensure that support is offered at an early stage in order to minimise unemployment spells.** This point of view is shared by most PES in Europe, while a few countries prefer deeper interventions by PES only in case the market fails, i.e. when an unemployed does not find a job within a certain period of time.

Depending on the national situation two major strategic objectives can be identified. **A number of PES is at a stage, where they plan to systematically upgrade and diversify active and preventive measures, while for many PES issues of effectiveness and cost-efficiency are ranking higher on the agenda:** simplification of the toolbox – i.e. a limited number of instruments, adaptability– i.e. more room for decision at local level, flexibility – i.e. a module approach corresponding to the individual needs. Internships are considered as important stepping stones into future jobs, as research has proven that work experience is more effective than classroom training alone. Furthermore, it will be crucial to build up or optimise systems of performance measurement and evaluation to find out, which measures work best for whom.

As lesson from successful interventions during the crisis and partly as result of a change in the general strategic approach, a shift of paradigm has taken place. **Many PES in Europe intend to stretch their service offer beyond the traditional customer group of registered unemployed, prioritising preventive measures for employed.** Such service concepts include support for employers and workers in cases where significant lay-offs are anticipated as well as promoting and subsidising of training for low-skilled workers to maintain their employability (see also Guideline 8).

- Priority target groups

There is a large consensus that PES in Europe will continue to offer services to all jobseekers. As one PES puts it, more emphasis is given to serve all jobseekers (potentially) capable to work, increasingly also for workers at risk of unemployment,

However, **given limited resources and budget constraints, most PES intend to prioritise those groups with lower employment rates aiming to retain elderly longer in the labour market, to integrate vulnerable groups like low-skilled or immigrants. Another group**

often named is the one of the inactive (above all, when receiving non-employment related income replacement benefits) like disabled, lone mothers, women at home, early retired, or those on sick leave. From a budgetary point of view their integration cannot only help to decrease the burden for the welfare system, but also to increase tax and insurance contributions while at the same time ensuring increasing employment.

What has changed with the crisis and maybe also as result of increasing national and European policy debate in the context of Europe 2020 is **an increasing priority currently given to young people**. The vast majority of PES sees indeed a need to focus efforts on young people, particularly on low-skilled young persons.

- Further development of services and incentives for employers

A matching of labour supply with labour demand is the core function of all PES, **closer cooperation with employers ranks therefore high on the agenda for most PES**.

Active marketing including with private employment agencies provides a source of jobs best suited to the skill sets of the majority of jobseekers. Moreover, assistance for recruitment initiatives with employers can help to create job opportunities for LTU, particularly if combined with targeted subsidies. It will be crucial to develop creative and innovative methods of contacting and recruitment, as employers do not always consider PES as valuable partners for recruitment.

3. PES priorities for Guideline 8: Developing a skilled workforce

Guideline 8: Developing a skilled workforce responding to labour market needs and promoting lifelong learning

Member States should promote productivity and employability through an adequate supply of knowledge and skills to match current and future demand in the labour market. This includes effective incentives for lifelong learning of those within and outside employment (including opportunities for second-chance learning) with efforts focusing on supporting those with low and obsolete skills, increasing the employability of older workers. Other points of relevance for PES work are the improvement of access to training, strengthening education and career guidance combined with systematic information on new job openings and opportunities, promotion of entrepreneurship and enhanced anticipation of skill needs as well as to remove barriers to occupational and geographical mobility of workers encompassing the recognition of qualifications and competences.

PES are an often underestimated player in the field of lifelong learning and developing a skilled workforce, given the predominance of responsibilities in the education system. Only a limited number of PES in Europe are directly involved as training providers. However, in all countries PES are important stakeholders, as they shape, manage and account for ALMP measures, assigning the participants (unemployed including young people) to measures including opportunities of second chance learning. This means that PES are important partners for adult learning.

While the Employment Guideline 7 "Increasing labour market participation ..." is naturally more in the focus of attention of PES, many contributions reveal a strong link to Guideline 8 "Developing a skilled workforce ...". In order to better produce workers with the right skills to be placed into a job many PES plan to better adapt supply to labour demand, above all by better tailoring training programmes

- Incentives for lifelong learning of those within and outside employment with efforts focusing on supporting those with low and obsolete skills, increasing the employability of older workers

All PES in Europe will continue to offer training for jobseekers in need. To bring this forward, many PES plan to closely cooperate with companies and sectors to arrange combined work and learn places or internships for jobseekers as stepping stone to employment.

A number of PES envisage enlarging their service offer by offering services for low-skilled employed, a few also for older workers in order to keep their employability in times of rapidly changing labour markets due to technological innovations and restructuring. Although training for employed in general is the responsibility of employers, a number of PES are involved or intend to do so where the market fails. PES plan to give incentives and support to employers and employees, above all to SMEs which do not have at their disposal an own HR department.

However, it should be noted, that **the scale of PES involvement into training and more formal education strongly varies across Europe**, due to increasing budget constraints in some countries, to a policy philosophy inspired by a prominent "work-first"-approach and a strong culture of "learning on the job" in others, or a combination of both. The PES role differs as well due to differences in the national legal and institutional settings.

- Strengthening career guidance, labour market information and anticipation of skills needs

The most important topic for PES is to further develop or to build up professional labour market information services including tools to assess structural imbalances between skills supply and demand enabling an early diagnosis of labour shortages at national, regional and local level. For all PES a strong labour market intelligence is needed to cover their regional labour markets. In particular those countries, with a strong regionalisation of PES see improving the coordination of labour market intelligences as a key priority. Others aim to develop more sophisticated concepts and methods making use of a variety of sources. For all PES it is crucial to closely cooperate with the employers to get valid information. Moreover, they plan to well cooperate with the education sector and career guidance services to make vocational education and training, study courses and vocational orientation more responsive to labour market needs.

To better match training offers with candidates and to better support a sustainable career development a number of PES in Europe will provide specialised career guidance services. These include assessing skills and competences acquired through formal and non-formal learning as well as the identification of skill gaps. While in some countries such services will continue to be offered in-house others prioritise to strengthen partnerships and cooperation with specialised career guidance services, developing for example an integrated skills and employability assessment process, competencies testing centres or "learn and work desks" in local offices.

- Promotion of entrepreneurship and self-employment

A significant number of PES have as part of their portfolio activities to promote self-employment or entrepreneurship including start-up measures that focus on offering relevant advice/training and early phase financial support to individuals. In some cases

the strategy extends to working with a range of stakeholders involved in local development (e.g. local government, employers, social partners, NGOs) and increasing the availability of micro-credit facilities.

- Promotion of international mobility

Only a few PES consider promoting geographical mobility as a priority area for action in relation to the Guidelines. This is particularly the case in countries with beginning labour shortages. PES see strengthening EURES services for employers as a priority action, whilst those with a surplus of labour force refer to the role of EURES in facilitating free movement of labour and as a means of combating unemployment. Strengthening cross-sectoral cooperation, e.g. with Euroguidance, is also mentioned as priority for further action.

4. Key leverages to implement the priorities for action

Strengthening PES service capacities depends to a large degree on the policy context and general reforms of the welfare state which both have a strong impact on larger organisational PES modernisation as well as on the adoption of labour market schemes and programmes. From a PES management view some reforms and settings are considered particularly supportive to better implement the priorities as set above: simplifying administration, improving work incentives for unemployed and setting a framework which allows PES to make available more personalised services for those furthest from the labour market. Against this general background the following conclusions can be drawn:

- Organisational reforms – the role of integrated services

In order to make both services for jobseekers more customer-oriented and activation more effective, a number of PES refer to the importance of offering an integrated one-stop-shop service. This relates above all to the integration of employment services and benefit payment which despite an increasing tendency since the 1990s has not yet been implemented in all countries. In some PES the agenda for integration goes further, including representatives from external public or private partners into the local or regional office for certain target groups (e.g. young people) or certain services (e.g. education, social services etc.) to allow for rapid coordination of activities.

- Partnership approach as key

There is a consensus among almost all PES that furthering cooperation with other actors and developing partnerships is a priority area for action. Three particular types of partnership stood out from the rest in terms of the number of PES which plan to develop them.

The first relates to partnerships at local level between local employment offices and other local stakeholders to ensure a co-ordinated strategic and service offer, and easy referral of individuals to nearby support services. As result, network management is increasingly seen as "paradigm for future action", as services for the labour market will only be effective building upon the know-how and resources of different actors, avoiding friction costs in terms of service duplication and lacking management of service interfaces. For that a system of labour market intelligence is needed which is capable to deliver regional/local data. A number of PES particularly mention the importance of NGOs for the work with those furthest from the labour market.

A second type of partnership to be reinforced relates to cooperation with employers and providers of education and training services in order to improve the way in which the training offer is tailored to demand. A third type of partnerships concerns the development or optimisation of sub-contracting for specialised services like analysis of competences, career guidance, and more intensive support for labour market integration for those further from the labour market. An issue at stake is how to better share tasks and how to ensure efficient service delivery.

- E-services and multi-channelling – the balance between cost-savings and personalised service approach

Many PES plan to implement or further extend e-government and multi-channelling approaches to service delivery for jobseekers and employers including self-help services offered online. Most PES will make more use of modern channels for communication, develop automatic matching and other self-help tools. In most cases this is explained by cost savings in times of increasing budget pressure. One PES, for example intends to build up a multi-channel strategy to save costs and allocate staff resources to those in need: This way about 70% of all jobseekers are expected to find a new job, a training possibility and to apply for unemployment benefits by themselves without entering a local office. The available PES advisers will then focus on those in need of personal and continuous support and provide the online and distance services.

A challenge for all PES is to find the right balance between the levels of personalised service delivery and budget pressure as far as the framework set by government leaves a room to manoeuvre. If so, evaluations and customer satisfaction surveys are needed to shape the services according to customers' needs. PES managers will have to decide whether a customer will be automatically steered to a corresponding channel or be informed to make the final choice him/herself.

- Quality of service, staff competences and training

PES are increasingly developing into organisations providing support for transitions throughout the life-course, as the range of services offered, either directly or indirectly, to both jobseekers and employers is expanding. To effectively serve the customers PES staff need to be aware of the different options available. Moreover, the increasing use of multi-channelling methods means that face-to-face meetings and other personalised support will tend to be with people with most complex problems.

There is obviously a need to ensure that PES staff are adequately trained and have the right skills and experience to offer a quality service. However, while staff competences and training are considered as important by some PES, for the majority of PES in Europe it continues not to be a key issue on the agenda. One possible explanation could be that the changing job profile of and skills requirements for employment advisors might come up as a topic with a certain time lag, when other management questions have been solved.

5. PES – added value and ways forward

Past, present and planned policy developments have led to an increasing role of PES as labour market actors. PES are responsible for policy delivery. The shift from passive to active labour market policies and the mutual obligation approach implemented in a lot of countries since the 1990s has given more weight to placement, recruitment and guidance services compared

to payment functions. Changing management concepts have prompted a shift in the culture and process organisation by gradually transforming Public Employment Service from administrative authorities to customer-oriented service agencies.

Most PES in Europe see their role and added value nowadays increasingly as that of a general coordinator of labour market services – the so-called "conductor role"; the role of a central partner, or network manager. By co-operating with a range of other organisations in a loose network they are able to maximize the synergies of partnership and cooperation and offer a comprehensive and life-long transitions management service. While some PES are already now in such a position, for others **the main task for the future will be to further develop service and quality standards and to better coordinate all levels in order to ensure equal services for the citizens all over the country.** This is a particular concern in countries with a strong regionalisation.

Service delivery by a public institution bears some other advantages: As public services PES dispose of a wide geographical coverage. They are open for all, offering impartial services for employers and jobseekers including vulnerable groups at no costs. By matching supply and demand, by offering support for special groups **PES as public service agencies contribute to stability and social peace of the whole society and a better functioning of the economy as a whole. A well-functioning PES can be considered as a solid and modern pillar of the welfare state.**

PES will continue to have the task to optimise services and processes including performance measurement and evaluation, which can also serve to feed evidence based information into the policy-making process. PES can actively seek and enhance the dialogue with policymakers at European, national regional and local level. **The PES Working Group on EU2020 will in 2011 and 2012 prepare for an internal discussion on the strategic role of the PES in the years to come and draft an answer to EMCO's request on elaborating and further enriching the possible role of PES within the 'Making transitions pay'.** This will further contribute to an intensified dialogue between policy implementers and policy designers at European level.
