



EUROPEAN SEMESTER THEMATIC FACTSHEET

PUBLIC EMPLOYMENT SERVICES (PES)

1. INTRODUCTION

Public Employment Services (PES) are the principal labour market institutions directly accountable to governments and set up to facilitate labour market integration of jobseekers and in some instances payment of unemployment and/or welfare benefits. Although structured differently in each country, all PES help match supply and demand in the labour market through information, placement and active support services at local, national and European levels. They also contribute to successful labour market transitions and therefore to better labour market matching, as well as improving growth opportunities, fiscal stability, and social outcomes.

During the recent economic crisis, PES have been at the forefront of the battle against unemployment. In many Member States, they have seen a considerable increase in jobseeker numbers, while also facing significant reductions in financial and human resources following public sector cuts and the need to rein in government expenditure.

Consequently, PES face the challenge of adapting to changing labour market realities whilst becoming more efficient, through greater rationalisation of activities and services. What is at stake is their transformation into 'transition management agencies'¹ delivering a new combination of

'active' and 'passive' functions that support sustainable labour market transitions throughout workers' careers. 'Active' measures include training, employment incentives, supported employment and rehabilitation, direct job creation and start-up incentives. Examples of 'passive' measures are out-of-work income maintenance and support, and early retirement.

In view of the challenges ahead, on 18 June 2014 a decision on Enhanced Cooperation between PES² entered into force, and set up a formalised European Network of PES. Its objective is to reinforce PES capacity, effectiveness and efficiency by providing a platform for comparing their performance at European level, identifying good practices and establishing a mutual learning system.

This note is structured as follows. Section 2 reviews the performance in EU countries with regard to policy challenges. Section 3 discusses the available evidence on appropriate policies to effectively address these challenges, and section 4 sketches good policy practice among EU countries.

¹ Communication from the Commission '[Towards a job-rich recovery](#)', COM(2012) 173 final.

² Decision No 573/2014/EU of the European Parliament and of the Council of 15 May 2014.

2. POLICY CHALLENGES: AN OVERVIEW OF PERFORMANCE IN EU COUNTRIES

2.1. Registering jobseekers and the unemployed and reaching out to the inactive (labour supply side)

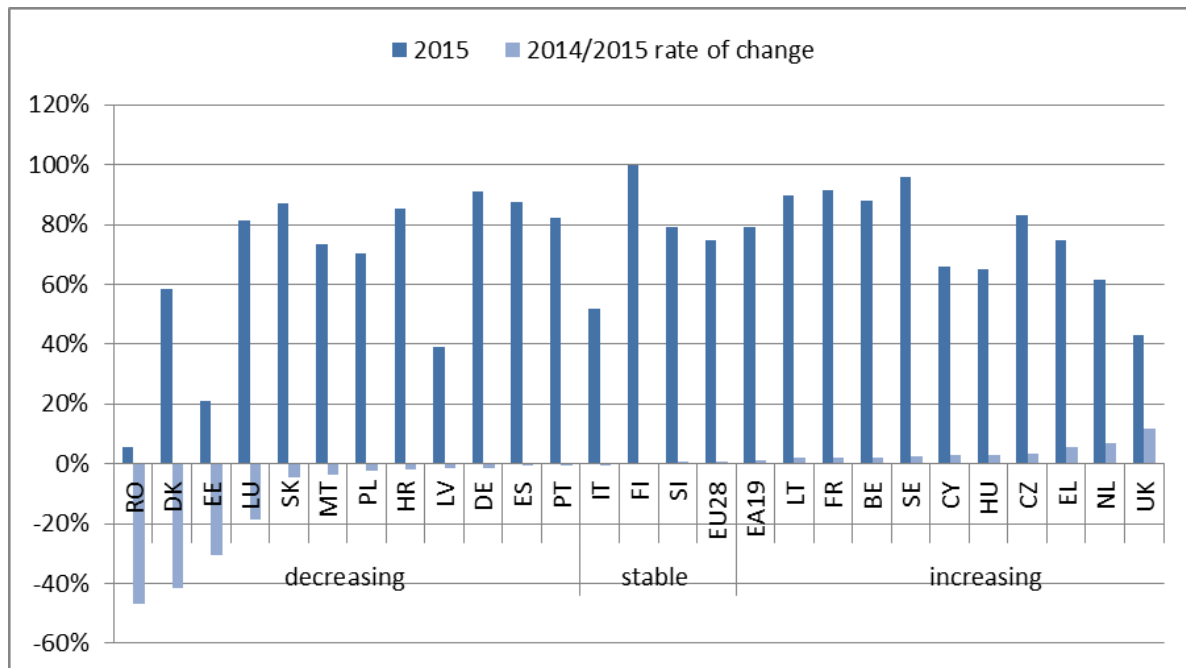
Criteria for registering jobseekers differ across the EU. In some Member States, registered jobseekers may include individuals who are inactive or already employed.

Registration with the PES is a prerequisite for access to active labour market measures and job search support. Consequently, registration rates impact strongly on the ability of PES to reach out to the inactive population, including the young, female and older inactive population, and to tackle long-term unemployment³.

Registration of the long-term unemployed varies widely among Member States. Registration rates are high (above 85%) in countries as diverse as Germany, Spain and Slovakia, much lower (around 50% or less) in Italy, the UK, the Netherlands and Bulgaria, and very low in Romania (Figure 1).

Variations in registration rates across countries are due to several factors, including the quality and attractiveness of PES services, the level, duration and eligibility of unemployment and social benefits, and the obligations and sanctioning mechanisms linked to these benefits. In some Member States, PES registration is required for unemployed citizens to access services such as healthcare.

Figure 1 – Proportion of long-term unemployed registered with the PES in 2015 and rate of change compared to 2014



Source: calculated based on data from Eurostat (lfsa_ugadra)

Note: low data availability for Austria and Ireland.

³ Please see also the European Semester Thematic Factsheets specifically covering these themes.

2.2. Gathering job vacancies (labour demand side)

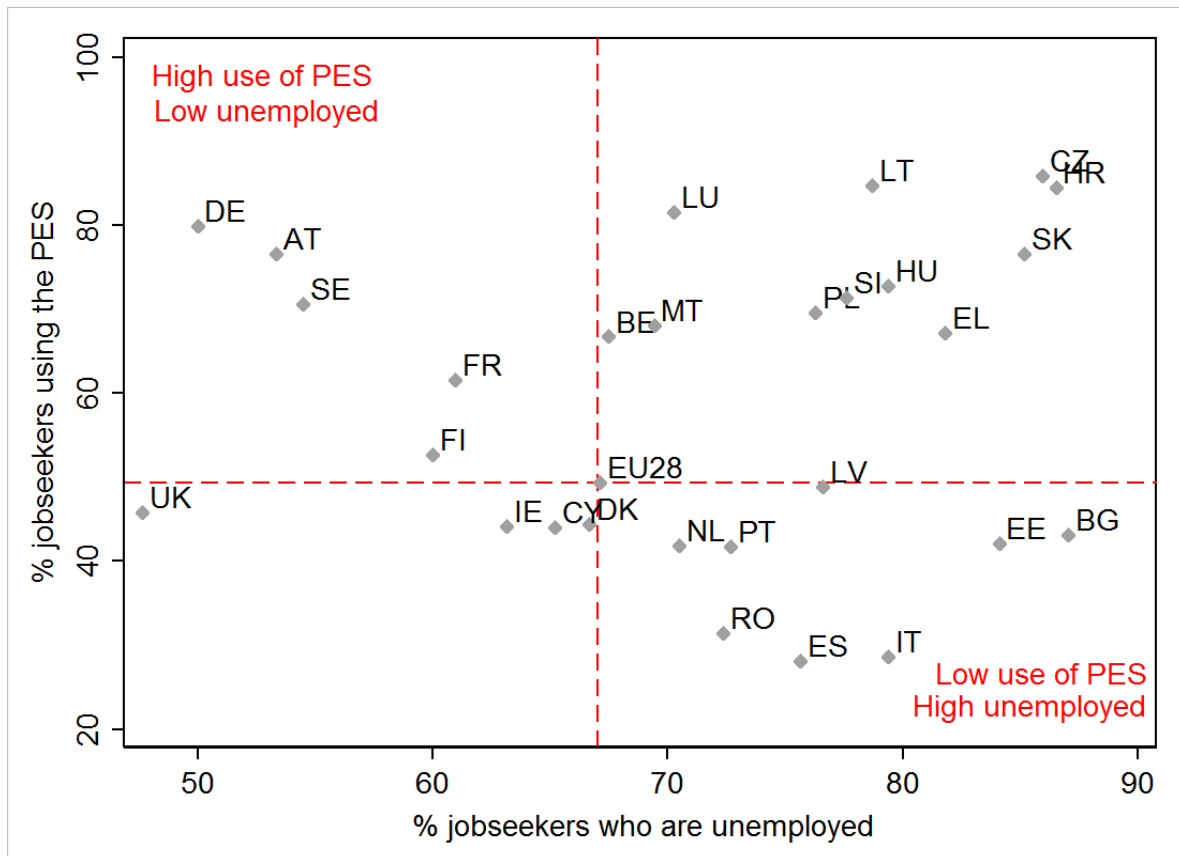
One of the PES' key challenges is to maximise the number of job offers available to jobseekers. Gathering job vacancy information from employers is therefore a core task of PES. Employers can report their vacancies through a variety of channels (free-phone, fax or web-based applications). PES also directly contact employers to enquire about vacancies using telephone interviews, questionnaires, and visits and direct contacts. Between 2012 and 2015, the average monthly inflow of vacancy information increased significantly. In 2015, an average of 200 000 more vacancies were sent in to the 25 PES that provided data, in aggregate each month, than in 2012⁴.

2.3. Ensuring effective use of PES in job search and placement (matching of supply and demand)

In countries such as Germany, Austria and Sweden, the use of PES in job searches is well above the EU average, even though there is a relatively low proportion of unemployed among jobseekers. In contrast, the use of PES is well below average in Bulgaria, Spain and Italy, even though the proportion of unemployed among jobseekers is high.

These differences can be explained by PES coverage, quality of services offered, and availability of alternative support from other actors, such as private employment agencies.

Figure 2 – Use of PES in job searches and proportion of unemployed jobseekers, 2014



Source: Eurostat, Labour Force Survey 2014

⁴ Data taken from the [2016 Assessment Report on PES capacity](#).

Based on the latest available data, in 2012 PES were to some extent involved in the placement of 9.4% of recent recruits. This figure stands at over 15% in Croatia, Luxembourg, Hungary and Finland, but is less than 3% in Spain, Italy and Cyprus. Although it is young people who are most likely to be hired as new recruits, the level of PES involvement in job placement for this group was lower (8.5%) compared with involvement for older age groups (9.3% for 25-49 year olds and 12.1% for 50-64 year olds). However, this does not hold true for all Member States; PES have more involvement in the placement of young people than in the placement of other age groups in Belgium, Croatia, Poland, and Romania.

To improve labour markets, European PES have themselves concluded⁵ that they need to help build career transitions. Therefore, given the challenges generated by transitional labour markets activation policies need to focus on providing sustainable outcomes.

3. POLICY LEVERS TO ADDRESS THE POLICY CHALLENGES

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This can be done in particular by improving:

- the provision of tailor-made services to labour market actors on the supply and demand sides, including through the use of e-services and the development of digitalisation capabilities;
- the delivery of individualised employability support services at an early stage;
- the development of strong partnerships and reinforced (multi-level) coordination, in particular with other employment services, to improve service delivery, including in other Member States.

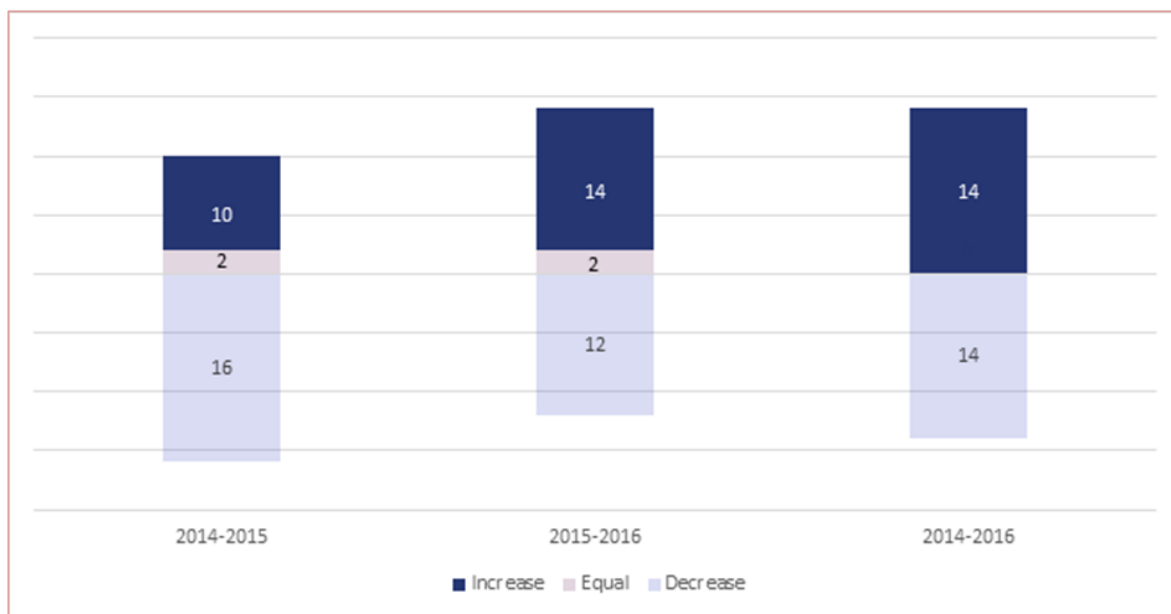
3.1. Capacity and level of resources

Available evidence shows that, overall, PES human resources began increasing again in 2012, following significant cuts at the beginning of the crisis.

Available data shows that, overall, the number of people working in PES began increasing again in 2012, following significant cuts at the beginning of the crisis. Since 2014, the total number of PES staff has remained stable. From 2014 to 2016, there was a decrease of 1.6%. However, these aggregate figures mask differences in individual PES: for half of the PES for which data on this is available, staff numbers decreased between 2014 and 2016. More recently, 12 PES reduced their total staff numbers in 2016 compared to 2015.

⁵ [Public Employment Services' Contribution to EU 2020, PES 2020 Strategy Output Paper.](#)

Figure 3 – Number of PES experiencing an increase or decrease in total staff numbers (FTE), 2014–2016

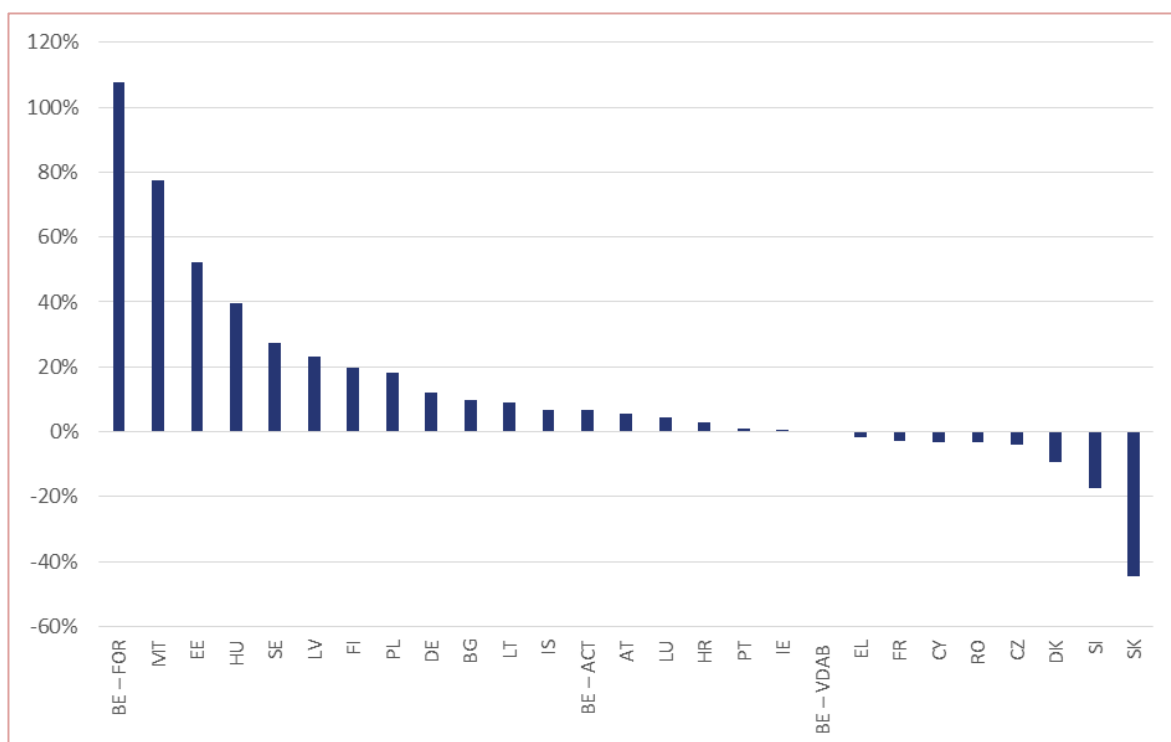


Source: data from the 2016 [Assessment report on PES capacity](#)

The trend of PES budgets increasing in 2013 and 2014 has continued in 2015 and 2016. From among the PES for which data is available, in 2015 ten

reported an increase in expenditure over the course of the previous year, while in forecasts for 2016 this figure rose to 19 PES.

Figure 4 – Percentage change in PES expenditure, excluding unemployment benefits, 2015-2016



Source: data from the 2016 [Assessment report on PES capacity](#)

3.2. Use of resources: profiling and segmentation of clients

Resources and support are allocated to groups of clients based on information received from profiling tools. Identifying jobseekers who are at risk of long-term unemployment and most likely to benefit from early intervention is an efficient way of working. PES use very different

profiling and client segmentation tools. These range from statistical profiling, a combination of statistical profiling and caseworker discretion, soft-profiling (combination of eligibility rules, caseworker discretion, administrative data), more subjective, qualitative assessments and psychological screening tools and simple caseworker-determined segmentation.

Table 1 – Use of profiling and segmentation in PES, 2014⁶

	Profiling and client segmentation	Profiling without client segmentation	Profiling systems under development/ revision	No profiling/client segmentation
Countries	BE, BG, DE, EE, FR, IE, LV, LT, PT, SE, SI, UK	AT, DK, FI, MT, NL	ES, HR, HU, PL	CY, CZ, EL, IT, LU, RO, SK

3.3. Establishing a Youth Guarantee

Given the key role that PES play in implementing the Youth Guarantee, improving services to young jobseekers will remain one of their main challenges in coming years. According to the 2016 report on PES implementation of the Youth Guarantee⁷, PES have increased their engagement in partnerships and facilitate and participate in a range of partnerships with a variety of differing objectives, at national and regional level.

In 2014, over half of PES created pilot projects that help implement the Youth Guarantee, including ones with a strong focus on disadvantaged and vulnerable youth. Also in 2014, over half of PES provided their staff with training on specific aspects of working with young people. Two-thirds of PES have engaged in outreach work with young people not in education, employment or training, mostly by working with schools, NGOs and youth organisations.

4. CROSS-EXAMINATION OF POLICY STATE OF PLAY

Given current challenges and constraints on resources, efficiency is high on the PES agenda. However, although there has been an increase in PES' use of performance targets, evaluation practices are still not widespread. Only two-thirds of PES carry out some form of evaluation of services provided to the unemployed or to employers. No PES has so far put in place an overarching holistic integrated efficiency measure. Balanced business scorecards are used in several PES that have adopted total quality methodology to better monitor performance. This approach can be effective in avoiding specific targets (used in isolation) driving perverse behaviours, though it is not sophisticated enough to drive resource allocation *per se*. Some PES have introduced more limited cost outcome assessments for specific labour market programmes, which enable limited comparative analysis.

⁶ [Identification of latest trends and current developments in methods to profile jobseekers in European Public Employment Services, 2015.](#)

⁷ <http://ec.europa.eu/social/BlobServlet?docId=14322&langId=en>.

There are several aspects of improving efficiency that go beyond cost savings. Services are made more effective when scarce resources are allocated to clients who are most in need, and when cost-effectiveness is combined with high-quality service. Increasing efficiency depends largely on PES capacity to adapt internal operating structures and develop new working methods, tools and services that meet the changing needs of stakeholders in a more effective way.

A decision on enhanced cooperation between PES⁸ entered into force on 18 June 2014. It sets up a formalised European network of PES, required to develop and implement Europe-wide benchmarking and mutual learning ('benchlearning'), in order to drive forward PES modernisation and improve PES performance.

Through this European network, all PES are able to participate in benchlearning, namely the process of creating a systematic and integrated link between benchmarking and mutual learning activities. Benchlearning within the PES network consists of identifying good performance through indicator-based benchmarking systems, including data collection, data validation, data consolidation and assessments, followed by mutual learning activities on the identified priority areas. It will improve collection of data on the performance and evaluation of service delivery.

The best practices⁹ implemented by PES to improve efficiency can be grouped into 5 areas:

- 1) Reforms to PES organisation, including the rationalisation of institutional structures, redeployment of human resources towards services, and introduction of innovative models for contracting out and for developing public-private partnerships.

⁸ Decision No 573/2014/EU of the European Parliament and of the Council of 15 May 2014, which entered into force on 18 June 2014.

⁹ [HoPES – PES Efficiency Working Group Final report, 2013.](#)

- 2) Use of new models for managing performance, to monitor performance and align financial incentives with desired outcomes.
- 3) Development of information and communication technologies (ICT) to better reach clients through multi-channelling¹⁰ and expanding the portfolio of services through self-service. Extension of e-services, better coordination with other organisations and authorities. Modernisation of back-office functions through process standardisation and automation.
- 4) Improvement of services for jobseekers through profiling and customer segmentation, as well as by using new ways to reach those furthest from the labour market by making use of effective partnerships (beyond ICT mentioned above). Poor public transport links and the difficulties of maintaining an office network that supports small dispersed populations present particular difficulties for ensuring that services are accessible to all¹¹.
- 5) Expansion of services aimed at employers through the allocation of staff and upgraded recruitment support, as well as the development of partnerships with other labour market mediators.

¹⁰ A survey from the Austrian PES showed some improvements in user satisfaction for those using online channels, while faster reintegration was linked to using the multichannel approach. The conclusion is that an individualised multi-channel strategy is necessary to optimise the benefits of investment in digital contact technology. The survey was based on customer satisfaction and duration of unemployment measures for pilot and control groups.

¹¹ According to analysis of jobseekers undertaken in the Highlands of Scotland region of the UK. Cooper, U., Nelson, J., Wright, S., Cooper, J. (2008). Achieving access to work, improved social inclusion and reducing rural access costs. The potential and effectiveness of rural transport to employment services.

A few national examples¹² can be given for these areas, respectively:

1) Overall organisational efficiency and institutional design: in France, organisations that manage benefit systems and provide employment services were merged as part of efforts to encourage the use of active measures. The new 'Pôle Emploi' PES, created in 2008, combines active and passive measures with geographical and operational rationalisation in order to increase cost-effectiveness; it offers jobseekers simplified and more accessible services. Performance has remained stable, operational costs have decreased and accessibility has improved, despite an increase in workload due to the onset of the crisis at the time of the merger, and the requirement for PES to deliver more personalised support.

2) Performance management: Austria uses a balance scorecard to weigh individual indicators, including customer and staff satisfaction. The scorecard is not used to control or prioritise resource allocation within the PES, benchmarking is applied to assess comparative performance of clustered units. Available results show that since the introduction of the scorecard in 2006 and until 2011, performance has improved more than costs have increased over the same period, implying efficiency gains.

Alignment of incentives with outcomes: in Denmark, PES offices are run by municipalities, who finance programmes and are subsequently partially reimbursed by the central government. Higher levels of reimbursement are provided for measures which have proved to be more cost-effective. This created a financial incentive for municipalities to provide more of the cost-effective active measures, which has resulted in an improvement in the overall

effectiveness of active labour market policies.

3) Use of information and communication technologies to better reach clients through multi-channelling: in Sweden there are kiosks with video links to remote centres to facilitate 'face-to-face' counselling support for rural jobseekers.

Expansion of services through the use of information and communication technologies: in Belgium, the Flemish PES (VDAB) invested in the provision of web-based training. It has also offered services that help self-assess skills and automate matching through a skills, competency, and job description system. In the Netherlands, a significant reduction in the PES' operational budget was the driving force behind the transfer of most customer services online. The Dutch PES now offers a comprehensive selection of e-services including webinars (online training) and interactive services such as e-coaching.

Use of information and communication technologies to better coordinate with other organisations and authorities: Greece has set up a new IT network linking PES with social insurance, work permit, and employment records. This has reduced costs (from bureaucracy and duplication) and fraud, by making it possible to automatically retrieve information and cross-check data. This saves time and frees up resources for other purposes, whilst also improving the quality and effectiveness of services.

4) Adaptation of services to the special needs and situations of rural areas through partnerships: in Bulgaria, mobile teams from local labour offices visit rural areas once a month and set up temporary offices there. The costs of this are shared between the local municipality (cost of premises and running costs, transport expenses for the visiting team) and the PES (any other daily expenses of the team and all necessary documents needed for

¹² [HoPES – PES Efficiency Working Group Final report, 2013.](#)

the office to run smoothly). Through such visits to remote rural areas, the mobile operational units have been able to monitor individual action plans, confirm that registered unemployed are seeking work, deliver information about vacancies, and strengthen links between the PES and rural employers. The programme has enabled many unemployed people living in rural areas to stay connected to the labour market, at little or no cost to the PES.

- 5) Expansion of services aimed at employers: the UK has adopted a sector-based model for managing accounts from large companies at the

national level. A flexible system for vacancy reporting has been implemented and private employment services are able to enter vacancies into the PES database. As part of the drive to make the system efficient, the system prioritises self-service unless particular needs have been identified. If an employer expresses willingness to interview clients with weaker past employment records referred by the PES, local partnerships can be established. This helps secure PES support for jobseekers at greater risk of long-term unemployment.

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5. USEFUL RESOURCES

- PES on Europa:
<http://ec.europa.eu/social/PES>
- European PES network:
<http://ec.europa.eu/social/PESNetwork>
- PES Knowledge Centre, where PES network publications can be found:
<http://ec.europa.eu/social/PESknowledgecentre>
- PES Practices, with inspiring practices from PES across Europe:
<http://ec.europa.eu/social/PESpractices>
- PES contribution to EU 2020, PES 2020 Strategy Output Paper:
<http://ec.europa.eu/social/BlobServlet?docId=9690&langId=en>

ANNEX: DATA COLLECTED UNDER THE BENCHLEARNING EXERCISE

The PES will deliver administrative data covering the following areas:

- 1) Contribution to the reduction of unemployment for all age groups and for vulnerable groups
 - a) Transitions from unemployment into employment per age group, gender and qualification level as share of the stock of registered unemployed;
 - b) Number of people leaving the PES unemployment records as share of registered unemployed.
- 2) Contribution to the reduction of unemployment duration and inactivity so as to address long-term and structural unemployment as well as social exclusion
 - a) Transition into employment within for example 6 and 12 months of unemployment per age group, gender and qualification level as a share of all PES-registered transitions into employment;
 - b) Entries into PES register of previously inactive people as a share of all entries into PES register per age group and gender.
- 3) Filling of vacancies (including through voluntary labour mobility)
 - a) Job vacancies filled;
 - b) Answers to the question included in Eurostat's labour force survey: Has the PES contributed to the finding of your current job?
- 4) Customer satisfaction with PES services
 - a) Overall jobseeker satisfaction;
 - b) Overall employer satisfaction.

Additional information will be gained through structured interviews assessing the main PES performance enablers in these benchmarking areas:

- 1) Strategic performance management;
- 2) Design of operational processes such as effective channelling/profiling of jobseekers and tailored use of active labour market instruments;
- 3) Sustainable activation and management of transitions;
- 4) Relations with employers;
- 5) Evidence-based design and implementation of PES services;
- 6) Effective management of partnerships with stakeholders;
- 7) Allocation of PES resources.