



PES to PES Dialogue
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PES to PES Dialogue Conference
Targeted Services for Employers -
Toolkit

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1. Introduction

The development of targeted and customised services for employers has been a notable theme of discussions amongst European public employment services (PES) in recent years. In 2012, in particular, the PES to PES Dialogue examined how PES organise and deploy services to employers by commissioning an [analytical paper](#), [Peer Review](#) and [follow-up study visit](#). A key conclusion from these activities was that PES had long-standing relationships and different models for working with employers, yet there was still scope to improve the quality and efficiency of their service delivery. This message has since been reinforced by the **PES 2020 Strategy Output Paper** endorsed by the Heads of PES. The paper called on PES to place a greater emphasis on demand-orientated services in order to assist employers – especially small- and medium-sized enterprises (SMEs).

A Dialogue Conference on 'Targeted services for employers' took place in Brussels on 11 – 12 March 2014. The conference examined how PES can effectively deliver recruitment services, with a particular focus on identifying what is specific or indeed necessary for **SMEs compared to large companies**. The discussions looked at new employer service developments in PES since the activities in 2012, as well as the growing impact of digitalisation. The conference also took a closer look at the use of PES-company agreements to engage and sustain employer relations and launched a new debate around the role of corporate social responsibility (CSR) in developing employer relations.

The conference was attended by representatives from 27 PES, nine employers, the European Commission and CSR Europe. Their discussions were guided by the three guiding questions presented below.

Box 1: Guiding questions for the Dialogue Conference

1. What are the most effective service concepts and approaches when targeting large, small- and medium-sized enterprises?
2. How can PES determine the optimum combination of online and face-to-face channels for service delivery?
3. What role can company agreements play to enhance PES relationships with employers, including CSR projects?

The purpose of this toolkit is to provide PES managers and practitioners with an **overview** of the conference discussions and highlight examples of good practice to inform thinking on the continuous improvement of employer services in PES more widely. The toolkit also flags up opportunities for further discussion and collaboration between PES as a way forward from the conference.

2. Effective service concepts and approaches for the delivery of recruitment services

Guiding question 1: What are the most effective service concepts and approaches when targeting large, small- and medium-sized enterprises?

2.1 General trends and developments for all employers

PES play an important role in matching employers and jobseekers in the context of challenging European labour markets characterised by skills mismatches, budgetary constraints, technological innovations and ageing populations. Faced with this challenge, they have increasingly focused on developing and organising services to address the demand-side of the labour market, a move that has been reinforced by the Heads of European PES in the PES 2020 Strategy Output Paper.

'Public Employment Services have to focus more on the demand side of the labour market as employers are facing increasing recruitment difficulties. Especially small and medium sized enterprises are often in need of more intensive support from Public Employment Services...

*In view of increasing recruitment difficulties, the efficient and inclusive activation of job seekers has to be combined with a profound understanding of [the] labour demand and a qualitative assistance of employers. The increased attention to the needs of employers is also favourable for the unemployed as they are better assisted in directing their careers towards real and realistic prospects. Close cooperation with companies even permits to create additional opportunities to employ more vulnerable jobseekers.'*¹

Member States face diverse labour market conditions and Dietz's discussion paper² usefully divides them into two categories: **those with unfavourable economic conditions and rising unemployment and those with better economic conditions.** In those with unfavourable conditions, PES face the danger of being neglected by employers due to the significant number of jobseekers and shift their resources to support the acute supply side. In contrast, PES in countries with favourable conditions tend to be faced with increasing skills mismatches and a rising share of disadvantaged jobseekers. However, across the board, PES consider job-brokering and filling vacancies to be their main objectives. Moreover, to do this successfully, a close connection to the local and regional labour markets is considered by PES to be important. The box below provides information on how PES view their role vis-à-vis employers.

¹ PES 2020 Strategy Output paper, European Commission, p.1 & 4

² PES recruitment services for employers, Dietz (2014), p. 7

Box 2: How does the PES view its role vis-à-vis employers?³



Legend: Own figure based on data from de Koning/Gravesteijn (2012)

Additional services and well-targeted incentives play an increasing and important role in the employer relationship

A key observation from Dietz’s research is that in both favourable and unfavourable labour market situations, PES cannot afford to lose contact with employers that are dissatisfied with PES services. On the contrary, if they are to fulfil their main objective of job-brokerage and vacancy-filling, they must keep and expand their ‘customer base.’ In recent years, several PES have responded to this issue by offering additional services and incentives to address the needs of employers. For example, they may offer special advisory services to employers to encourage them to undertake specific actions or recruit certain groups of jobseekers who they may not have considered before. According to Dietz, *‘If the PES is not capable of achieving a best match in the eyes of an employer, the services of the PES may be seen as incentives to accept a second-best match. Especially the **Austrian** and **German PES** state that firms are obviously most happy with a best match, but they also appreciate the fact that the PES tries hard to find solutions in times of general recruitment problems...Thus, customer-oriented advice and support to find alternatives may be adequate ways to deal with a mismatch and to achieve customer satisfaction.’⁴*

Concerning the offer of financial incentives, this is a delicate area where potential benefits and risks exist in the PES-employer relationship. Dietz goes on to explain that *‘PES’ offers to reach a second-best match often include a financial component, e.g. grants for training or recruitment subsidies for hard-to-place people. By offering these measures the PES may satisfy employers and at the same time achieve the goal of integrating disadvantaged people. In our short written survey, we asked the PES under which circumstances or by which measures employers can be convinced to hire jobseekers that are not closely attached to the labour market. The most suitable financial instrument seems to be on-the-job training which can improve the matching between the*

³ PES recruitment services for employers, Dietz (2014), p. 5

⁴ PES recruitment services for employers, Dietz (2014), pp.9-10

two sides of the labour market by addressing the problem of mismatch. Interestingly, in Austria and Germany – both countries with better labour market conditions - financial incentives are considered less helpful. Employers might be sceptical if low-skilled workers are able to fulfil the job requirements. Therefore, compensation for lower productivity is not a panacea. In countries with a worse economic situation, one might also ask if financial incentives really compensate for workers' deficits instead of creating substantial deadweight losses.⁵ Linked to these observations, it seems clear that the use of incentives needs to be well defined and targeted, with a clear cost-benefit analysis, not only in absolute terms, but also in relation to the specific employers being targeted and the labour market context in which they are situated.

Although universal provision is the general rule, PES tend to deliver recruitment services by informally targeting or prioritising certain types of employer

As explained by Dietz, services are considered to be universal when they are provided to all enterprises regardless of their size, type, sector or geographical location. In contrast, services are segmented if they are restricted in one or more of these respects.⁶ When applied to PES, it can be said that PES generally offer a **universal range of recruitment (and other) services**; core matching services are offered to all types of company, along with a labour market information service. However, partly driven by unfavourable market conditions and budgetary constraints, a number of PES informally target and/or prioritise certain services at particular types of employer. Dietz calls this process 'factual segmentation', meaning that PES pro-actively contact and offer services to specific employers that they think will be particularly useful or effective (but without excluding other employers from the service offer). In practice, factual segmentation is strongly influenced by the local/regional labour market conditions in which the PES operates and can be triggered by both the demand or supply side. One notable influence is the potential for job creation in a specific sector, which often leads the PES to organise more resources around that sector. This sectoral approach is often mentioned by PES. For example, the **Slovenian PES** has 'account services', which are units or teams of staff who focus on particular employers in particular sectors. In **Estonia** and **the Netherlands**, the PES have sectorally specialised PES staff who visit companies on a regular basis. Another example found in the **Belgium-Brussels PES, ACTIRIS**, is presented below.

⁵ PES recruitment services for employers, Dietz (2014), pp.9-10

⁶ PES recruitment services for employers, Dietz (2014), p.9

Box 3: Segmentation of employer services (Belgium-Brussels)

ACTIRIS has adapted its service offer to the specific characteristics of six sectors that have the future potential to employ jobseekers. They hope that this approach will lead to better quality matching as PES counsellors will have a better knowledge of sector-specific requirements, potential candidates will be labelled differently and recruitment services offered will be more directly adapted to the needs of employers.

ACTIRIS has grouped employers according to the sectors below:

- 1) Retail, food, hotel industry and tourism
- 2) Corporate services
- 3) Manufacturing, construction, eco-construction, energy, transport and logistics
- 4) Public institutions and education
- 5) Social sectors (health and social care, entertaining and culture)
- 6) Research and development

For each sector, PES counsellors create a 'reference group', which looks at the competences required and selection and follow-up processes to produce an integrated, sector-specific response to employers' needs.

Internally within the PES, each sector is assigned a team, which consists of employer consultants, recruitment consultants and other counsellors. In addition, employers are provided with a single point of contact who are specialised within their sector.

In addition to setting up specialised sectoral teams, other PES have also focused on the formal identification of growth sectors and sought to collaborate with trade associations and sectoral bodies.

Another form of factual segmentation is the identification and focus on '**priority employers**'. The criteria of what makes a 'priority employer' differ across PES, but it is often based on those with the greatest recruitment potential. This tends to mean large companies, but it can also encompass well-performing SMEs that have the potential to generate regular – and hopefully growing - vacancy numbers over time. For instance, in **Slovenia**, 80% of PES visits are undertaken to larger firms with a high job-posting potential. That said, Dietz also points out that the characteristics of the vacancy (easy versus difficult to fill) and the sustainability of the integration are also relevant indicators. In the **Slovenian** case, the PES still considers SMEs to be a core customer, responding particularly to their demand for information and consultancy services.⁷

Local and regional-level customisation and business knowledge are fundamental for employer engagement

Underpinning any approach to service delivery should be the **principles of customisation and high-quality business knowledge** in order to fully understand and respond to the needs of individual employers. To put this into practice, many PES have stressed the importance of giving the local and regional PES the competence and autonomy to tailor their services according to the local business landscape, whilst continuing to operate within national arrangements and parameters for the delivery of employer services. They have also highlighted the importance of developing the local

⁷ PES recruitment services for employers, Dietz (2014), p.13

business intelligence and contacts of PES employment counsellors, a topic that is further expanded below in relation to SMEs.

Box 4: Using a local approach (UK)

The **Department for Work and Pensions (DWP)** in the UK is working with **Business in the Community (BITC)**, a business-led charity, to reach SMEs. They are working together at a local level, particularly in Wales, to raise awareness of PES services. **DWP** is able to use the business knowledge, contacts and competences of **BITC** at a local and regional level to extend their reach. As a result of the cooperation, **DWP** has a greater awareness of business needs and priorities.

2.2 Specific approaches for large companies

Box 5: Main aspects of the approach for large companies

- Established 'priority customer' - which reflects their large and regular vacancy pool
- Service delivery organised around dedicated units or account managers, with the option of sectoral specialisation
- Language considerations in multi-national companies

Service delivery for large companies often entails the identification and organisation around 'priority customers' at the national level

A notable PES approach is to **adapt the service delivery and organisation for large companies** at the national level as they are often seen as 'priority customers' in terms of offering a large number of vacancies and recruiting on a regular basis. For example, some employers may have an annual recruitment cycle, as in the case of **BASF, Germany**, which advertises 1,000 apprenticeship vacancies in 20 different occupations every year.

In addition to identifying large firms that have a large and/or regular vacancy pool, several PES assign large companies with a **specific account manager** or dedicate a whole team or unit to work exclusively with large employers. This means that large companies have one single contact point and do not have to deal with local PES offices in each area where their business operates. They can also assign a person from their own human resources (HR) department to work specifically with PES unit or contact point. Overall, this makes the communication between PES and large employers far more efficient, direct and standardised for both parties. Moreover, assignment of a key account manager can help the PES to develop specific knowledge of the business (and sector) and thereby better anticipate the employer's future needs.

Multi-national companies (MNCs) have further requirements to national large companies in that they often prefer the PES staff or account manager to speak English. While this represents an investment for a non-English PES, it can help the PES to foster relationships with MNCs which are very beneficial for enhancing placement opportunities, cross-border collaboration and links with supply chains.

Box 6: Dedicated service unit for large employers (Germany)

The German PES, **Bundesagentur für Arbeit (BA)**, has recently established a dedicated service unit for large employers. Across this employer group, **BA** has identified 'target customers' according to their size, organisation, degree of cooperation, level of social responsibility and number of potential vacancies.

Targeted large employers receive a tailored service package and holistic solutions for their difficulties or needs. Each employer is assigned a contact person at **BA** whom they can work with to develop a tailored strategy. The assigned **BA** counsellors also develop sector-specific expertise that employers welcome. They also co-ordinate with the local offices to ensure that information is shared between the two parties.

By December 2013, **BA** had engaged with 1,000 target customers and approximately 45 - 60,000 vacancies had been posted with 12,744 jobseekers successfully placed. The placements cover all qualification levels – from low-skilled to management level.

BASF, a chemical company, is working with **BA**'s large employers unit. The company operates across six areas in Germany, with 30 separate locations employing approximately 50,000 people and 109,000 employees worldwide. In 2013 alone, **BASF** created 700 new jobs and registered approximately 1,000 new apprenticeships in 20 different occupations in collaboration with **BA**. **BASF** has a central recruitment unit based in Berlin. They therefore need the recruitment to be coordinated and organised in a similar way on the PES side. Consequently, they have a dedicated PES account manager whom they meet with every six months and are particularly complimentary of online matching tool offered by **BA** as it is quick and easy to use.

For some PES, there has been a deliberate shift towards working with large employers

It is important to note that there has also been a **shift in approaches to working with employers** in some PES, partly in response to the economic crisis. This has been observed in the **German** and **French PES**, for example. The **German PES** has recently targeted large companies more widely through a newly established unit for large employers, which can help the PES to build up its reputation in the market and operate through the associated supply chains. The **French PES** has chosen to focus on more specific large companies who fulfil certain criteria, as explained in the box below.

Box 7: More tailored approach to larger employers (France)

Pôle emploi, the French PES, has recently re-designed its approach towards working with large companies, which is based on adapting the delivered services to each company's needs instead of offering a standardised approach to cover all company requirements. **Pôle emploi** assesses the company's ability to achieve its recruitment needs and the opportunities available to place jobseekers. Consequently, the new approach is less bureaucratic and more informal, thereby reflecting the reality of the recruitment processes that take place within employers. The approach has also enabled a proportionate amount of investment compared to the vacancy outcomes generated.

2.3 Specific approaches for SMEs

Box 8: Main aspects of the approach for SMEs

- Increasingly valued customer – despite the challenges of access and engagement
- Tailored services organised around dedicated units, teams of staff and one-stop-shop approaches
- Capitalisation of *local* business knowledge and contacts
- Increased and targeted promotion
- For small firms - rapid and earlier recruitment intervention, coupled with wider advisory services
- Development of formal SME strategies

There is a greater potential to develop formal strategies around the SME service offer, with an important distinction between medium, small and micro firms

According to the European Commission's latest figures, more than 20 million SMEs exist in the EU today, representing 99% of businesses. SMEs therefore represent a key driver for economic growth, innovation, employment (including job creation) and social integration. Moreover, nine out of ten SMEs are actually micro-enterprises, meaning they have less than 10 employees.⁸ These figures clearly demonstrate that SMEs are an essential 'customer group' for PES service delivery, and not surprisingly, this message was firmly echoed by PES in the conference discussions. However, this naturally raises the question of **how far PES can go in reaching the huge community of SMEs** given their limited numbers of staff and general resources. This view is supported by Dietz who comments that '*PES recognise the importance of SMEs in the labour market, although they notice that the acquisition of vacancies from SMEs is time-consuming and therefore costly. This trade-off has to be considered by each PES when deciding about the most efficient allocation of resources.*'⁹

A first important step in addressing the apparent trade-off is to make a clear distinction between the needs of medium, small and micro firms - which are not necessarily the same and can vastly affect the PES offer. Secondly, PES have the potential to develop formal strategies for the design and deployment of their SME service offer - strategies that do not seem to be prevalent amongst PES today. These strategies would not only take account of their organisation's financial and organisational capabilities, but also focus on the actions and approaches that work best with the differentiated SME client group. These two actions are further explained below.

Small and micro firms (less than 50 and 10 employees) tend to have more intense and earlier recruitment needs that PES need to address

It is important to avoid seeing SMEs as a generic employer group. Indeed, PES have observed that enterprises with **less than 50 employees** are often faced with an acute lack of HR capacity and know-how and therefore need greater support in the recruitment process, particularly in the earlier stages. PES can, for example, assist with drafting an attractive and legally compliant job advert, upload vacancies on a job-matching portal

⁸ http://ec.europa.eu/enterprise/policies/sme/index_en.htm

⁹ PES recruitment services for employers, Dietz (2014), p.6

and pre-select candidates for interview. In addition, PES can work to provide a 'rapid response' to reflect the fact that small firms have little time to waste in filling a vacancy.

An advantage of this upfront and rapid intervention is that PES can also **maximise their advisory role**. In other words, they take up the opportunity to ensure the labour market information they provide helps small firms in their understanding of the skills and profiles they have access to in the open labour market. It also provides a way of opening discussions and setting up favourable conditions for the potential recruitment of disadvantaged jobseekers, such as information about ALMPs and placement follow-up

It is important to organise service delivery around the specific recruitment service needs and constraints of SMEs

It is commonly understood that SMEs lack the time and human resource capacity to recruit the staff they need and therefore the full range of recruitment services offered by PES are relevant. Several PES have shown how these business characteristics can be addressed through the establishment of special teams or units and one-stop-shop approaches dedicated to the SME customer group.

Box 9: Tailored service delivery for SMEs and micro-firms (Austria)

AMS, the Austrian PES, dedicates approximately three quarters of their staff resources to small businesses. This involves the counsellors providing a range of services to SMEs and micro-firms, including consulting and sharing of best practice and experiences from other businesses.

All SMEs can take part in speed-dating with jobseekers and publish their job advert online on the AMS Expert System, which is then accessible via 'eJob-Room'¹⁰. Additionally, small companies can receive more active support with recruitment, either within Austria or Europe-wide. **AMS** also offers pre-selection services as a premium service and provides new micro-firms with support for one year through the 'Founders Programme' – which particularly applies to enterprises with a migration background. And finally, for sole traders, **AMS** provides funding for the labour costs of their first employee.

Based on experience, **AMS** has found that the following workflow works well with SMEs:

- First contact by telephone;
- On-going telephone and email correspondence;
- After sales service two to four weeks after the request has been completed, by telephone or email;
- Employer is sent an online satisfaction survey four to six weeks afterwards;
- Three to six months later, AMS contact the employer by telephone or online and offer an eAMS account¹¹ for further cooperation; and
- Site visits are available to an employer at any time.

¹⁰ The Expert System enables employers to publish the job advertisement online. The e-Job Room is an online portal where employers can search for potential employees and contact them directly. The portal is available at: www.ams.at/ejobroom.

¹¹ An eAMS account is an online service. It includes access to the e-Job Room, short-time work calculator tool, and online application process for funding (e.g. apprenticeships). It also contains online applications for those wishing to employ foreign nationals.

Box 10: One-stop-shop approach, personalised services and DialogueS (Slovenia)

The **Employment Service of Slovenia (ESS)** uses a one-stop-shop approach for SMEs. They draft job vacancy profiles according to the employer's needs, support the employer with the job analysis and the selection of candidates (e.g. using competency-based interviews, speed dating and mini-job fairs). They also provide information and advice on potential active labour market policy (ALMP) support, procedures for employing workers and issuing work permits.

ESS is also working in cooperation with AMS Klagenfurt, Austria, under the umbrella of the 'DialogueS' project. The project brings together the Chamber of Craft SMEs and Trade Union of SME employees in Slovenia, **ESS** and AMS Klagenfurt in order to find efficient ways of working on skills shortages and deploying ALMPs for SMEs. The activities have so far included exchange meetings and a visit to AMS Klagenfurt by Slovenian SME members. The project has also produced a brochure to promote ESS' one-stop shop and articles on this have been published in various professional journals. A conference show-casing the activities and conclusions will take place at a later date.

The anticipation of SME needs is particularly dependent on the business knowledge and networks of local PES offices and their staff

SMEs have the potential to provide PES with a large and diverse pool of vacancies, but they are **locally dispersed** and a highly diverse group compared to large companies. Consequently, PES counsellors who develop business knowledge and networks with SMEs are better equipped to anticipate their future needs – in terms of the potential vacancies, emerging business areas and growth sectors. This can not only be beneficial to the PES in planning future activities, but also for the SMEs that do not always have the capacity or expertise to plan ahead.

PES can address the risk of SMEs' negative perceptions through increased and targeted promotion

Discussions highlighted that SMEs can have **negative perceptions** of the PES service offer. For example, SMEs may assume that PES only cater for the recruitment needs of larger employers, providing them with limited value. Many PES are working to address these preconceptions by undertaking increased promotion aimed at SMEs. This entails showing SMEs what services they offer *beyond* large-scale recruitment, especially highlighting PES advisory support around labour market information and ALMPs, as well as specific legal and HR support services.

3. Optimisation of service delivery channels

Guiding question 2: How can PES determine the optimum combination of online and face to face channels for service delivery?

3.1 General trends and developments for all employers

In 2011, the PES to PES Dialogue organised a Peer Review¹² on 'Integrated multi-channelling: combining e-services with personalised services in a customer orientated and efficient way'. The conference discussions provided an opportunity to build on the findings of this Peer Review, with a particular focus on digital developments in more recent years and the optimum combination of face-to-face channels when delivering services to employers specifically. These discussions were particularly relevant given the findings of the PES Working Group on Efficiency, which highlighted the need for PES to reshape their services, making a more systematic use of online channels.

PES tend to offer a combination of online and face to face channels tailored to employers' needs

As a general observation, supported by Dietz's research, PES offer a **range of channels universally** to all employers.¹³ It is only in exceptional cases that PES differentiate their channels according to the size of the employer. However, the level and type of preferred communication may depend on the employer size or the stage of the recruitment process.

Budgetary pressures are clearly leading PES to an increasing trend or push towards digital delivery. For instance, some PES have had to increase their share of digital services (such as the **Netherlands**) in order to allow human resources to be deployed elsewhere in the PES. Other PES are working towards new digitalised services. For example, the **Slovenian PES** is preparing a new portal for employers that will include individualised e-accounts for employers, which **Germany** already provide for their employers.

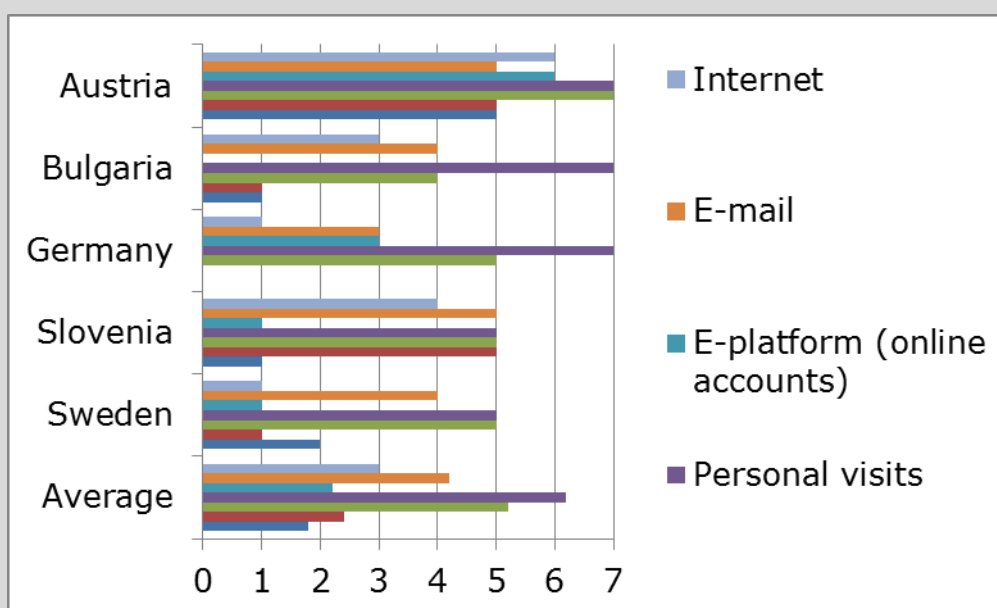
From the employers' perspective, some prefer to use **online services** when they are more used to working with the PES in general, which is further influenced by the level of IT literacy amongst their (HR) staff. Others clearly prefer face-to-face communication, especially when they are less familiar with PES and their services, and where a first personal contact is important to establish a relationship.

For both PES and employers, online services do not sit in isolation. In most cases, PES offer digital services alongside online helpdesks and telephone support, as well as face-to-face contact. Such a '**blended approach**' responds more flexibly to the needs of employers and even more importantly helps to engage with SMEs. This is reflected in Box 10 below.

¹² Integrated multi-channelling in PES services: finding the right mix, Weber (2012)

¹³ PES recruitment services for employers, Dietz (2014), p.15

Box 11: Which channels do PES use to which extent? The example of medium-sized firms in Austria, Bulgaria, Germany, Sweden and Slovenia.¹⁴



Legend: The x-axis shows the number of services the respective channel is used for (up to a maximum of 7 services).

When interacting face-to-face, there is value in tailoring the level of formality according to the employer

For PES, face-to-face contact helps to **build trust** with employers. It is particularly useful when PES start to work with a new employer to discuss their requirements or when offering specific advice on a one-to-one basis.¹⁵ However, the level of formality between the employer and PES needs to match that used internally within the employer. For example, the **French PES** has adapted its approach to interacting with large employers in order to better match the employers' own composition and culture. In practice, this means they have directly analysed each employer's internal structures and decision-making processes, identified points of convergence between the employer and PES, and ensured that they are working directly with those in a position to make important recruitment decisions.

Customer satisfaction surveys play an important role in determining the optimum combination of channels

Within the context of performance and quality management, PES have highlighted the value of **customer satisfaction surveys** to ensure that PES are meeting employers' needs and using appropriate methods of communication and engagement. Such surveys can also be useful to pinpoint the types of companies that do not feel sufficiently supported and identify further avenues for support.

¹⁴ PES recruitment services for employers, Dietz (2014) p. 16

¹⁵ PES recruitment services for employers, Dietz (2014), p.17

Box 12: Meeting employer needs through satisfaction surveys (various PES examples)

The **Austrian PES, AMS**, uses six different surveys with the enterprises, using the online software 'Inquiry'. The six surveys are as follows:

- After sales and general service satisfaction (pre-selection, services for temping agencies etc.)
- Position acquisition questionnaires (e.g. apprenticeships and gastronomy positions)
- Topic selections for client meetings
- Invitations and registration management (e.g. workshops with clients)
- Reminders and follow-up after events
- Thank you campaigns after surveys

It is important to note that the surveys are not anonymous. Moreover, the survey method allows the PES to contact the companies directly and generate the survey content themselves.

In Germany, **BA**, undertakes an annual online customer satisfaction survey with employers. They ask employers to provide a rating between one and six (one being the highest, six being the lowest) on five areas: overall satisfaction; placement and counselling services; information and self-help services; consultant and setting/conditions. 'Consultant' and 'setting/conditions' received the highest rating (1.9 each respectively) in their 2013 customer survey.

3.2 Specific approaches for large companies

Box 13: Main aspects of the approach for large companies

- Online channels and automated matching services
- Emphasis on the user-friendliness and technical quality of the systems
- Quality assurance of the online content
- Actions to deal with legislative, regulatory and structural requirements, as well as the misconceptions of 'free' matching services

Online channels and automated matching services are effective for large companies

User-friendly online tools can provide employers with an easy and efficient way to upload vacancies on the PES. These tools can prove particularly useful for large companies given that they tend to have greater numbers and/or more regular flows of vacancies to advertise. They also give these companies – and their human resource departments – a certain degree of autonomy in the recruitment process, meaning that PES staff can focus their face-to-face contact and resources on other (often smaller) employers.

Some PES even offer '**direct online job vacancies**' where jobseekers can directly contact an employer online from a vacancy as the relevant data is provided, meaning the PES has no vacancy management to do. Employers can equally search, or have their matches automatically completed, according to their competence or qualification requirements. They can also look at individual CVs directly online, which is quick and easy for the employer and saves the PES resources in the pre-selection process. However, successful matches heavily depend on the quality of the job specification and the quality of the CVs, which PES need to monitor closely and resource to some degree. For some employers (e.g. those that have just

begun to use the online matching services offered by the PES), PES may offer to spot check the quality of the job specification before it goes 'live.'

Box 14: Digital services for large companies (Germany)

The **German PES, BA**, uses an online matching service. Each employer has an individualised account where they can upload their vacancies directly. Employers can upload their vacancies in an .xml file to the portal, which go 'live' straight away. Employers then receive potential matches or alternatively they can search by competence or qualification level for potential matches.

The employers' individual online account page includes the contact details of their key account manager. Employers have reported that they find it useful to have all of this information in one place and that they can upload vacancies themselves.

It is important to work around the potential constraints to the use of online channels and automated matching services

Whilst online channels and automated matching clearly enhance the efficiency and flexibility with which large employers can access PES services, it is important to be aware of the real or perceived limitations of such channels, particularly in certain contexts. For instance, some countries have **legislation, regulations** or **structural requirements** in place so that job vacancies cannot be uploaded automatically. For example, the **Maltese PES** is required to approve each job vacancy, which limits the level of autonomy available to employers. In **Bulgaria**, local tripartite committees meet to define a job vacancy profile, which limits the extent to which the process could be digitalised today.

PES note that some employers have **negative perceptions of 'free' matching services** as they assume that free services equal lower quality profiles than those provided by private recruitment agencies. While one PES offers premium services on a pay-by-use basis to extend vacancy publishing as a possible response to this issue, it remains generally important that PES develop online matching services that are technically sound, user-friendly and of high-quality. In the long run, most pre-conceptions are dissipated when an employer has successfully filled a vacancy with the PES.

3.3 Specific approaches for SMEs

Box 15: Main aspects of the approach for SMEs

- Greater use of other channels, such as telephone support, online helpdesks and face-to-face contact
- Actions to address problems of IT access and illiteracy
- Outreach activities
- Networking with multiplier organisations

Special assistance can help smaller companies to enhance their use of online services

For SMEs, particularly micro-firms (less than 10 employees), vacancies are often of a more **urgent** and **specific** nature. For PES, this means they need to respond quicker, more flexibly and more individually to SME enquiries and consequently they tend to enhance their support through online helpdesks, phone channels and face-to-face support.

Besides the diverse nature of SMEs and their limited HR resources, an issue with some SMEs is their **limited access to IT facilities** (especially for tradespeople or self-employed

individuals who are not office based) or **lack of IT literacy**. This can be a particular barrier to take-up in rural areas (e.g. in **Greece**), where SMEs are not sufficiently IT literate and connected for a full digital service to be rolled out. To tackle these issues, some PES have developed templates and standardised, self-filling documents to make the digital recruitment process easier for SMEs. For example, the **Slovenian PES** helps SMEs to draft job vacancy descriptions in this manner.

Interestingly, some PES see the **quality of their contact with SMEs to be more important** than the chosen channel. For example, the **Belgium-Wallonia PES** assigns a dedicated counsellor to a company. With the employer, the counsellor defines the best channels to use and combines personal contact where appropriate. Such a tailored and flexible approach is however difficult to multiply in larger PES given the number of SMEs on the market and the limited human resources that PES have available.

Box 16: Using a multi-channel delivery to meet SME needs (Belgium-Flanders)

The PES in Belgium-Flanders, **VDAB**, offers help to SMEs to find suitable workers using their online tool and one-to-one support. SMEs can upload job vacancies directly onto the online facility for the **VDAB** counsellor to review the vacancy details. Alternatively, if the SME requires more support, the counsellor and the SME can work together on creating the job vacancy.

The IT tool compares the vacancy with the files of all registered jobseekers. If the match is sufficient, the vacancy is automatically sent to potential candidates within the same day by email or letter. Alternatively, the employer can search for candidates themselves. They can view the automatic matches, select and save CVs, and have any new suitable profiles sent to them by email.

VDAB also offers an intensive service for those employers who require more support, deployed through a team of 40 counsellors structured provincially and sectorally. These counsellors know that SMEs typically work hard to make their own money and know their business inside and out. Consequently, they need to adopt a highly tailored and responsive approach to addressing the SMEs' needs. For instance, the counsellor and employer can look for tailored solutions together and investigate opportunities for on-the-job training. **VDAB** can also include inter-regional or international mediation and involve partners to complement the support, if necessary.

Outreach and networking activities can be particularly useful for SMEs

A key challenge remains that SMEs do not naturally turn to the PES. To address this issue, many PES have been proactive in reaching out to this customer group by using outreach activities and networking with **multiplier organisations**. On the outreach side, several PES have been successful in organising awareness-raising campaigns, carrying out door-to-door company visits and dedicating specific time to SMEs.

Box 17: Successful outreach activities with SMEs (Belgium-Flanders)

In 2013, **VDAB** in **Belgium-Flanders** ran an 'Exclusive Day' where *all* staff visited a pre-defined list of SMEs. Being mindful of the SMEs' limited time, the PES only asked each employer to give up 10 minutes to hear about the PES services on offer and how they could benefit the business. In some of these brief visits, the **VDAB** staff were able to set up future meetings with the employers, and within three weeks after the Exclusive Day, all of the companies on the list are contacted by telephone or seen as part of an information session. Overall, 23,815 companies were visited and 1,833 were contacted by telephone within one day. Thanks to this initiative, over 2,500 employers wanted more information or more regular contacts.

Box 18: Successful outreach activities with SMEs (Netherlands)

In the **Netherlands**, **UWV**, run a 'SME Week' on an annual basis. This is a week of activities targeted towards SMEs to raise awareness of their services, learn more about employer's needs and highlight the sectors that need further support. Approximately 15,000 SMEs take part on each occasion.

Resource wise, there is an understandable limit to the extent of individual face-to-face contact when dealing with large numbers of small businesses. This is where networking with multiplier organisations can prove particularly helpful. Several PES have, for instance, collaborated with small business federations, chambers or trade associations – sometimes on a sectoral basis - in order to tap into business networking events and place a PES specialist in a business association on a continuous basis. These initiatives have significantly enhanced the multiplier effect of PES and opened the door to a much larger pool of SMEs, thereby maximising the use of finite resources.

Box 19: Successful networking activities with SMEs (Sweden)

In **Sweden**, **Arbetsförmedlingen** is working with Företagarna (Swedish Federation of Business Owners). This organisation represents 75,000 workers and has 260 local associations that make up a broad network. Through outreach activities in conjunction with their PES, the federation's goal is to reach out and offer labour market policy measures and subsidised employment to small businesses.

Box 20: Working with PES from an SME perspective (Belgium-Flanders)

The Belgian is an SME operating in the Flanders region of Belgium that provides security solutions to a range of clients, including hospitals, retail and industry.

The company works with **VDAB** when they have recruitment needs. Regular on-going contact with **VDAB** is important for successful SME-PES collaboration. This ensures that the PES is aware of their specific needs. Outreach activities where face-to-face contact can take place are also important in building up the relationship.

4. Enhancement of employer relations through formal and informal agreements

Guiding question 3a: What role can company agreements play to enhance PES relationships with employers?

4.1 General trends and developments for all employers

Since the Peer Review on 'How to best structure services for employers?' in 2012, there has been growing interest in the use of informal and informal agreements as a basis for collaboration with employers. In particular, the PES to PES Dialogue organised a study visit as a follow-up to the Peer Review to examine the use of agreements with large companies.¹⁶ A pilot project between France, Hungary, Slovenia and Sweden was also set up to examine the potential to use a PES agreement with a MNC in one country to develop, or improve, PES relations with the same MNC in another country. Building on these activities, Oberholzner's discussion paper and the conference discussions enabled a deeper examination of such agreements, covering their scope, content and the underpinning arrangements for their set up and use. As a starting point, the main findings from Oberholzner's research (based on a sample of six European PES) are that:

- There is a broad diversity more or less formal agreements;
- There is often a distinction between national and regional-level agreements, mirroring the PES structures;
- The agreements cover a wide range of sectors, although there is an inclination towards industries with a greater share of low-skilled jobs;
- The number of agreements is increasing;
- Agreements deal with placement of disadvantaged groups, but not exclusively; and
- Agreements can have positive effects in terms of improving PES-company relations and leading to greater job access for disadvantaged groups.¹⁷

4.2 Specific approaches for large companies

Box 21: Specific aspects of the approach for large companies

- Use of (formal and informal) agreements
- Scope tailored to the company concerned
- Specific and succinct content of the agreement
- Promotion of the benefits and 'preferential incentives' of agreements

Formal and informal PES agreements are mainly used by larger companies

Formal and informal agreements mainly form the basis for cooperation with large companies (and to some extent, medium-sized firms) that have a larger administrative capacity. More specifically, Oberholzner¹⁸ has observed that a company signing an agreement with a PES is likely to have a minimum number of 100 employees as PES wish to see a certain number of placements per year as a result of having an agreement.

¹⁶ The study visit was hosted by the French PES and involved the participation of PES from Belgium-Brussels, Hungary, Slovenia, Sweden.

¹⁷ PES and the use of company agreements and corporate social responsibility, Oberholzner (2014), p.18

¹⁸ PES and the use of company agreements and corporate social responsibility, Oberholzner (2014), p4

The **level of formality differs** across Europe, from detailed, enforceable contracts to less binding, more informal 'gentleman-style' agreements. Moreover, the choice of national or regional agreements reflects the scope of the company in question. For example, those with premises across a country will tend to sign a national-level agreement.

Agreements are most effective when they are as specific, tailored and succinct as possible

Discussions have indicated that the more **specific** and **tailored** the agreement is, the higher the potential to maximise the benefits for both parties. This helps to harness the commitment and manage the expectations of both parties. In practice, this means that the agreement should clearly indicate the PES services and measures covered, rather than simply framing the universal service provision offered by the PES and general recruitment needs of the employer. For instance, they can cover more intensive recruitment services, pre-selection services, provision of work experience, CSR engagements, advice on subsidies, on-the-job training positions, etc. This specificity can be further reinforced if the agreement is linked to in-demand or niche jobs and/or specific target groups, which can help pave the way for the recruitment of disadvantaged groups.

Well drafted agreements can also include **shared objectives**, a **time span** and a **named contact** at the PES and the employer. This can be particularly useful in case of any personnel changes within either organisation.

On the question of whether to include **quantitative targets**, Oberholzner has identified both pros and cons: 'Such targets means a stronger obligation and commitment, but they do not only constitute a greater – and even deterring – requirement for employers, but also for the PES concerned.'¹⁹ The subsequent PES discussions have not favoured one approach over another.

Whatever the detailed content of the agreements, PES are mindful that they need to be kept **as short as possible** in order not to 'overburden' the employers concerned. A useful example is shown in Annex 1.

¹⁹ PES and the use of company agreements and corporate social responsibility, Oberholzner (2014), p.18

Box 22: Different types of national agreements for different types of activity (France)

Pôle emploi has introduced a new approach to signing company agreements with large employers. They use three main types of national agreements with large companies:

- ***Collaboration on data exchange***

The 'collaboration on data exchange' agreements establish a basis to share information between **Pôle emploi** and the employer. This leads to increased labour market transparency for the benefit of jobseekers and employers alike. EDF is one employer that has signed this type of agreement with the aim of publishing their recruitment needs for 'professionals' – this recruitment focus had been absent from the collaboration between EDF and **Pôle emploi** up until now. This partnership has been especially successful as manual workers and technicians have been recruited and those reaching the end of their fixed-term contracts have been placed.

- ***Collaboration on national means***

This type of agreement provides tools for operational collaboration between the employer and **Pôle emploi**. One example is the agreement with the National Centre for Scientific Research (CNRS), which provides tools for the cooperation around recruitment/reintegration of research support staff (e.g. engineers and technicians). As a result of this cooperation, two formalised agreements for regional collaboration have also been established.

- ***Collaboration on a national plan***

This type of collaboration is based on a project approach. Both parties work together to create a framework for the delivery of services, as well as stating outcome commitments for jobseekers' placements and integration.

There can be value in promoting and incentivising the use of agreements

Some PES have undertaken **media work** to publicise the work achieved under their agreements. This can have a 'snow-ball effect' as it can increase the interest of other employers when they see the added value and business benefits of working closely with the PES.

Some PES have also played on the **advantages** for the employer of having an agreement compared to other employers. In other words, those companies that sign a cooperation agreement are able to find out about services they were previously unaware of and may even receive some services before they are rolled out to other firms.

Box 23: Agreements with large companies (Bulgaria)

The **Bulgarian National Employment Agency (NEA)** has successfully established agreements with large companies.

Under the European Social Fund Human Resource Development Operational Programme 'New Beginning – From Education to Employment', **NEA** has signed a contract with **K&K Electronics**. **K&K Electronics** is the most successful Bulgarian retail chain for home electronics, office equipment, telecommunications and IT products. They employ over 1,500 people across 62 stores. Under the contract, 78 unemployed young people up to 29 years old have been trained and hired for a six-month subsidized period. All of the young people have undertaken practical work experience and 21 of them are now permanently employed by **K&K Electronics**. As part of the agreement, **NEA** provided has deployed funds for the salaries and health and social insurance of the trainees and made additional payments to the mentors.

NEA has also established an agreement with **Neochim**, a chemical company established in 1951, employing nearly 1,250 people. The firm has successfully cooperated with **NEA** in various projects for employment, which has provided opportunities for promotion. For example, in 2013, **Neochim** won first place in one of the categories of the annual 'Employer of the Year' awards.

4.3 Specific approaches for SMEs

Box 24: Specific aspects of the approach for SMEs

- Informal cooperation instead of (formal or informal) agreements
- Agreements (and broader collaboration) with intermediary organisations to create a 'multiplier effect'
- Sectoral agreements to support and inform SMEs on sectoral skills shortages and recruitment pools

To reach SMEs, agreements with intermediary organisations are an option

According to most PES, **formal agreements are more difficult to establish and implement with SMEs** as they tend to see formal agreements as administratively heavy and bureaucratic. Moreover, these firms may not have the necessary resources (time and staff) to dedicate to the management of such agreements. A lack of awareness of what agreements can flexibly offer also hinders SME engagement in this area. All in all, SMEs tend to prefer more informal cooperation.

Some PES have successfully worked around this issue by establishing **agreements with small business federations, alliances and other intermediary organisations**. This approach removes the administrative burden away from the SMEs and enables the PES to tap into the intermediary's already established network and trusted advisory role. It also has the advantage of creating a 'multiplier effect' as the agreement can cover a much larger number of SMEs than the PES could feasibly reach alone.

Using the intermediary approach, some PES have managed to **address priority sectors** as they have been able to work directly with sectoral organisations with high recruitment needs. These may cover hospitality, retail, catering and construction, as observed in the UK.

Box 25: Swedish Federation of Business Owners - engaging with SMEs (Sweden)

Företagarna, the Swedish Federation of Business Owners, represents 5,000 members across all sectors. They have a formal agreement with the Swedish PES, **Arbetsförmedlingen**, regarding the information and cooperation between PES and small businesses.

The Swedish Federation can contact a large number of small enterprises for PES to make a presentation at a central location or meet at their offices. Through such cooperation, they promote and customise the PES offer in a way that small enterprises understand.

Small companies often see PES as being bureaucratic and do not necessarily know about all of their services. Under this project, companies have been able to have a talk directly to a PES counsellor and think about the roles and capacities within their business. Some businesses have consequently recruited for positions they had not previously considered. Indeed, after 36 months of cooperation between the **Swedish Federation and PES**, over 1,000 jobs in SMEs have been created.

Box 26: Signing agreements with trade associations (UK)

The UK Department for Work and Pensions cooperates with trade associations and their members to promote employment opportunities through the UK's PES, **JobCentre Plus**. 62 trade associations representing 500,000 businesses are currently working with the Department, of which 16 Partnership Agreements have been agreed, including one with the Road Haulage Association.

Through the collaboration, trade associations are asked to help build relationships with their members at both national and local level. This involves developing and implementing PES measures, improving awareness amongst PES staff of the opportunities available and providing jobseekers with a structured way to gain employment in their sector.

Trade associations benefit from working with the PES as they can benefit from the size and scale of their employment support and initiatives. They can also use the close collaboration as an opportunity to influence and guide delivery, promote their sector and ensure that the sector's priorities are addressed. In addition, each trade association is allocated a Relationship Manager and provided with a 'direct line' to government as they have quarterly meetings involving the Minister for Employment. Overall, working with trade associations gives SMEs a voice to make a significant difference to the sector.

5. Enhancement of employer relations through corporate social responsibility

Guiding question 3b: What role can CSR strategies play to enhance PES relationships with employers?

5.1 General trends and developments for all employers

CSR is becoming an **increasingly explicit strategy** for companies as they wish to 'put back' into society, notwithstanding a general push for corporate contributions to social and environmental targets among FTSE 100 companies. Some of the aims of CSR activities follow similar aims as labour market policies in terms of seeking to address social and professional integration issues.

Box 27: Corporate Social Responsibility – EU definition

The **European Commission** defines CSR as 'the responsibility of enterprises for their impacts on society.'²⁰

The Commission is currently implementing its 2011 Communication on CSR, which encourages businesses to have in place 'a process to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders.'²¹

The Commission will launch a legislative proposal in 2014 that includes a proposal for large companies to have a legal responsibility to report on their CSR activities. The Commission will also call on Member States to create more leverage for more responsible practices; for example, this could mean that CSR was a requirement of any public procurement laws.

It is important to be aware of the broader perspective for employers as CSR for them may mean being more competitive, working towards public policy goals, having a diverse workforce and addressing employment issues that they may have. Companies that have been affected by the economic crisis can **use CSR to address some of their issues**, such as employment and skill shortages. Investing in training schemes can lead to employees having the right skills and put the employer in a much better position in the future. However, CSR should not be used as a substitute for mainstream employment contracts affecting specific target groups – in fact, CSR is effective when it managed to increase the degree to which a person is equipped for the open labour market, therewith adding a social value to an individual or acting as a corporate transition.

Overall, the CSR debate is a new area for PES discussions. On the one hand, PES have the **opportunity to capitalise on the CSR agenda** by directly supporting companies' CSR strategies and offering useful concepts and instruments for more companies to think of PES as a CSR partner. On the other, there is limited knowledge or research on how PES can actually go about this. Oberholzer's discussion paper and the conference discussions therefore provided a first, deeper examination of this important issue.

²⁰ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: A renewed EU strategy 2011-14 for Corporate Social Responsibility. Brussels, 25.10.2011 COM(2011) 681 final

²¹ http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/index_en.htm

PES have a range of practical approaches and 'hooks' to support employers in their CSR endeavours

All employers want CSR to be as simple and accessible as possible. **Toolkits and other tailored resources** can give employers the support they need to do more. In particular, toolkits allow employers to use 'off the shelf' guidance to implement CSR in their organisation, which makes the process quicker and easier. When producing toolkits, they must always aim to improve the business, be as simple as possible and the information should be succinct and tailored to the reader.

Some employers are required to **meet international, EU or national CSR targets**, particularly if they wish to take part in procurement processes. For example, in some countries such as **Hungary**, specific quotas exist for the number of disabled people an employer must recruit. In the **Netherlands**, the government is considering a law for employers to recruit 10% of their staff from disadvantaged groups, and in other countries, such laws are already in existence. PES can use this information in their communication with employers to highlight that working with the PES can help them to achieve their targets. They can then use CSR as a springboard to encourage employers to go beyond fulfilling legal requirements and seeing the business value of recruiting certain target groups, as well as collaborating with the PES more generally.

Box 28: Working with PES to place Roma (Hungary)

Johnson Controls is a global technology and industry company serving customers in 150 countries. Their Hungarian base produces interiors for cars.

The company works closely with the **Hungarian PES**, the **National Employment Office (NFSZ)**, when establishing a new factory in a geographical area that doesn't have an automotive history or any skilled workers. They also work with the NFSZ to identify and recruit disadvantaged people, including a high number of Roma people, who then undertook training in this automotive sector.

Johnson Controls does not have a concrete agreement in place with NFSZ, but have regular contact with the PES, which has help to build mutual trust.

There is value in promoting CSR and related good practice, both for the PES and employers alike

The **publicity** around CSR activities with PES can be an important benefit for employers and PES as it adds credibility and visibility to their work. In this vein, the **visibility** of CSR activities is particularly important for the reward of performing companies. A number of PES use, for instance, labels and awards to highlight good practice which can create positive publicity for the employer. Some examples are listed below:

- The **Bulgarian PES** has an annual competition for socially responsible companies;
- The **Lithuanian PES** gives awards to firms that recruit high numbers of people from disadvantaged groups;
- The **French PES** offers employers the 'Committed to Employment' label;
- Since 2012, the **Belgium-Brussels PES** has offered a diversity label; and
- At the EU-level, there is an award scheme run by DG Enterprise of the European Commission.

Collaboration with civil society and charitable organisations can help PES to be seen as a typical CSR partner

PES are not often perceived by employers as being a partner for CSR activities. Working collaboratively with **non-governmental organisations** (NGOs) and **civil society partners** may be an effective way for the PES to reach more employers and enhance their CSR profile. Some PES are already undertaking such activities: the **UK PES** is working with a range of charities to promote CSR and the **Dutch PES** is working with civil society to do the same. There have also been interesting developments at a European level as **CSR Europe** has been undertaking work to promote CSR and highlight best practice by employers across national borders.

Box 29: CSR Europe

CSR Europe was established in 1996 to create a space for businesses to share experiences, develop solutions and engage in smart policy dialogue with the EU with a view to enhancing CSR within their organisation. It has a network of around 70 corporate members and 37 national CSR organisations, reaching out to over 5,000 companies.

CSR Europe aims to:

- Support companies to build sustainable competitiveness by providing a platform for innovation;
- Foster cooperation between companies and their stakeholders by exploring new ways of working together to create a sustainable future; and
- Strength Europe's global leadership on CSR by engaging with EU institutions and international organisations.

CSR Europe and its national partners work together on a range of projects, including Skills for Jobs, Business and Human Rights and the European CSR Award Scheme. The network produces publications and shares best practice at meetings and events. Further information can be found at: <http://www.csreurope.org/>

It is important to develop the CSR knowledge and competence of PES staff

It is important for PES to have **trained counsellors** who can help employers with their CSR-related queries. Some PES, including the one in the **Netherlands**, have trained their counsellors to offer advice on what CSR is, how employers can understand and use CSR policies and guidelines, what the benefits are, and how it can be publicly promoted. In the UK, PES staff are actively encouraged to become aware of and understand employers' CSR strategies. Having 'CSR savvy' and trained staff can ensure that CSR advice is properly integrated into PES activities and other more general advisory services. This in turn helps more employers to realise the benefits of CSR can do and engage in collaboration with the PES. To take this one step further, PES may even wish to have a CSR strategy in place themselves to 'lead by example.' For example, the **Netherlands** has set up the 'UWV inclusive' project with this in mind.

5.2 Specific approaches for large companies

Box 30: Specific aspects of the approach for large companies

- Links to more explicit and formal CSR strategies
- Tailoring around business drivers and needs
- Focus on specific target groups and/or diversity plans
- Benefits from corporate publicity and community relations

PES can capitalise on the CSR strategies of large companies

It is generally easier for PES to collaborate with large companies in respect of CSR as these companies tend to have more explicit and formal CSR strategies. Consequently, a number of PES have effectively engaged with large firms on their CSR activities. Those that have been successful have taken the time to inform companies about the targeted use of financial incentives that can support their CSR target groups. Some PES have also used a **pro-active approach** by carrying out an expert analysis of the organisation, job structures and/or working processes. This analysis highlights work areas that can be more open, accessible and appropriate for workers from disadvantaged groups.²² This approach usually creates further opportunities for the PES to place certain target groups.

CSR engagement needs to take account of business needs, which can often be centred around specific target groups or diversity plans

In working with employers, PES are mindful that CSR represents an investment for the company and can be resource intensive. As a consequence, they focus on ensuring that the CSR activities clearly **add value to the business**, are strongly **supported by the company leadership** and fit around **business needs**, sometimes centred around particular target groups. In the case of the:

- In the **Netherlands**, the PES has tended to focus on re-integrating people with disabilities who may be affected by government policies; and
- In the **UK** and **Sweden**, the CSR programmes have target young unemployed young people.

²² PES and the use of company agreements and corporate social responsibility, Oberholzner (2014)

Further examples are given in the boxes below.

Box 31: Diversity promotion scheme (Belgium-Brussels)

The **PES in Belgium-Brussels, ACTIRIS**, has run a diversity promotion scheme for companies whereby consultants create a diversity plan for the company (free of charge). The plan looks at all areas of the business from personnel selection to training and coaching. To implement the diversity plan, employers apply for a subsidy for the associated costs and receive further support from the consultants. The overall advantage of this approach is that it prompts companies to engage in more CSR activities and helps them to think about what diversity can offer their business, rather than employing certain target groups simply to meet targets. In fact, this approach has been so successful that the PES plans to increase the number of diversity consultants.

Box 32: Working with Clas Ohlson to place young unemployed (Sweden)

As part of their **National Customers approach**, the **Swedish PES, Arbetsförmedlingen**, has established cooperation agreements with employers that agree to offer jobs or on-the-job training. The PES then provides the employers with recruitment assistance, subsidies and other types of support. As a result of these agreements, more work opportunities can be made available to unemployed young people. To date, 65 employers are working with **Arbetsförmedlingen** and 13,000 jobs or on-the-job training positions have been created.

One example is the cooperation agreement with **Clas Ohlson**, a modern hardware store employing 4,500 people across Sweden, Finland, Norway and the UK. The aim of the contract is to recruit long-term unemployed young people aged between 18 and 25 for a three month work placement.

Clas Ohlson initially ran a pilot scheme in 12 stores, recruiting 15 trainees. Out of the 15 trainees, seven were offered employment after completion of the work placement and three others found employment elsewhere, using **Clas Ohlson** as a reference. Following the pilot, the company developed a trainee requirement specification and worked with **Arbetsförmedlingen** to assign clear accountabilities and procedures for both parties.

To make this agreement work, it was important that the PES and employer understood the agreement, tasks and placement. Secondly, the PES stressed to candidates that this type of opportunity was unique and employers did not want to waste time on unsuitable candidates. Thirdly, store managers treated the trainees as prospective employees. And lastly, as unemployed young people can be in difficult circumstances, it was important to set up a structured follow-up procedure.

PES can benefit from the corporate communications and community relations engendered by CSR activities

For large companies particularly, it is important to build their **reputation through CSR activities underpinned by corporate publicity**. This can include press coverage, relationship-building with the government and local community and developing the company brand – particularly in terms of raising customer awareness. PES can play a role in and benefit from this CSR-driven activity.

Box 33: CSR and disadvantaged young people: Morrisons supermarket (UK)

Morrisons is the fourth largest supermarket in the UK. They employ 125,000 people across the UK, with 45% of their workforce aged between 18 -24.

In the UK, there is a strong 18-24 agenda to tackle youth unemployment. **Morrisons** has a strong relationship with the UK PES and this has been broadened to address youth unemployment. **Morrisons** believes that disadvantaged young people can successfully make the transition from shop floor to top floor and the PES can provide them with their future talent.

Morrisons has a good partnership with a behaviour organisation, PES and other partners where they identify young unemployed people to take part in a talent-based skills academy to provide them with an opportunity to develop their skills and have practical work experience.

Usually participants in such schemes have low confidence and self-esteem as they have received rejections before and feel that the selection process in other employers is a real barrier. To address these real barriers, **Morrisons** work with their partners along the way to provide participants with coaching and support to build up their confidence and focus on their behaviour. The positive results are testimony to the success of this approach: dropout rates from such schemes can be high, however in the case of **Morrisons**, 80% of their recent intake are now in employment; these were young people who had been out of work from three weeks to three months. Moreover, 72% of the intake is still in employment after six months.

Morrisons believe that this CSR activity provides links to and enhances local communities as they employ local people in local stores. In turn, this boosts the image of the local supermarket (and associated PES), which generates a win-win situation all round.

5.3 Specific approaches for SMEs

Box 34: Specific aspects of the approach for SMEs

- Links to more informal, implicit and localised CSR activities
- Option of a sectoral focus
- Collaboration with intermediary organisations

CSR is not always explicit in SMEs, which means that PES tend to adopt a more informal and localised approach

SMEs are relevant candidates for CSR, especially given the increasingly important role of the social economy. With new emerging sectors and socially conscious legal forms of enterprises (such as social enterprises of community interest companies in the UK), some SMEs are integrating more and more CSR values and objectives directly into their core business values and missions. However, SMEs' CSR activities are still generally more implicit, informal and ad-hoc compared to those of their larger counterparts. The CSR activities of smaller firms also tend to be localised, which can be an advantage in terms of local PES gaining access on the ground and developing links with the wider community.

PES can help SMEs by ensuring that they receive the **right support** when they turn to them for assistance on activities - which can in turn be linked to CSR. The **Dutch PES**, for instance, has a network of 60 specialist advisors who visit SMEs to provide advice on their job roles that could be suited to typically hard-to-place jobseekers. These advisors not only

provide a direct means to highlight priority groups to the SME community, but they can also provide ongoing support for the sustainable integration of these workers.

CSR activities can be enhanced through a sectoral approach

Some PES have worked with specific sectors to **design processes that are non-discriminatory**. For example, the **French PES** has worked with the hospitality sector to design a simulation-based recruitment test that allows employers to see jobseekers in 'action'. This helps employers recruit better suited candidates, and harder-to-place jobseekers are more likely to be successful as it removes typical elements of CV discrimination. For SMEs in this sector, making the right choice is highly important given the limited resources available for recruitment and the high turnover that typically affects this sector.

Intermediary organisations can serve as a focal point and platform for CSR activities

Working with SMEs on CSR can be challenging as they have sporadic and **fluctuating needs**, which means it is harder for PES to ensure the continuity of communication and build up trusting relationships. Some PES have solved this issue by working with intermediary organisations representing SMEs, thereby formalising the CSR activities in a more collective way. As with the use of agreements more generally, this approach also helps to create a 'multiplier effect' in terms of promoting CSR to a large number of SMEs. It can also be reinforced by working with intermediary organisations that have a sectoral focus, thereby helping to target groups of SMEs that are important in employment terms. For example, the **UK PES** works with the Road Haulage Association to reach SMEs involved in this sector. This has significantly enhanced the multiplier effect of the PES and ensured that CSR forms part of the strategy for working with SMEs.

Box 35: Promoting CSR related recruitment (UK)

The Department for Work and Pensions has established a joint working agreement to promote CSR to SMEs through a multiplier organisation, **Business in the Community (BITC)**.

BITC is a business-led charity that aims to encourage and support CSR practices. They have over 850 members across the UK, ranging from large to small employers. **DWP** and **BITC** have agreed to work on shared priorities and target CSR commitment to open up opportunities. As a result, they have signed a joint agreement to address youth unemployment, a big priority for DWP, through the 'Generation Talent' programme.

Generation Talent encourages **BITC** members to create employment opportunities to assist in reducing youth unemployment. It offers SMEs access to PES advice and support, and the ability to use their initiatives and premises. These firms are provided with an allocated account manager and can use a free self-assessment tool to look at how they can incorporate CSR principles. As a result, SMEs can review their recruitment practices, remove any unintentional barriers and scale up their recruitment of young people.

The programme was formally launched in November 2013. To date, it has engaged with over 500 business members and captured over 60,000 opportunities for young people. As a result of businesses using the self-assessment tool, the recruitment processes have been adapted. Positively, an increased number of businesses are now account managed by **DWP** and a strong partnership has developed between **DWP** and **BITC**.

DWP say that building trust with partners can take time, but it is important for successful relationships. Focusing on clear outcomes, continuing to raise awareness about the campaign and knowing the needs of SMEs are also key.

6. Conclusions: key messages, challenges and the way forward

There is **no universal agreement** as to what the most effective service concepts and approaches are for targeting large companies or SMEs. All PES offer core matching services to all types of employers. Informal prioritisation is however taking place in some PES as they customise their services to the needs to their employers in the labour market context and economic climate. In particular, larger companies are sometimes seen as 'priority customers' given their greater 'recruitment potential' and a sectoral approach is often useful in this respect. On the other hand, SMEs have specific recruitment needs and may need more support throughout the process, especially at the earlier stages. It is also important for PES staff to have good knowledge of their local and regional business community as this is where SMEs tend to be concentrated. What is striking about these conclusions is that the PES 2020 Strategy Output Paper calls on PES to place a greater emphasis on demand-orientated services, with more intensive support to SMEs, yet very few PES have elements of a **formal SME strategy in place**. This is an important area for development if PES intend to intensify their services to SMEs against a background of limited staff and resources.

Using a **combination of online and face-to-face channels** is preferred by PES. Whilst online services have increased in recent years, PES continue to use face-to-face contact which helps them to build long-term relationships with employers. Online channels and matching services are considered to be most effective for large companies. This type of provision can be also useful to SMEs, however they can require additional assistance as IT abilities and access issues must be taken into consideration (nature of the work, rural locations). A number of PES have undertaken successful outreach activities to negate the fact that SMEs may not automatically turn to the PES. Working with trade associations and other such 'umbrella' organisations can be useful.

PES consider **company agreements as useful to frame cooperation** with employers, although their level of formality may differ across Europe and from company to company. In general, shared objectives, explicit timeframes and dedicated contact points are important aspects of well drafted agreements. Formal and informal agreements tend to be mostly used with larger companies who have the resources to manage such engagements and are likely to be in more frequent contact with the PES. When it comes to SMEs, PES have found it useful to sign agreements with wide-ranging intermediary organisations in order to reach a wider pool of firms and build on the federations' reputation with the SME community.

CSR is a new area of discussion for PES, however a number of them are already engaging in such activities with employers. This has involved developing practical tools and incentives, training staff and promotional work. Larger employers may already have existing CSR strategies that PES can link to, whilst CSR in SMEs is more implicit and informal. PES have successfully worked with civil society and charities to build up CSR activity with these SMEs.

Across the various topics, a number of **challenges** still remain:

- Employers have specific perceptions of PES, their services and jobseekers' profiles. It is important for PES to actively promote their services to employers and use evidence to support their messages.
- SMEs have a high number (or potential number) of vacancies and are recognised as an important customer. The challenge for PES is effectively reaching out to SMEs, given their large numbers compared to the limited PES resource. For the moment, there seems to be a limited number of formal strategies for dealing with this fundamental issue.

- Local and regional connectivity of PES offices is important to reach SMEs and build up employer relationships, but reaching the right level of independence is difficult.
- CSR is gaining in importance. PES have the potential to increase their reputation in this field, but how they can be challenging. Financial incentives are a good hook for CSR, but the engagement has to go beyond the financial incentive.

The conference **highlighted a number of challenges for the future** that PES and other key actors could consider:

- PES may wish to listen to employers and build services around their needs. They must be flexible and use a mix of appropriate channels to work with them at each stage of their cooperation.
- PES could seek to work with intermediaries (e.g. trade associations, chambers of commerce) and undertake outreach work to engage with SMEs.
- To be recognised as being on the same level as some (larger) employers, PES may wish to invest in skills, knowledge and competences regarding HR services in companies. Sectoral knowledge is important, especially with SMEs.
- In terms of CSR, PES could establish links or partnerships with non-governmental organisations and civil society to become more visible to employers and encourage employers to embrace diversity.
- PES could make use of CSR Europe's national partners and the European Commission's High-Level Group to enhance their national services.
- The PES to PES Dialogue is important and employer input is invaluable. This type of activity should be continued in the future.

7. References

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Annex 1 – Example Partnership Agreement

PARTNERSHIP AGREEMENT²³

Between

PES

And

XXX TRADE ASSOCIATION

[Date]

²³ This partnership agreement was kindly provided as an example by the Department for Work and Pensions, UK.

Aim and Purpose of the partnership

The aim of the partnership is to bring together xxx and the xxx trade association to share intelligence and knowledge with the aim of improving the service to the association's members and PES Customers, Groups and Employers.

Working in cooperation both organisations will be better able to meet the needs of businesses in the xxx Sector while giving those people who wish to pursue a career in this industry a recognised route into work.

PES Objective

By working with the trade association and its members the PES will;

- Provide PES customers with a structured route to employment within the xxx Sector
- Offer other opportunities within the xxx Sector i.e.; Work Experience and training routes.
- Build relationships with trade association members at both a national and local level to develop and implement Youth Contract and Get Britain Working measures.
- Increase the number of PES customers obtaining work in the xxx Sector.
- Improve awareness amongst PES advisers & staff on the excellent opportunities available in the xxx sector for their customers.
- Use the partnership to promote a nationwide industry led approach to meet recruitment requirements for the xxx Sector

Trade Association Objective

By working with the PES, the xxx trade association and its members will have;

- Access to labour market intelligence
- Opportunities to recruit and train people keen to enter the xxx sector.
- Opportunities to recruit people under the Youth Contract and Get Britain Working Initiatives.
- First-hand information regarding new Government employment initiatives i.e. Youth Contract Wage Incentive, Universal Credit and Universal Jobmatch
- A single point of contact within the PES where the trade association and its members can go for advice and guidance on PES services and programmes
- Work with the PES to raise awareness of the opportunities available within the xxx Sector.
- To facilitate the establishment of ongoing relationships between the PES local areas and the trade association and their members.
- Promote 'Universal Jobmatch' and 'Universal Credit' as these rollout across the UK in 2013/14

Benefits of the Partnership

- Sharing of local labour market intelligence including client profile and skill shortage information.
- A single point of contact within each organisation to ensure rapid and consistent communication between parties.
- Raise the profile of the xxx sector and provide insight into the sector and the many opportunities available.
- Promote careers in the industry
- The PES able to respond quickly to changes in the sector labour market including large scale recruitments and/or redundancies.
- Share good practice and customer insight to ensure efficient recruitment and/or redundancy planning.
- Develop entry routes and career progression in the supply chain and xxx sectors that are suitable for all Jobcentre Plus customers
- Trade association members able to influence PES strategies and employer engagement planning.
- Provide access / information to Work Coaches in PES regarding opportunities in the xxx sector
- Improve awareness amongst PES advisers and staff on the opportunities available and the value of the xxx sector

Partnership Agreement Principles and Measures of Success

Detailed below are the agreed principles and the measures of success to which each organisation has agreed. These will be reviewed on a bi-annual basis.

Agreed Principles

- The PES will offer the trade association a seamless and consistent service.
- The PES will provide the trade association with a single point of contact for all levels of the relationship from a national Senior Relationship Manager to Regional Group Partnership Managers.
- The PES will share with the trade association national, regional and local labour market Intelligence including unemployment rates and client occupation sought data.
- The trade association will share its expertise in the xxx sector with the PES at a National, Regional and Local level to inform and support 'Youth Contract' and 'Get Britain Working' measures.
- It will be the aim for the Partnership to move good practice and workable models through into normal business as quickly and as practically as possible where it can continue to be applied as needed

Key Point of Contact

- xxxx will be the single point of contact for the PES in the trade association and xxx will take on this role for the trade association.

Measures of Success

- Strengthening of the relationship between the PES and the trade association at all levels of both organisations.
- Number of trade association members PES engages with at a group and national level.
- Numbers of trade association members who take advantage of the Youth Contract Wage Incentive.
- Numbers of trade association members pledging Work Experience opportunities to PES claimants.
- Numbers of trade association members who take advantage of sector based work academies
- Increased number of PES customers leaving benefits and entering the xxx Sector
- Trade association and PES supporting each other providing insight into the xxx Sector.
- Trade association and PES providing mutual support to external facing events including customer / member events and conferences.
- Joint initiatives including those under Youth Contract and Get Britain Working having a positive effect on PES District off flows (Job Seeker's Allowance Claimants moving into employment)
- Securing for trade association Members an efficient recruitment service through PES utilising Youth Contract and Get Britain Working' measures where these add value.
- Examples where the relationship between PES and trade association has helped inform or design sector based work academies.
- Facilitate access to market knowledge and insight for PES through trade association membership
- Provide opportunities for networking with trade association members such as Regional Council meetings
- Support services available from PES to businesses through communication to trade association members
- Work to establish an apprenticeship programme for the xxx sector
- Bi-annual meetings between the National Employer Service Team (NEST) and the trade association to review progress and agree strategy

.....
Xxxx

Title

PES

.....
Xxx Title

Xxx Trade Association

.....
Xxx MP

Minister of State for Employment

Date: xxx