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**EFFECTIVE SERVICES FOR EMPLOYERS:  
FORGING PARTNERSHIPS FOR THE  
FUTURE**

Thematic Paper

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# CONTENTS

<b>1. ENHANCING DEMAND SIDE FOCUS: WHY PES NEED AN EFFECTIVE EMPLOYER ENGAGEMENT STRATEGY .....</b>	<b>1</b>
<b>2. DESIGNING AN EFFECTIVE EMPLOYER SERVICE AS PART OF THE OVERALL PES ORGANISATION .....</b>	<b>2</b>
<b>3. EFFECTIVE STRATEGIES FOR EMPLOYER ENGAGEMENT.....</b>	<b>9</b>
3.1 Innovative methods for making first contact with employers .....	9
3.2 Sustaining positive working relationships and creating multiplier effects.....	12
<b>4. SUPPORTING THE RE-INTEGRATION OF DISADVANTAGED GROUPS THROUGH EFFECTIVE COLLABORATION WITH EMPLOYERS.....</b>	<b>17</b>
<b>5. CONCLUSIONS.....</b>	<b>24</b>
<b>6. REFERENCES.....</b>	<b>25</b>

## **1. ENHANCING DEMAND SIDE FOCUS: WHY PES NEED AN EFFECTIVE EMPLOYER ENGAGEMENT STRATEGY**

PES are currently facing twin challenges. On the one hand, they are required to place disadvantaged groups such as low skilled, long-term unemployed, older workers and disabled individuals – their core target group, which in many countries has been supplemented by a significant number of individuals made redundant as a result of the economic crisis. On the other hand, they need to address the medium term challenges arising from demographic change leading to potential skills shortages. Both factors create imbalance in matching, and as a result, it is recognised that important emphasis needs to be placed on the demand side of the labour market. Particularly in PES, where registered jobseekers primarily consist of the above mentioned groups, there has, in the past, been a tendency to focus on the supply side and achieving placement through a more individualised approach. However, in order to secure employment opportunities for job seekers and to ensure that employers' future skills needs are identified early and can be met, more recently in a number of PES, a tendency can be observed to engage more strongly with the demand side.

Evidence appears to indicate that the level of resourcing and structure of employer services depends on whether in the prevailing economic and demographic situation the labour market is supply or demand side driven. Countries with higher rates of unemployment tend to expend the majority of their efforts in targeting larger employers who are more likely to regularly offer a significant number of vacancies, including for harder to place individuals. This has been particularly relevant in the context of the crisis and increasing long-term unemployment. Countries with lower overall unemployment and greater evidence of emerging skills shortages are targeting services to SMEs and companies with unfilled vacancies, who sometimes require HR advice which is not available in-house.

This paper summarises the findings and discussions of a Peer Review on PES Employers Services held under the auspices of the PES to PES Dialogue Programme in January 2012. It brings together the evidence presented in papers prepared by independent experts and PES experts from the participating countries. Particular emphasis is placed the following core questions:

- How can services to employers be effectively defined and organised within the overall PES mission and strategy?
- What are the key considerations in reaching out and binding employers?
- What are the most effective ways to support the re-integration of disadvantaged individuals in collaboration with employers?

## **2. DESIGNING AN EFFECTIVE EMPLOYER SERVICE AS PART OF THE OVERALL PES ORGANISATION**

*Despite good progress, some work remains to be done to improve the perception of the PES among employers*

Most PES have long-standing and positive relationships with many employers, successfully managed primarily through strong local co-operation. Nonetheless, as noted by Larsen et al. (2011, [Analytical Paper](#) p.2), there is an ongoing need for improved interaction not only in order to achieve the goal of serving the needs of a larger share of employers, but also to address negative perceptions which exist in many countries around the types of jobseekers mediated by the PES. Larsen argues that PES are often seen as a last resort, delivering only low skilled and poorly motivated job seekers.

*Emerging skills shortages could lead to refocusing of PES to assisting in recruiting more highly skilled workers*

Most PES define their mission in terms of vacancy filling or matching demand and supply in the labour market. The Belgian-Flemish, Dutch and German PES, on the other hand, describe their role as complementary to market forces. They concentrate on segments in which market failure leads to vacancies that are difficult to fill and to jobseekers having problems in finding jobs (2011, see [Comparative Paper](#), p. 2).

While hard-to-place groups are the focus of the work of many PES, there are also examples of PES actively seeking to 'add value' in the market place by increasing highly skilled individuals. The box below provides details of efforts in the Austrian PES to increase support to companies wishing to recruit more highly skilled workers. In the context of emerging skill shortages, examples of such efforts are particularly pertinent.

## **Box 1. Support for companies seeking highly skilled workers offered by the Austrian PES**

Similar to the PES in many other EU countries, nearly 45 % of vacancies mediated by the Austrian PES do not require any training beyond secondary education; a further 46 % of vacancies required completed apprenticeships and 11 % of vacancies call for university education. The Austrian PES is keen to increase the proportion of job vacancies which require educational training beyond secondary schooling.

Through the Social Security Offices and the PES Data Warehouse, it is possible to identify businesses which need staff and permits the design of specialist services:

### **1. Preliminary filtering of applicants. Individually or in combination:**

- Telephone contact and clarification (since 2010)
- Checking applicants' documentation
- Face to face pre-selection dialogue
- Psychological suitability investigation using standardised, psychological testing methods
- Forwarding of suitable candidates' documents to the company
- Letter of refusal to applicants who were not recruited.

### **2. Incentives:**

- Initial incentives for applicants with little experience, a long period out of work, disability, etc.
- Incentives for training on the job within the company
- Incentives for professional training, before starting work which are specifically for the future employment
- Incentives for continuing professional training after starting the job.

### **3. Meeting the cost of human resource consultancy service costs**

- Advice for companies on staff training opportunities
- Advice on working time models and the employment of older workers. The PES pays one or more sessions by consulting firms (commissioned by the PES).

In addition, emphasis is placed on strong labour market intelligence and skill monitoring. One criterion is knowing about developments in the job market and about companies who need more highly qualified employees. Through this and other measures, it has been possible to increase the number of skilled vacancies advertised by PES by 2 % between 2007 and 2010.

### *Improvement of market share and labour market transparency remain important targets*

Although reporting of vacancies remains compulsory in a number of countries, this is not considered to be a successful way of enhancing the perception or utilisation of PES, as it can be considered as an unwelcome administrative burden by employers. Figures by the Danish Technological Institute (2010) show that there is no clear-cut correlation between legal requirements to notify vacancies and the market share of PES, as companies have other channels to fill vacancies. Kuddo (2009, see [Analytical Paper](#), p.2), however, argues that compulsory notification could lead to improved market share if it went hand in hand with improved services. In addition, the collection by PES of the majority of vacancies could be seen as an important way of enhancing labour market transparency.

Research shows that currently, more than 40 % of PES are in contact with fewer than 20 % of employers in their country/region (Mierina, 2008, see [Analytical Paper](#), p.3). This relatively low market share can be seen to impact on the ability to successfully place particularly disadvantaged job-seekers and to build an adequate picture of future employer requirements in the context of emerging skills shortages. As a result, PES have changed their business model in a number of countries to become more demand-side led. Even in Member States where there has not been a wholesale refocusing of the PES approach, there are efforts to engage more actively with employers.

### *Differences persist in the organisation of support to employers and the segmentation of employer services by PES*

At an organisational level, key differences in approach relate to:

- The development of a specific and dedicated employer service with specialist staff versus an approach where generalists deal both with employers and job seekers;
- The nature of the specialisation vis-à-vis employers and the segmentation of the service offer to employers.

The respective approaches used have different implications for: resourcing; the organisation of service delivery and in particular the interaction between services for employers and job seekers; the nature of services being offered; and staff training.

Although most countries participating in the Peer Review have some specialist staff exclusively dealing with employers, the scale and organisation of this service differs significantly from country to country and additionally often depends on the size of the local PES office. Furthermore, the organisation of support to employers and the segmentation of the services offered to different employers vary and impact on the specific roles performed by employer counsellors.

The following table provides a simplified overview picture of the core approaches used by different countries participating in the Peer Review in providing employer services.

**Table 1: Approaches to offering employer services**

Approach	Description of approach	Countries and nature of specialisation
Generalist approach	In this approach, counsellors deal with both employers and employees in order to maximise the level of co-ordination between both functions. It is seen to deliver a strong work focus for job seekers	Sweden
Specialist employer advisers without strong specialisation by type of employer	Large PES offices have teams of specialist counsellors; small offices have either just one or no specialist counsellors. Employers are not organised along size or sectoral lines (approach tends to be regional)	Bulgaria, Estonia, Hungary, Ireland, Slovenia
Specialist employer advisers with strong specialisation by type of employer	Most PES offices have specialist advisers with specialisation by size of the company or sector	<p>Belgium – Brussels (size and sector)</p> <p>Belgium – Flanders (specialists are called account managers, specialisation by sector)</p> <p>Finland (sector)</p> <p>France (sectoral and special prospecting teams)</p> <p>Germany (region and sector)</p> <p>Netherlands (region and sector)</p> <p>Lithuania (only in large offices, specialised by region and sector)</p>
Specialist advisers with strong specialisation, plus key account managers	Most PES offices have specialist advisers with specialisation by size of company or sector; additionally, key account managers deal with particularly large clients	Austria (sectoral only in large offices)
Key account managers only at national level	National level focus on key clients	UK

Source: Adapted from the table in the [Comparative Paper](#), p. 5).



Table 1 demonstrates that **Sweden** is the only country which purposefully aims **not to provide specialist counsellors for employers**. This does not mean that it does not offer an employer service, but it is felt that it is in the combination of employers and job seeker services for counsellors that the best placement outcome for job seekers can be achieved.

Another more specific approach is taken by the **UK**, which provides a specialist employer service primarily at national level. Here, 35 **Senior Account Managers** work with approximately 200 critical clients (usually very large employers with a nation-wide presence) and offer them specific assistance in recruitment and other aspects of human resource management in exchange for an undertaking by such employers to recruit from the PES target group of disadvantaged job seekers.

In between these two 'extremes' are approaches which offer specialist employer counsellors with different degrees of sectoral or regional specialisation or emphasis on particular sizes of employers. In this context, it should be noted that the employer services of the **German PES** offer **specialised services for SMEs** with particular requirements relating to current and emerging skill shortages.

In addition to having varying degrees of counsellor specialisation according to employers' size, region or sector, some PES also segment the service offer made available to employers. In general, the approach is that most services, including vacancy matching and advice on ALMP, have to be offered to all employers (often this requirement is indeed laid down in law/regulations). However, as resources have become scarce and targeting is more widespread in order to maximise the efficiency of limited resources, new approaches have emerged in which particular services are only offered to certain employers. This is usually linked to the identification of employers most likely to offer a significant number of vacancies on a regular basis of the PES' core client group. In the Netherlands for example, where PES budgets are being reduced significantly and more and more emphasis is being placed on online channels, only the 'high potential' employers are now entitled to access face to face PES advisory services, whereas all other employers only obtain access to electronic vacancy matching.

This extent of service segmentation is not yet widespread in other Member States. However, approaches whereby PES only offer services such as pre-selection of candidates to 'preferred' employers who tend to recruit significant numbers of individuals from disadvantaged groups, are gaining ground. Another service only offered to certain employers in a number of countries is the delivery of targeted training.

## **Box 2. Partnership between the Estonian PES and Enterprise Estonia to deliver targeted training**

A partnership is currently in place between the Estonian PES and Enterprise Estonia to select and train metalworkers to meet the requirements of a growing sector. The project started with a briefing session in which the PES could explain their service offer and representatives of the sector were able to detail their requirements.

The PES subsequently carried out a pre-selection of candidates and organised the meeting between the candidates, employers in the sector and vocational training providers. Selected unemployed individuals attending the training receive unemployment benefit (if they qualify for the benefit and have not yet exhausted their right to benefit) as well as an allowance to cover travel and other additional costs.

Relevant training programmes are usually drawn up in consultation between the PES, employers and Enterprise Estonia. The training offered usually lasts between 4-12 months.

Following this recent project, 20 out of 50 applicants were selected to take part in the training. Although the training is not yet complete, most participants are likely to obtain jobs because of the shortage of workers in the sector.

The focus and specialisation around the employers targeted and the segmentation of the services provided varies according to legal prescriptions, the goals to be achieved and the identified needs of particular employer groups.

*Specialist employer services have advantages, but must be combined with strong organisational linkages to job seekers services*

The Swedish approach highlights the importance of a strong link between employer and job seekers services, in order to achieve rapid and sustainable integration to the satisfaction of both parties. In countries where both roles are not delivered by the same counsellors, there is an identified need to ensure strong organisational links between the two elements of the service. This need is frequently met through regular local team meetings to exchange information on vacancies, employer requirements and job seeker profiles. A common system of linked indicators can also help monitor performance and successful interactions.

*Demand for marketing and sectoral skills and knowledge, dominate in employer services*

While counsellors for job seekers often need to combine pedagogical, social work and counselling skills, the competences required by employer counsellors are more focussed on marketing skills, human resource expertise and knowledge of local labour markets and sectoral skills. Most PES offer specialist training to employer counsellors which is generally of relatively limited duration (between 2-10 days). An exception is Austria – a country with a strong commitment to training for PES staff - where employer counsellors receive 10 weeks additional training. Often this specialist training builds on

qualifications already received as job seeker counsellors, but there appears to be increasing evidence of PES recruiting individuals with private sector and marketing skills to such roles, thus emphasising the differential skill set required.

### **3. EFFECTIVE STRATEGIES FOR EMPLOYER ENGAGEMENT**

Most if not all PES aspire to increasing the market share of employers they work with, although in some countries such as the UK, there is a more 'residual' approach, with market mechanisms in the foreground of matching supply and demand.

Increasing market share requires successful strategies for making and sustaining contact and co-operation.

#### **3.1 Innovative methods for making first contact with employers**

A first issue to be addressed is communication with employers to establish initial contact. In this regard and in subsequent relationships, the quality of staff and services and the quality of matching outcomes become critical in sustaining positive lasting employer relationships.

Mierina (2008, see [Analytical Paper](#), p.3) found that PES with smaller bureaucracies often proved most efficient in making contact with employers. In addition, the attitude and motivation of PES staff is important, as well as having a good knowledge of local labour market requirements.

*PES are able to exploit a number of existing tools to make initial contact with employers*

In terms of making first contact, many existing sources of information and channels are available to PES to exploit in order to increase their reach. These include databases of employers previously having used PES services, but not having done so for some time; contacts with social partner organisations and chambers of commerce; press coverage on new employers moving into or growing in certain regions, and so on.

Experience of different countries has shown that contact with and generating the trust of social partner organisations could be stronger in PES with a tripartite management structure.

A number of PES also emphasise that they have been able to use contacts established with employers in restructuring situations, with whom they had no prior dealings, but were then able to help as the economic situation improved. Dealing with PES during such difficult situations, and the support received, encouraged a number of these employers to establish trust and learn to value PES services.

*Targeted events and the prospecting team can help to identify new clients among employers*

The organisation of round table meetings and seminars on topics relevant to employers has also helped many PES to engage with employers that had not previously used their services.

In addition, PES in countries such as Belgium, France and Hungary have specific employer 'prospecting teams' who are tasked to identify strategic employers moving into, or expanding in the area. Contact is usually made through face to face visits to explain the service offer and establish the particular requirements of such employers.

The activities of prospecting teams are often informed by regional or local marketing plans, which identify target employers.

**Box 3. Job agents in the Hungarian PES**

The project entitled 'job agents' was launched in the Hungarian PES in 2009. Its aim is to prospect employers, identify vacancies and inform employers about the situation of the local labour market, the work of PES and to collect data on the employment practices and plans of the employers. There are currently 40 job agents - 2 in each county – who are responsible for exploring vacancies.

The job agents are mobile and they contact employers at their own headquarters or premises. They visit 10-12 employers per week. They offer the opportunity to employers to gain information on the situation of the participants in the labour market, at their own premises, at a previously agreed date, in a quiet and informal discussion. Workforce requirement sheets or any other forms related to employment subsidies can also be filled in conveniently without any delay. Job agents pass the obtained information about explored vacancies on to the relevant branch offices in charge.

#### **Box 4. Active prospection in the Brussels region of Belgium**

ACTIRIS, the PES for Belgium – Brussels, organises active prospection to increase the number of employers communicating their job offers to the PES. ACTIRIS uses both direct and indirect leads to identify the relevant employers. Direct leads include press advertisements and internet recruitment sites; indirect leads include ACTIRIS's partners, industry federations and regional public bodies.

ACTIRIS has a team of 17 consultants responsible for carrying out proactive approaches to employers in the Brussels region, to boost employment and enable Brussels employers to recruit competent staff. These consultants in the Employer Management Service maintain privileged contact with employers. They go out to companies and advise, support and guide employers in all their recruitment activities. They provide information and guidance on the financial aid available for the recruitment of staff. They give various kinds of information on the Brussels job market, employment contracts, social legislation, courses available, student jobs, etc. If necessary, they perform job analyses and draw up job descriptions. They also disseminate job offers on the website and through their partners.

Each Brussels employer is included in the portfolio of a business consultant, who has responsibility for providing the best possible support and guidance to that employer in all the activities involved in recruiting staff. This 'Single Point of Contact' principle works very well. Each employer who contacts ACTIRIS is directed to a reference consultant, who holds the file containing the history of work with that client. The company feels it is supported in its recruitment efforts, and at the same time, the public institution acquires a human face.

The 'single point of contact' works well because the reference consultant can react directly to the employers' needs when a potential difficulty emerges. For example, when the profiles sent to the employer do not meet the employer's expectations, the reference consultant can propose:

- that the job offer is processed again differently, with ACTIRIS intervening to draw up a short-list of candidates;
- tweaking of the job description;
- individual, on-the-job training, if no jobseeker fits the requirements;
- that the vacancy can be advertised more widely (internationally).

### 3.2 Sustaining positive working relationships and creating multiplier effects

#### *Importance of a high quality, innovative service offer*

Once an initial contact has been made, much of the success about sustaining positive working relationships and the potential for creating multiplier effects revolves around the quality of staff, having the right service offer and achieving positive, sustainable placement outcomes.

Most PES manage ongoing employer relationships through telephone and increasingly online contacts and research has shown that employers appreciate high quality online matching services. In Sweden, for example, employers have direct access to PES databases to list (and remove, once filled) their vacancies. European Commission (Pieterse) 2011, see [Analytical Paper](#), p.12) emphasises the importance of high quality online vacancy matching systems to create sustainable buy-in from employers. Innovative events such as job fairs or speed-meets also receive positive feedback from employers, as they allow them to meet with a range of potential candidates in a more informal setting (see also below on effective methods to encourage the recruitment of disadvantaged groups). As mentioned above, services such as the pre-screening of candidates, interviews arranged on PES premises or employer specific targeted training delivery can, in some countries, be limited to certain 'preferred' employers, but also contribute significantly to creating lasting relationships.

#### **Box 5. 'Job-dating' in the Brussels region of Belgium**

When several posts are to be filled at a single workplace or one single function at several workplaces, 'job dating' is used. The jobseekers and the employer(s) meet in the presence of an ACTIRIS manager or consultant. This mode of presentation of jobseekers is offered to employers on an intensive basis, since it has various advantages. It:

- Reduces the importance of the CV and thus facilitates recruitment for the least academically qualified or least experienced jobseekers;
- Enables the results of the selection process to be communicated directly;
- Increases transparency in the selection criteria applied;
- Facilitates recruitment (time is saved, support provided, etc.).

Companies save time on their recruitment and job seekers are immediately appraised of the outcome of their interviews.

Many PES work extensively with large, multi-national employers who often generate a high number of vacancies in different localities. The emphasis placed by some PES on

offering key account managers for such employers highlights the multiplier effects which can be achieved by such relationships, not only across a national territory, but also as a signalling effect to suppliers and other employers of the value of PES services. Such multiplier effects could also play a role in assisting the integration of disadvantaged groups, as will be elaborated below.

*The delivery of chargeable services is rare, but can be highly valued*

Notwithstanding the segmentation of certain PES services in a number of countries, services to employers (and job seekers) are generally provided free of charge. Indeed, only one example could be identified of PES offering chargeable services. This relates to dedicated human resource consultancy and advice offered by the Finnish PES.

#### **Box 6. Chargeable HR services offered by Finnish PES**

Since 1994, a network of larger PES offices has been offering services relating to staff recruitment, development and dismissal to employers on a chargeable basis. These services are fully paid for by the clients at market rate and are not subsidised by the Government.

The service includes the full handling of vacancy advertising, applicant selection and interviewing, employer specific training and team building as well as relocation coaching and redundancy advice where necessary.

In order to succeed, such services require high quality staff and a service offer comparable with other market competitors. Employer feedback on the services provided by PES staff is consistently high, but in the wider framework of PES services provided in Finland, this service is marginal in its size.

The extent to which the offer of such specialist services could provide a business model for other PES is open for debate. For example, one argument in favour of this approach could be to maintain the delivery – and quality - of all employer services ‘in-house’ rather than run the risk of outsourcing. In recent years, the tendency has been for PES to contract out to private providers any services which cannot be provided in-house or are considered to be more efficiently or effectively delivered in partnership with private or third-sector providers. This has created a new layer of interaction between PES, employers, private providers and job seekers, which needs to be carefully managed, monitored and controlled in order to avoid any potentially negative feedback from interactions between employers and private providers spilling back into perceptions of PES more generally.

*Monitoring and customer satisfaction surveys have an important role to play in managing and improving employer relationships*

One important tool in the assessment of employer requirements and the continuous improvement of services is the monitoring of placement outcomes and employer satisfaction. Most PES monitor placement outcomes (number of vacancies matched) on the quantitative level and customer satisfaction surveys are standard ways in which PES seek to assess their interaction with employers and – if necessary – adjust their



service offer. A limited number of countries (e.g. Germany, Sweden) have developed a more detailed catalogue of quantitative and qualitative indicators which are regularly monitored and, in the case of Germany at least, used for benchmarking purposes.

**Box 7. Employer surveys to assess the quality of PES delivery in Sweden**

In 2011, the Swedish PES introduced National Service Levels and Customer Promises to both employers and job-seekers. To measure whether these standards are being met, the PES is carrying out – partly with the use of independent researchers - customer surveys directed to all companies. The goal is to establish what they know about the PES service offer, which services they have used, and how they rate the work and competence of PES staff. The first survey of this kind was carried out in June 2011, showing that overall employers have a positive experience of the service they have received from the PES, but that many of them are unaware of the scope of services on offer. The survey also highlighted the potential for PES to improve their knowledge and competence within certain sectors. The findings led to additional competence building for staff and marketing campaigns for services which were less well known, thus allowing PES to increase its market share.

## Box 8. Monitoring of performance indicators in the German PES

In the German PES, indicators to measure the performance of employer services are set on an annual basis and monitored at regular intervals.

In the future, there will be a distinction in the indicators according to the social code of the applicant and the social code of the job vacancy. Currently, applicants and vacancies can be registered under different Social Codes, but the performance agreements are bound to the one Social Code. This has to be made transparent in order to be able to steer actions and performance in both Social Code systems. The client satisfaction is also determined and measured for both Social Security Codes II and III.

*Table 1: Indicators Social Security Codes II and III*

<b>Indicators Social Security Code II</b>	<b>Indicators Social Security Code III</b>
Number of successfully filled vacancies <sup>1</sup>	Number of successfully filled vacancies
Customer satisfaction index employer <sup>2</sup>	Customer satisfaction index employer
	Satisfaction with offered applicants
Sum of passive benefits	Extended period of factually unemployment / present period of factually unemployment
Integrations/ integrations under 25 years	Level of integration (Job to Job [J2J], without J2J rehabilitation-specific)
	Number of successfully filled vocational training places

To provide timely operational management, the agencies are provided with analysis variables (see Table 2), which describe the indicators listed above in more detail. These analysis variables help to make daily work more transparent to all participants and they are provided on a daily/monthly basis.

<sup>1</sup> planned for 2009 as an analysis variable, for 2010 as an indicator

<sup>2</sup> planned

*Table 2: Analysis variables for Social Security Codes II and III*

<b>Analysis variables Social Security Code II and III</b>
Cockpit for counselling and placement service in the management information system (FIS)
Share of successful job offers (management indicator)
Share of vacancies successfully filled (management indicator)
Duration of successful vacancies (management indicator)
Number of new vacancies (management indicator)
Share of nationwide job offers (VV) (analysis ratio)
Share of successful nationwide job offers (VV) (analysis ratio)
Share of job offers (VV) with contact (analysis ratio)
Share of new job vacancies (SteA) with limited job offers (VV) (analysis ratio)
Share of new job vacancies with job offers (VV) within 48 hours (analysis ratio)
Share of new job vacancies < 3 job offers (VV) (analysis ratio)
Share of new job vacancies without job offers (VV) (analysis ratio)
Daily updated control
Number of orders completed successfully

The system is also capable of taking into account cause and effect linkages and can adjust targets and indicators to reflect local labour market conditions. The system can therefore also be used as a benchmarking tool. Similarly, it can allow management teams to intervene where anomalies or obstacles are highlighted by the system.

#### 4. SUPPORTING THE RE-INTEGRATION OF DISADVANTAGED GROUPS THROUGH EFFECTIVE COLLABORATION WITH EMPLOYERS

The placement of the PES' core client group, which in most countries focuses on more difficult to place, disadvantaged groups, is at the heart of PES strategies and service delivery. As highlighted above, this task also underpins the motivations behind the employer service offer in many Member States, particularly in the context of a supply side driven labour market.

Whilst bearing in mind the above discussion regarding employer segmentation, this section focuses on innovative methods used to encourage employers to open up vacancies to job seekers from these target groups.

*Quality PES services are key to increasing the placement of disadvantaged groups and making subsidies work*

Although subsidies and other forms of ALMP assistance continue to play an important role in incentivising employers to offer opportunities to low skilled, long term unemployed or individuals from other target groups, it is notable that in the Peer Review discussions, more emphasis was placed on the importance of the commitment by PES counsellors to value the skills (including informal skills) offered by job seekers and using innovative methods to 'market' these clients to employers.

High level agreements between employer organisations and governments/PES, or commitments towards **corporate social responsibility (CSR)** goals, have a role to play in this regard. Examples of high level agreements are covenants between employer organisations and PES to recruit a certain number of individuals from particular target groups (e.g. in the Netherlands). Similarly, a CSR approach is used in the UK to encourage the recruitment of disabled individuals in preference over a quota system (see box below). While in some countries quotas appear to be rejected not only by governments, but also by representatives of disability groups, in other countries (Austria, Belgium - Flanders) they continue to be considered of value to raise the employment rates among disabled individuals.

**Box 9. Encouraging the recruitment of disabled individuals through a corporate social responsibility approach in the UK**

The UK Government's corporate social responsibility (CSR) report (UK Department for Business Innovation and Skills, 2009) defines CSR as how companies address the social, environmental and economic impacts of their operations and so meet sustainable development goals.

Rather than using quotes, the UK Government's approach is to encourage and incentivise the adoption of CSR including through best practice guidance.

Introduced in 1990, the Disability Symbol (two ticks) is a voluntary scheme enabling an employer to advertise their record of good disability employment practice. Many UK employers have committed to high standards of employing, keeping, and training disabled people and developing their careers.

Companies participating in the scheme have reported that this has sent strong messages to all employees that they are valued. They say that this has assisted them in accessing the widest possible group of potential staff, and enabled them to retain skills and experience. Employers are also keen to demonstrate their commitment to the disability agenda during the procurement /tendering process for public sector contracts.

The 'carrot' of positive peer recognition is also used in countries such as Lithuania (see box below), which offer awards for employers offering a significant number of job opportunities to individuals from disadvantaged groups. Similar schemes also operate in Slovenia and elsewhere.

**Box 10. Employer awards offered by the Lithuanian PES**

In recognition of the importance of cooperation with enterprises to solve employment problems and encourage better relations between social partners, the Ministry of Social Security and Labour and the Lithuanian Labour Exchange has, for the last three years, rewarded employers who have created the most job vacancies. Employers were nominated in four categories: for the creation of new job vacancies in areas with the highest unemployment, for the integration of socially vulnerable individuals into the labour market, for the integration of young people into the labour market, and for the initiative to start and develop businesses.

A committee to select employers has been formed from the representatives of employers' organisations, trade unions and the Lithuanian Labour Exchange. The committee uses a set of criteria to assess employers, suggested by local labour exchanges. For each new job vacancy created in problematic areas without subsidies, a point is given; points are also given for the employment of young people and socially vulnerable individuals, additional points are given for the employment of disabled individuals and ex-offenders. In recognition of the initiative to start and develop businesses, points are given for every permanent job vacancy created by an enterprise which was established by a former jobseeker.

A CSR approach could also be used in the **work with multi-national companies** who often commit themselves, at national level, to the recruitment of disadvantaged groups. The Pôle Emploi in France has taken forward such an initiative by setting up agreements with large (often international) employers. These agreements have enabled employers, on the one hand, to meet their CSR commitments and the PES, on the other, to open up opportunities for the unemployed, including the low-skilled (see example below and Carrefour [presentation](#)). Within the scope of the European dialogue, it could be discussed whether such commitments could indeed be extended on a European scale.

## **Box 11. Agreements to help large French employers meet their CSR commitments**

Many PES focus on 'economies of scale' by targeting large employers who can offer a large number of vacancies (both in terms of absolute numbers of vacancies and turnover of vacancies).

Within the French PES, agreements are struck between Pôle Emploi and large-scale employers, concerning the transmission of all of their job vacancies to Pôle Emploi and the establishment of a specific service offer (identified Pôle Emploi correspondents; mobilisation of training measures; assistance in integration; recruitment by simulation; post-recruitment follow-up). Within Pole Emploi 'major account' teams at the regional level are responsible for the application of these agreements, or with setting up these agreements at regional level.

Pôle Emploi has signed 40 such agreements with major industrial groups in all sectors of the economy: 9 agreements with Temporary Work Agency networks and 29 agreements with the Occupational Groups [branches professionnelles]. These agreements identify the expectations of both parties within the framework of the service offer to companies and of support for 'sustainable' recruitment and placement. This includes reciprocal information on:

- Recruitment, occupations and posts to be filled;
- Support for the development of recruitment through initiatives for the promotion of occupations and employment opportunities;
- Specific initiatives aimed at the organisation of recruitment; support for occupational integration within the framework of initiatives for specific groups – such as disabled workers, unskilled youth, older workers – or within the framework of actions aimed at professionalising employees recruited with the assistance of Pôle Emploi;
- The establishment of principles of non-discrimination;
- The organisation of regional and departmental relays for the implementation of these agreements;
- Organisation of the driving and monitoring of outcomes.

An example of a company which has signed such an agreement with Pôle Emploi is Carrefour, the largest retailer in Europe. Carrefour's partnership with Pôle Emploi dates back to 1994. The agreement with Pole Emploi helps the company to meet its continuing recruitment needs, whilst also enabling them to fulfil their *corporate social responsibility* obligations. A key element of the success of the partnership is strong personal relationships at national and regional levels, which enables both parties to gain a full understanding of each other's needs.

*Alternative and assisted recruitment methods can help to highlight the potential of job seekers with few formal qualifications*

Beyond the offer of awards and wider recognition, a range of approaches and methods are also being developed by PES to avoid potential discrimination in recruitment to allow job seekers to demonstrate their skills and potential in ways which would not be directly visible from the communication of a CV alone. Such 'alternative' recruitment methods often involve bringing employers and job seekers together in settings other than a standard recruitment interview, such as an **open day, speed meet or job fair**. Such events allow job seekers to present themselves and their competences in a different light.

It is this focus on basic job competences and personal skills, which also drives an innovative method of 'recruitment by simulation' pioneered by the French PES to help primarily low skilled job seekers to overcome the 'handicap' of missing qualifications or an employment track record. The method is presented in the box below.

**Box 12. Recruitment by simulation method offered by the French PES**

The French PES have developed a method of recruitment by simulation which seeks to eliminate elements of discrimination against disadvantaged groups in the recruitment process by focusing recruitment entirely on the capacities (rather than previous skills or experience) of jobseekers.

In the main, simulation tasks are developed in co-operation with employers to reflect the specific skills required to perform particular tasks in the workplace (a few standardised simulation models also exist for particular tasks/occupations). Candidates are pre-selected by the PES to take part in a particular recruitment by simulation process and job seekers are asked to perform a series of tasks required in particular workplace environments. They are judged on their behaviour and ability to perform these tasks. Employers intend to recruit a fixed number of individuals reaching an agreed score in their performance of these tasks.

The method has proved popular with employers and it assisted the French PES in successfully and sustainably matching a significant number of hard to place job seekers which may otherwise have not been considered for interviews by employers. In 2010 alone, nearly 110 000 jobseekers were evaluated by this method and more than 40 000 were successfully placed.

Another approach revolves around the pre-selection of suitable candidates by PES for participation in open days and other selection methods, such as those used by the 'Job Challenge' implemented by the Slovenian PES (see box below). The emphasis is on finding new ways of marketing the potential of PES clients.



### **Box 13. The 'Job Challenge' implemented by the Slovenian PES**

The Slovenian PES launched the Job Challenge initiative at the beginning of 2011 to promote PES mediation services among the best employers.

The **main objectives** of the Job Challenge are:

- To boost employment through new and innovative approaches and consequently improve employers' trust in the PES services;
- To match suitable unemployed people with job vacancies of successful employers through active recruitment steps conducted by the PES.

The **main actions** carried out in order to meet these objectives are:

- An invitation to employers who received a prize for their positive HR management practices to take part in the Job Challenge;
- Cooperation between interested employers and the PES in identifying the job profiles for which the employer experienced difficulties in recruiting suitable workers. After the identification of their bottlenecks in recruitment, the employer decides for which jobs the PES shall provide the selection procedures;
- Pre-selection of suitable candidates among the registered unemployed is based on assessment of qualifications and professional competences, as well as on different tests of relevant soft competences. The pre-selection procedure aims at an optimal match between the job profile and characteristics of candidates;
- The next recruitment step is the so called 'Open day' carried out at the employer's premises with an intention to introduce the candidates to the concrete work environment. At the same time, the candidates are introduced to the final selection step, a problem solving task prepared by the employer. The problem solving task gives the candidates the possibility to present their expertise and creativity, which are directly related to the future job tasks;
- Candidates are asked to prepare solutions to the task within two weeks and present it in front of the joint selection commission composed of an employer's representative, the PES representative and the representative of the Ministry of Labour;
- On this basis, the joint selection commission chooses three candidates, who have presented the best solution to the problem. The winner of the Job Challenge, the candidate with the highest score, as well as other participants, are invited to the concluding event. The concluding event is promoted to the wider public through the mass media.

Six Job Challenges have been successfully implemented throughout the country in 2011 and two Job Challenges are in preparation at the start of 2012. On average, from 30 to 60 candidates per Job Challenge were preselected by the PES. From 3 to 15 of the most appropriate candidates per Job Challenge participated in the final step of the problem solving task. Successful candidates were employed in hard to employ

occupations, such as: expert for radio networks, cook for high level banquets, commercialist for the Qbiss programme in foreign markets, catering technician, an assistant in the IBM Innovation Centre, and chemical engineer.

Since the successful launch of the Job Challenge project last year, the PES along with the partners, would like to use results of this positive start and organise Job Challenges every two months, expand the Job Challenge throughout the country and in each PES regional office, so that each office can adapt the implementation of the Job Challenge to the needs of local employers.

A different approach is taken in the UK, where hard to place groups are increasingly 'outsourced' to private providers. These organisations are responsible for developing individual action plans and working pro-actively with employers. Their payment is based on results, with a particular emphasis on sustainable job outcomes.

*Targeted subsidies can be helpful, but the risk of a deadweight effect remains*

Although targeted subsidies can have an important role to play in placing individuals facing particular challenges in accessing the labour market, there is wide ranging academic literature and evaluations emphasising the risk of creaming and churning associated with many subsidy schemes. De Koning (2012, see [Analytical Paper](#) p.12) offers a slightly more positive assessment and argues that placement and temporary wage subsidies 'clearly incentivise employers to hire workers that are long-term unemployed or disadvantaged. On average, this type of measure has positive net effects on the job entry chances of the unemployed individuals involved. There is less evidence that these subsidies have positive effects on aggregate labour demand'.

In conclusion, although subsidies remain an important incentive for employers to recruit individuals from disadvantaged groups, other factors such as a full understanding of the requirements of employers, a positive attitude and the ability to represent the skills, rather than the deficiencies of job seekers, combined with a good range of PES services, are at the heart of successful placement efforts for disadvantaged groups.

## 5. CONCLUSIONS

Currently labour market conditions in the EU Member States pose a dilemma for many PES. On the one hand, they are required to focus on the supply side of the labour market in an effort to deal with a core client group of long-term unemployed and disadvantaged groups struggling to (re) integrate into the labour market, as well as a larger group of individuals who lost their jobs as a result of the economic downturn. On the other hand, many Member States are already witnessing or are seeing future skill shortages on the horizon. Although both trends require a different set of activities, both pressures rely on strong co-operation with employers to understand their requirements and supply job seekers with the skills and capacities they require and to motivate them to offer opportunities for individuals who are finding it hard to enter the labour market.

In finding a successful approach to offering services to employers, combined with effective assistance to job seekers, PES can support effective labour market functioning.

The delivery of high quality services adapted to employer requirements is the best way of working towards meeting demand side goals and making contact and binding employers. However, in the context of diminishing PES budgets, organisations are required to carefully target their resources to achieve maximum efficiency in meeting their objectives.

In many countries, this has led to a segmentation of the service offer for job seekers as well as for employers. The use of online channels has contributed to their ability to achieve this segmentation, by limiting the need for more time-consuming face-to-face contact to certain core clients. Such approaches, however, require the development of (often costly and time-consuming) high-quality technological applications, which need time to bed in.

Strongly segmented approaches to service offers will also require careful monitoring to ensure that they do not lead to a deterioration in customer satisfaction or placement outcomes as this could prove ultimately counterproductive.

At the same time, segmentation can be an effective way of targeting employers with a significant potential for the recruitment of PES target groups. In this respect, the emphasis placed by PES on innovative measures to highlight the potential of such job seekers was notable and is seen to be particularly important to support the successful application of targeted subsidies.

Although most PES already make efforts to monitor the effectiveness of their activities and the level of satisfaction with their services through regular monitoring of matching outcomes or client surveys, more qualitative measurements of service provision and outcomes are still relatively rare. There therefore remains potential for learning at the EU level with regard to monitoring as well as innovative methods for employer engagement.

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