



# The European Commission Mutual Learning Programme for Public Employment Services

DG Employment, Social Affairs and Inclusion

### **PEER PES PAPER – Hungary**

Peer Review 'Effective Services for Employers' Paris, January 2012

National Employment Office, Hungary

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### 1. SERVICES FOR EMPLOYERS: OVERALL MISSION, STRATEGY AND PROFILE

#### 1.1. What is the PES's overall mission and strategy in relation to employers?

The main objectives of the Public Employment Service in 2010-11 included the mitigation of the impacts of the economic crisis, the promotion of recovery, finding jobs for disadvantaged jobseekers, intensification of the search for vacancies and maintenance of the social dialogue. Information supply, performance evaluation and the implementation of employment promotion and development programmes, supported by the EU, continued to remain among these main objectives. The PES had to serve an increasing number of jobseekers with the same number of staff which made its work more difficult. The EU grant programme helped us a great deal in serving the large number of clients and enhancing the vacancy identification activities despite the difficult circumstances. 'The economic changes which began last year and swept across the world could also have long-term detrimental and unpredictable impacts on Hungary's economy and labour market.' These were our words and expectations reflected in the 2009 objectives. Our active measures (that have a direct impact on the labour market) contributed to the preservation of jobs and the employment of a large number of workers in the primary labour market, and assisted the temporary employment of nearly 100 000 people in the secondary labour market through public employment programmes, thus also dampening the unfavourable labour market impacts of the recession in 2010.

Since the establishment of the Hungarian PES (1991) employers have been identified as the main customer group of the service. The original Hungarian PES model was based on the German federal model (BA) from 1991 to 1998; every local office employed officers for making contact with employers or part time placement officers. According to the current regulation, all vacancies must be reported to the PES and employers do not have to stand in the waiting lines when they visit a local office, call or send a fax to the PES. The Hungarian PES also offers an on-line CV databank free of charge (at <a href="https://www.munka.hu">www.munka.hu</a>), although the Hungarian PES does not have a call centre, toll-free numbers or web centres. Customer traffic is still mainly concentrated in the local offices, on the shop floor. The Employment Act defines services for the employers not only as job mediation, labour market information, and rapid response for mass layoffs or in-service training, but as preventive tools which are all available for the employers. Every year, the Hungarian PES serves approximately 1.3 million citizens and 400 000 companies out of the 600 000 businesses.

The modernisation process of the Hungarian PES started in 2002; the current wave of this process (so-called SROP measure 1.3.1.) also challenged new initiatives concerning the development of the services for employers. These developments are as follows:

 development of a Virtual Labour Market (VLM) based on the German BerufeNet and Job Börse, and also the North Italian Borsa Lavoro

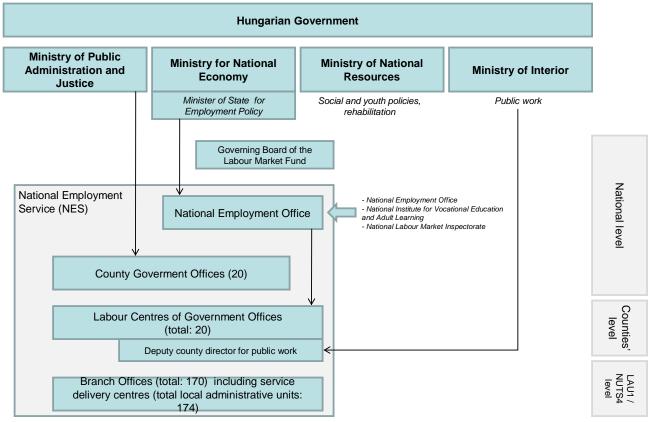
- job agent pilot
- new on-line and face-to-face service package for small and medium size employers, legal and HR advice, labour market information provisions, etc.
- establishment of dialogue forums and round tables for employers at the county and micro-regions levels to develop local partnerships
- SROP 2.2.2. was a parallel measure also implemented by the Hungarian PES. Its main aim was to introduce the Lifelong Guidance Policy and system developments in Hungary. As a result of this measure the National LLG Portal is available for the public and for employers (job descriptions, wage statistics, prognosis by the International Standard Classification of Occupations [ISCO], qualification routes for vacancies, etc. are all available).

#### Changes in the structure of the PES in 2012

The Hungarian Public Administration has been undergoing a major restructuring since 2010. The structure of the Hungarian PES as a fully public body has also been strongly affected. The head office (National Employment Office) will be merged with two other national offices from January 2, 2012. The PES head office (NEO) the National Institute for Vocational Education and Adult Learning (NIVE) and the National Labour Market Inspectorate will merge with a reduced staff of 445 (Gov. Edict 1412/2011 Dec 1, 2011).

According to the current plans of the Hungarian Government, within the 19+1 counties, smaller administrative units will be established. Between 160 to 180 townships (járás) will be deployed in 2012 as the smallest central governmental administrative unit. A decision has not been made yet on the integration of the local PES offices at the new entities.

#### The new service structure of the Hungarian Employment Service (2012)



Forthcoming changes: (after June 2012 : appr. 160-180 (townships)

Gov. Decree 315/2010 (December 27, 2010)

#### 1.2 How does the PES view its role via-à-vis employers?

Role	Importance of the role (scale 1 – 5, 1 is the least important, 5 is the most important)
Labour market advisor	2
Job broker and filler of vacancies	4
Human resource consultant	1
Partner in addressing the needs of jobseekers (in other words, a <i>means</i> to PES-service delivery, rather than an explicit client group)	3
Other (please specify):	Na.

#### 1.3. Which services are offered only on a chargeable basis?

The Hungarian PES does not charge the employers; all services are free of charge for them. Employers' contributions (after the gross wages) to the Hungarian Labour Market Fund (LMF) cover the cost. The financing mechanism of the Hungarian LMF is going to be changed in 2012.

### 1.4. Are all services offered in all regions/localities or is there local discretion on what to offer and what not to offer?

The PES has 170 local offices and the size of the staff in these offices is very variable from 3 to 4 officers to up to 50 to 60 in the regional centres. In the small offices not every service is available. The already mentioned pilot projects are available only in the designated offices.

#### 1.5 What services are currently offered to employers?

Type of service	of service Offered yes or no?  Brief operational description of services		Segmented or universal service?	Service delivered by which PES staff?	
Collection and provision of labour market information		The Hungarian PES is responsible for the wage statistics national survey as well as for the national labour market prognosis, and vacancy database. All this information is elaborated and available for the employers on-line, by phone or face-to-face. The PES staff also visit the employers by request. The head office also offers specific labour market information for the multinational companies in co-operation with the Hungarian Investment and Trade Agency, the legal successor of ITDH Hungary. For SMEs a brand new website is under development; its content will mainly cover legal advice for SMEs.	Universal / segmented	Bigger local offices have specialists for this, also the SROP 131 Measure employs 40 specialists at the national level and the head office (NEO) is responsible for them.	
Drafting and posting of vacancies			Universal	Job agents can be requested by the employers to draft a vacancy ad. This service is available throughout the entire country.	
Recruitment services	3		Universal	PES generalists are responsible for this.	
consultancy concrete situation.		The job brokers receive the employers in the local offices and they react on the concrete situation.  Forty job agents are available nationwide and they visit the employers by	Universal	Special and general staff.	
		request. Also, the special LLG Portal is available for the employers; the SME			

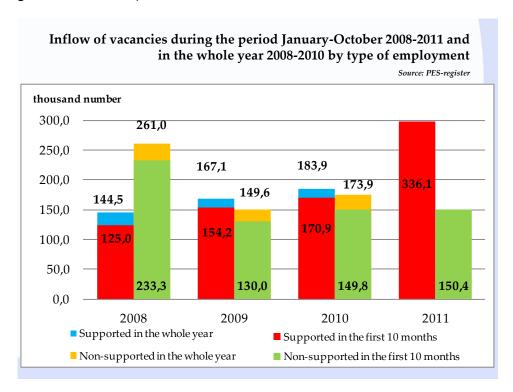
		website is under development, each local office is responsible for its labour market region.		
Information and advice on subsidies and ALMP	Yes	Face-to-face or by phone at the local offices, also at the website of the PES <a href="www.munka.hu">www.munka.hu</a> ; www.eletpalya.munka.hu; there are special groups as well i.e. youth, LTU, etc.	Universal	Generalist
Support for the integration of disadvantaged groups and long-term unemployed before and/or after employment	different labour market programs.  disadvantaged groups and long- term unemployed before and/or after  different labour market programs.  The Hungarian PES mainly outsources LTU services to NGOs, special career guidance is part of the contracts. The Hungarian PES also works with special state accredited employers in the field of health and mental rehabilitations with		Segmented	Specialist
Rapid response and redeployment for large-scale redundancies	Yes	Rapid response was introduced in the mid-90s, the USA-DoL model. Approximately 20 specialists are available for this purpose nationwide; mass layoffs must be reported to the PES directly some months before.  Rapid response is mainly used for medium and large companies.	Segmented	Specialist
Legal advice and support in relation to employment law	Yes	Free legal advice is available from a special office in the capital as well as at each county office, however the allocated time is limited for the employers.	Universal	Specialist
Other service(s)	Na			

### 1.6 On average, how many employers does the PES work with per year? What share is this of the total number of employers in the country?

The Hungarian PES serves approximately 400 000 employers per year. In Hungary there are 600 000 companies and approximately 1 million self-employed, who might have vacancies as well. The market share of the PES was analysed in 2010 and a follow up was made in 2011, a (n=5000) representative sample completed the questionnaire. The PES's services have been used by 11 % (2010) and 8 % (2011) of the total sample. Concerning the semi-skilled and unskilled vacancies, 21 % (2010) and 26 % (2011) were reported (IPSOS 2011). The majority (96-98 %) of Hungarian companies are familiar with the county labour centres and the local offices, although they are far less familiar with the on-line services of the PES and the work of the head office.

#### 1.7 What is the profile of the employers that the PES typically work with?

Small (6-9 employees) and medium size (50 employees or more) enterprises have been using the Hungarian PES services more often and mainly report blue collar jobs (IPSOS 2011). In 2011, two thirds of the reported vacancies were subsidised jobs (wage subsidies etc.).



(source: NEO, Statistical Department)

### 1.8 Are there some types of employers who are currently less likely to engage with the PES and why?

Micro companies (with 0-3 employees) are less likely to engage with the PES, as they simply do not have the time and resources to post a vacancy; they mainly use informal, face-to-face connections for recruitment. The main part of the job market is based on informal connections, so employers do not advertise their vacancies at all. The PES and PRES only share approximately 20-30 % of the market.

Large companies prefer to collaborate with private agencies and the PES local offices as they very often have mass vacancies (e.g. Tesco) where within a relatively tight time slot they need huge numbers of staff recruited.

#### 1.9 What are the services most used by employers and why?

The most frequently used services include vacancy reporting and its related services (group interview, pre-selection), as well as labour market information provision. This is because vacancy reporting is compulsory by law (but in fact the employers don't fulfil their obligation) and labour market information provision is required by small and medium size companies without HR specialists. The average Hungarian company is a small or medium size company. .

The employers require counselling in relation to the different types of wage subsidies and collective redundancies.

### 1.10 What financial resources are allocated to the services for employers compared to the services for jobseekers?

The exact figure is not available as the Hungarian public administration is currently undergoing a major restructuring process, but approximately one fifth of the yearly service costs cover the services for employers.

#### 2. ORGANISATION OF THE SERVICES TO EMPLOYERS

#### 2.1 Does the PES have specialist staff who provide services to employers?

Yes, the original Hungarian PES model was built on this structure where each county centre has specialists for handling mass layoffs and offering preventive services (e.g. in-service training). Currently the national office is directly responsible for the job agent network (n=40).

The new developments concerning the services for employers include the following:

- Development of a national virtual labour market. The feasibility study is now complete and the protocols for electronic announcements are now ready.
- PES 'job agent pilot'. The active field work of the job agents, who make contact with employers, continued under this sub-project. Thanks to the visits paid to employers and to the exploration of vacancies, our staff members identified 5 378 vacancies in 2010.
- Development of the labour market mediator activity of the PES through the efficient exploration of work opportunities suitable for being organised in atypical forms. NESO terminated the contract with the contractor consortium on the 24<sup>th</sup> of March 2010 on the grounds of defective performance.
- New service package to micros/SMEs. Financial and legal counsel is provided on a continuous basis in the seven regions. The new service generated intensive and continuous interest on the part of the employers and those who wanted to start an enterprise. Posters and fliers have been made.
- Cooperation of the team liaising with employers with national competence. A
  roundtable discussion was organised for the employers, with the participation
  of large service providers and wholesale traders. A successful event took
  place with the participation of large service providers, wholesale traders, and
  commercial interest representation organisations, and the staff members
  involved in the SME and job agent sub-project.
- The National LLG Portal (NPP www.eletpalya.munka.hu). The portal includes films presenting occupations/groups of occupations (in accordance with the new occupational classification system). Employers, especially micro and small companies without strong knowledge on labour market information and human resource development, use this portal to get labour market information for ISCO and vocational education and training information. Career guidance within the Hungarian PES also identifies employers as a target group.

### 2.1.1 How is their work organised? For example, do they focus on a particular sector, service or region?

The job agent network is directly supervised from the national office; a policy officer is responsible for the activities and job agents visit 10-12 companies daily by car. A monthly work plan is prepared ahead.

### 2.1.2 What training and skills development do the specialist staff receive and for how long?

The 'preparation for the mining of jobs' manual and the training is based on the experiences of the local offices.

No special training is provided, but soft skills are listed in the interview; an openminded, talkative and problem-solving oriented personality is needed for recruitment.

#### 2.2. Does the PES have generalist staff to work with employers?

County labour centres (20) also have their own staff and generalists in the local offices (in part time) or specialists in the county offices are usually responsible for the employers.

#### 2.2.1. How is their work organised?

Their work is supervised by the county centres; a national protocol is available. The structure of working hours varies from county to county and there are also strong differences between the local offices. In some cases, generalists spend 10 % of their weekly working time on employers and in other offices it can be 40 to 50%.

### 2.2.2.What training and skills development do the generalist staff receive and for how long?

NA

# 2.3 What partnership arrangements does the PES have in place to deliver the service to employers? What type of partner organisations and with what purpose?

The Hungarian PES has a strategic partnership with the Hungarian Chambers of Industry and Trade and the 20 county chambers. The Regional Training and Development Committees (RFKB) also play a significant role (in the near future 20 County Committees will replace the regional ones). In the last decade, the PES has developed regional partnership programmes with the employers. Sixty three regional and micro-regional pacts are in place; these involve the local offices running regular meetings (monthly or six times per year) for employers.

The national office is responsible for the registration of the Private Employment Service (PRES) and Temporary Work Agencies (TWA). In 2010, 802 TWA and 673 PRES were registered. The PES also cooperates with the bigger ones as well as with those who are active in special sectors, international mediation or in desperate, underdeveloped areas of the country.

#### 3. CONTACTING AND ENGAGING WITH EMPLOYERS

3.1 How does the PES identify, target and make initial contact with employers that could potentially benefit from the PES services?

No special segmentation model is being used, however the Hungarian PES mainly works with SMEs and also focuses on low skilled jobs.

3.2 What tools, approaches and communication channels are used to develop a sustained contact and relationship with the employer and how effective are they? In particular, what is the most effective channel for initial contact?

The 40 job agents equipped with cars, mobile phones and laptops are available at business friendly hours; employers can contact them directly. Services are delivered to the employers' headquarters or offices directly. Local offices handle the employers' requests as a priority.

### 4. WORKING WITH EMPLOYERS: RECRUITMENT AND FINDING JOB OPPORTUNITIES FOR DISADVANTAGED INDIVIDUALS

#### 4.1 Is reporting of vacancies compulsory?

Yes, it is according to the Employment Act.

#### 4.2. What types of vacancies are most reported?

Mainly blue-collar and low qualified vacancies are reported. More than half of the vacancies are subsidised-jobs (wage-subsidy, public work).

4.3. What specific tools and systems do the staff use in their work with employers and which ones are particularly effective for recruitment and vacancy filling?

ISCO-93 was compulsory this year; the PES introduced the ISCO-08. A national IT system operates the so-called Integrated Customer System (IR), which is compulsory within the service. The PES also has its own nomenclature for the Hungarian Qualifications and Occupations. The CAF (Common Assessment Framework), a European quality assurance system for public administration, is under

development within the entire service. A nine element-CAF is in place, and the satisfaction level of the employers at the local offices level is regularly measured.

Local offices only use the integrated IT system called IR. All vacancies must be posted by ISCO standards. Officers make matches through the IR system; if the system finds a hit, they might call the clients in advance to the local office. The staff of the local offices perform the pre-interview with them, usually the method of group interviewing is used.

4.4. What tools and approaches are used to incentivise employers to take on disadvantaged individuals and the long-term unemployed and which ones are most effective?

Special wage subsidies are available for disadvantaged groups. The so-called RIC – Rehabilitation Information Centres are available at the county level.

#### 5. MONITORING AND EVALUATION

### 5.1 What systems are in place for performance measurement and evaluation?

A monitoring system concerning the ALMP tools was put in place in the early 90's. In 2000 (30/2000 Ministerial Edict, ministry of Economy on Labour Market Services), a ministerial edict was issued on labour market services, this edict also lists the special services for employers. Along with job mediation, labour market information provision at the county and local levels, is also mentioned. Outsourced services are monitored by the county labour centres. A new initiative on the national level accreditation of labour market services, including services for the employers, is under development. SROP Measure 2.6.1. identifies 48 different service tasks; the system was piloted in two Hungarian counties and the first results will be available in the coming months.

5.2 What are the main indicators used in evaluating the effectiveness and efficiency of the services to employers? Aside from measuring the number or duration of vacancies filled, what other indicators are used? What have been the main evaluation results in recent years?

The Hungarian PES has been implementing the CAF (Common Assessment Framework) quality assurance system. There are nine main indicators, of which one targets the customer satisfaction level of the employers. Under SROP Measure 1.3.1, the project-based introduction of the partner-centred quality management system took place by the end of December 2010, at another 21 offices. In the wake of two successful development projects, every regional PES centre has been carrying out partner satisfaction measurements for several years now (P=partner satisfaction indicator). The measurements are carried out on the basis of the aid

issued for the given year, approved by the General Director of the National Employment Office. The aid comprises, among other things, the annual measurement timetable, and the survey and analysis methodology. We regard the partners of the organisations those who have/can have a permanent and decisive influence on its operation. The following partners are to be taken into consideration to calculate the P indicator:

- the staff of the organisation,
- employers active in the activity area of the organisation,
- clients visiting the organisation (jobseekers, clients using various services).

Partner satisfaction is measured by questionnaire-based surveys. Through their assessment, it is possible to define the degree of satisfaction of the staff, the employers, and the clients, respectively, and the partner satisfaction indicator (P) is produced on the basis of these values, by weighting. In 2010, 96 % of the contacted employers were satisfied with the PES.

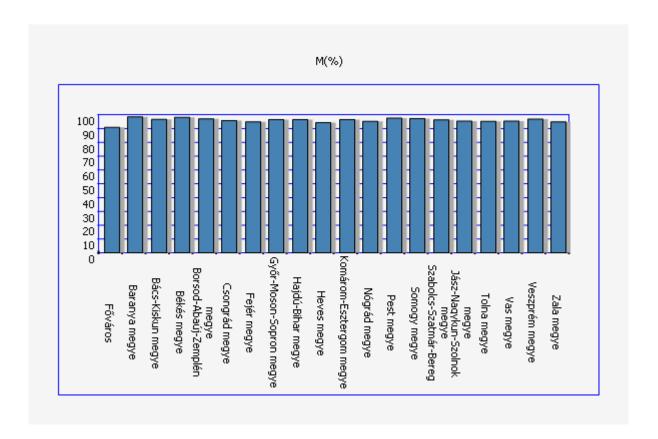
### 5.3 What have been the satisfaction levels and feedback of employers to the services offered?

Services are not monitored separately.

Employer satisfaction survey IE-PMU-04

Employer satisfaction indicator

County	Number of respondents	Number of respondents with a rating of at leas satisfied	M indicator
Budapest	369	335	90.79%
Baranya County	265	261	98.49%
Bács-Kiskun County	504	487	96.63%
Békés County	330	324	98.18%
Borsod-Abaúj-Zemplén County	458	444	96.94%
Csongrád County	378	362	95.77%
Fejér County	214	203	94.86%
Győr-Moson-Sopron County	201	194	96.52%
Hajdú-Bihar County	395	381	96.46%
Heves County	173	163	94. 22%
Komárom-Esztergom County	174	168	96.55%
Nógrád County	146	139	95.21%
Pest County	281	274	97.51%
Somogy County	217	211	97.24%
Szabolcs-Szatmár-Bere County	330	318	96.36%
Jász-Nagykun-Szolnok County	284	271	95.42%
Tolna County	212	202	95.28%
Vas County	307	293	95.44%
Veszprém County	252	244	96.83%
Zala County	210	199	94.76%
Total	5700	5473	96%



- 1. Main field of activities of company based on the uniform classification system of activities (TEÁOR).
- 2. Based on staff size, which group do you belong to?
- 3. Did your company use (did it use in the past two years) any services of the local office?
- 4. Is there a contact person in the local office you regularly talk to?
- 5. If there is no such contact person, is there a need for one?
- 6. Which services of the local office did your company use in the past two years?
- 7. On average, how would you rate the services of the local office?
- 8. How would you rate the knowledge of the local office staff, their knowledge about labour market related law?
- 9. How would you rate the quality and understandability of the written information supplied by the local office?
- 10. Do you plan to use any of the services offered by the local office in the future? Which one(s)?
- 11. In what fields and in which way could the local office improve the quality of its services and its cooperation or communication with employers?
- 12. Do you miss any current information in the local office?

#### 4. Is there a contact person in the local office with whom you hold regular contact?

County	Number of respondents	yes r		no	no	
Budapest	388	297	76.5%	91	23.5%	
Baranya County	256	236	92.2%	20	7.8%	
Bács-Kiskun County	505	456	90.3%	49	9.7%	
Békés County	312	292	93,6%	20	6.4%	
Borsod-Abaúj-Zemplén County	457	428	93.7%	29	6.3%	
Csongrád County	382	326	85.3%	56	14.7%	
Fejér County	228	199	87.3%	29	12.7%	
Győr-Moson-Sopron County	203	178	87.7%	25	12.3%	
Hajdú-Bihar County	420	349	83.1%	71	16.9%	
Heves County	180	154	85.6%	26	14.4%	
Komárom-Esztergom County	180	158	87.8%	22	12.2%	
Nógrád County	148	128	86,5%	20	13.5%	
Pest County	291	249	85.6%	42	14.4%	
Somogy County	224	204	91,1%	20	8.9%	
Szabolcs-Szatmár-Bereg County	340	300	88.2%	40	11.8%	
Jász-Nagykun-Szolnok County	295	257	87.1%	38	12.9%	
Tolna County	208	192	92.3%	16	7.7%	
Vas County	314	295	93.9%	19	6.1%	
Veszprém County	254	239	94.1%	15	5.9%	
Zala County	218	202	92.7%	16	7.3%	
Total	5803	5139	88.6%	664	11.4%	

#### 5. If there is no such a contact person, is there a need for one?

County	Number of respondents	yes		no	
Budapest	135	75	55.6%	60	44.4%
Baranya County	39	28	71.8%	11	28.2%
Bács-Kiskun County	64	29	45.3%	35	54.7%
Békés County	36	25	69.4%	11	30.6%
Borsod-Abaúj-Zemplén County	55	40	72.7%	15	27.3%
Csongrád County	77	55	71.4%	22	28.6%
Fejér County	42	24	57.1%	18	42.9%
Győr-Moson-Sopron County	28	13	46.4%	15	53.6%
Hajdú-Bihar County	87	46	52.9%	41	47.1%
Heves County	36	23	63.9%	13	36.1%
Komárom-Esztergom County	26	13	50%	13	50%
Nógrád County	29	19	65.5%	10	34.5%
Pest County	66	51	77.3%	15	22.7%
Somogy County	24	7	29.2%	17	70.8%
Szabolcs-Szatmár-Bereg County	65	49	75.4%	16	24.6%
Jász-Nagykun-Szolnok County	53	23	43.4%	30	56.6%
Tolna County	26	14	53.8%	12	46.2%
Vas County	34	22	64.7%	12	35.3%
Veszprém County	23	16	69.6%	7	30.4%
Zala County	28	16	57.1%	12	42.9%
Total	973	588	60.4%	385	39.6%

## 5.4. Is there a system in place to feed evaluation results into service development?

The Hungarian PES has been using an MbO system with nine indicators. The customer satisfactory level is a part of this system.

#### 6. CONCLUSIONS

### 6.1. What do you see as the main challenges in relation to delivering effective services to employers?

The main challenges include:

- Targeting the needs of micro and SMEs, where there is no time for administration and there is an urgent need for immediate service and little understanding of the 'PES talk' (e.g. ISCO, ESCO, EU CV, etc.).
- Developing mechanisms and services for 'blind' recruitment and mediation concerning disadvantage groups.
- Combining self-services with face-to-face, instead of the replacement of faceto-face services with on-line solutions.

### 6.2. What are your conclusions on what works best in relation to delivery of effective services to employers?

The most effective methods include:

- Complex service provision for micro and SME companies, not only mediation but legal advice, cash-flow planning, HR services, etc.
- Development of 'open spaces' on social media and other on-line tools for employers and employees where the PES only provides the platform for mediation.

# 6.3. In the Peer Review discussions, on which of the following issues would you most like to focus and what would you like to learn from others?

Role	Importan ce (scale 1 – 5)	What would you most like to learn from others in the area(s) you are most interested in (three points in total)?
PES organisation and staffing	Na	How are special customers for employers units set up in other PES?
Contacting and engaging with employers	5	
Recruitment and finding job opportunities for disadvantaged individuals	3	
Monitoring and evaluation	5	How do you develop further services for employers; what type of feedback mechanisms (e.g. focus groups, interviews, customer satisfaction surveys, etc.) do you have?